

**RAPPAHANNOCK REGIONAL SOLID WASTE
MANAGEMENT BOARD**

REGULAR MEETING AGENDA

**STAFFORD COUNTY
GEORGE L. GORDON GOVERNMENT CENTER
BOARD OF SUPERVISORS CHAMBERS
STAFFORD, VIRGINIA**

**February 17, 2016
8:30 AM**

-
- A. CALL TO ORDER.**
 - B. ROLL CALL TO DETERMINE QUORUM**
 - C. APPROVE MINUTES OF PRIOR BOARD MEETINGS (Tab 1)
October 21, 2015**
 - E. PRESENTATIONS BY THE PUBLIC**
 - F. PRESENTATIONS BY R-BOARD MEMBERS**
 - G. REPORT OF R-BOARD SUPERINTENDENT (Tab 2)**
 - 1. Cell F2 Status Report**
 - 2. Cells C & D Closure Update**
 - 3. Recycling Compactor**
 - H. REPORT OF STAFF (Tab 3)**
 - 1. Personnel Status Update (verbal)**
 - 2. Environmental Compliance Report**
 - a. Staff Report**
 - b. Consultant Report**
 - 3. Staff Recognition & Media**
 - I. REPORT ON FINANCES (Tab 4)**
 - 1. FY2015 Audit Report**
 - 2. Financial Summary; FY2016 through January 31, 2016**
 - 3. Weight & Material Analysis; FY2016 through January 31, 2016**
 - J. UNFINISHED BUSINESS (Tab 5)**
 - 1. Resident Fee Financial Performance**
 - 2. Cell Tower at Landfill**
 - 3. Flow Control Update**
 - a. RB16-1**
 - K. NEW BUSINESS (Tab 6)**
 - 1. Commercial Business Requests for Disposal Under the Resident Fee Program**
 - L. CLOSED SESSION (if needed)**
 - M. NEXT SCHEDULED MEETING
April 20, 2016 Board of Supervisors Chambers, George L. Gordon Government Center, 8:30 AM**
 - N. ADJOURNMENT**

C. APPROVE MINUTES
OF PRIOR BOARD MEETINGS (TAB 1)
October 21, 2015

MINUTES

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

Wednesday, October 21, 2015

George L. Gordon Government Center

Board of Supervisors Chambers

Meeting Convened: A regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) was convened at 3:30 p.m. on October 21st 2015, at the George L. Gordon Government Center, Board of Supervisors Chambers.

Roll Call: The following members were present: Mathew Kelly; Mr. Mark Whitley for Beverly R. Cameron; Gary Snellings; William C. Withers, Jr; and Anthony Romanello. Paul V. Milde, III arrived after the roll call.

Also in attendance were: Robert L. Hundley, Resource International, Ltd., Consulting Engineer; Keith C. Dayton, Director & Deputy County Administrator; Jason Pauley, R-Board Superintendent; Diane Jones, Julie Williams-Daves, and Christina Morgan, R-Board Staff;

Approval of minutes of prior meeting: Mr. Snellings motioned, seconded by Mr. Kelly, to approve the minutes for the August 19, 2015 meeting.

By voice, the vote was:

| | | |
|---------|-----|---|
| Yea: | (5) | Kelly, Snellings, Withers, Romanello, Whitley |
| Nay: | (0) | |
| Absent: | (1) | Milde |

Presentations by the Public: No members of the public wished to speak.

Presentations by the R-Board: No members of the R-Board wished to speak.

Report of the R-Board Superintendent: Mr. Pauley reported on the following:

Cell F-2 Construction Status Mr. Pauley provided some pictures of the cell construction and spoke about the progress since July in spite of rain delays.

He stated that the completion time is scheduled to be 2nd week of November, but noted that the construction company did just file a request for time extension due to weather.

Belman Road Compactors

Compactors are operational today and ready for customers use. Two compactors are set up, one for household garbage and the other for recycling. Some site dress up still needs to be completed. The new gatehouse building will be on the right, not on the left as the current one is, resulting in minor changes to the traffic pattern.

Cell F1 Filling Status

The current fill rate indicates that there is a little less than 2 months month or 40,000 cubic yards or airspace remaining in cell F1. We have started to utilize the airspace remaining on the eastern slope of Cell E, which connects to Cell F1. The combined airspace of Cell E and F-1 should provide airspace through the end of January 2016.

MSW Ash Disposal

At the last meeting, staff was requested to contact COVANTA to discuss options for the disposal of ash produced at their Lorton facility. Mr. Pauley reported that COVANTA has a disposal agreement with Fairfax to receive all of the ash the facility produces. In addition, the incinerator and current ash disposal facility are located adjacent to each other, allowing them to haul the ash to the disposal area with their own off-road trucks. After taking these factors into consideration, COVANTA informed us that the costs associated with hauling ash to our facility, combined with a tipping fee, would not be cost effective at this time.

Report of Staff: Mr. Dayton reported on R-Board staffing:

Currently the R-Board is authorized for 34, but staffed at 29. We are recruiting for one heavy equipment operator and one part-time gate attendant. Staff hopes to recruit for two litter crew workers soon. We will be holding one landfill maintenance worker position open.

Environmental Compliance Report: Ms. Williams-Daves reported on the following:

SWP #589 – Compliance Inspection

The DEQ conducted its third quarter solid waste inspection on September 22 and found the R-Board to be in compliance with all of the applicable solid waste regulations.

Groundwater – Area #74

Staff continues to work through the property purchase with VDOT. Staff is working with Resource International to submit a formal proposal for a “presumptive remedy” and a petition to move the compliance point further away from the edge of the landfill. In the meantime, groundwater is still being monitored regularly to ensure that the previous remediation efforts remain successful.

Landfill Gas Extraction System – Area #74

Draper Aden Associates repaired two broken joints in piping of the landfill gas collection system that are likely due to settlement and were allowing oxygen into the system.

Staff continues to keep DEQ apprised of the landfill gas migration at GP-7 and the vent trench connection to the landfill gas system. Ms. Williams-Daves showed photos of the installation of the trench and the project at completion.

At the time of the R-Board meeting, the DEQ had conducted an air inspection and staff was awaiting their report.

Wetland Impacts - WP4-09-0644

Staff is working with the DEQ to address some sediment that reached a wetland area outside the construction zone during the recent rain.

R-Board Engineering Consultant's Report: Mr. Hundley Reported:

Permit No. 589 (Cell F-2 Construction QA/QC)

Resource is working with R-Board staff and the construction contractor to coordinate construction progress meetings. Resource is also overseeing the construction QA/QC and to date, the testing has been in conformance with all the design specifications.

Fredericksburg Landfill

Resource obtained three consecutive "clean" weekly LFG sampling reports and had planned to revert back to monthly sampling. However, the sampling results from October were above compliance limits, so we will return to weekly sampling.

Operations Update: Mrs. Jones reported on the following:

Single Stream Recycling Changes

The R-Board was advised at the August meeting about changes in the single stream recyclable material market which would result in a dramatic decline in revenue. Mrs. Jones reported that since then, the R-Board is proceeding with site modifications necessary to meet the RFP operational specifications. These modifications came in just below anticipated cost. In the July RFP, it was suggested that the Board could anticipate a \$20 per ton payment for the material. Staff advised the Board that this price may drop below \$20. The per-ton value is based on indexing of market prices which have declined further. To date \$3,200 has been expended to transport materials to market. A contract with Tidewater Fibre Corporation is near completion. Once a contract is executed, there will be an additional 90 day period to install the compaction system.

Household Hazardous Waste Collection Day

Staff reported that the fall collection for Household Hazardous Waste will be held this Saturday, October 24th from 9:00 A.M. to 3:00 P.M. at the City Public Works facility located at 1000 Tyler Street. Ms. Jones commended City efforts for assisting R-Board staff to offer this new location. The program has grown and the Belman site no longer can handle the increase in customers.

Cooperative Electronics Collection Program Rappahannock Goodwill

Fredericksburg Public Works and R-Board staff have also coordinated a joint effort with Goodwill Industries. Goodwill Industries staff will manage an Electronics Recycling Day for E-Waste in conjunction with the Hazardous Waste Day program in the City. Goodwill will also have the E-Waste collection opportunity at the Stafford County Government Center parking lot at the same date and time.

Ms. Jones also commended the City for their newly amended litter ordinance. The ordinance now offers the option to assign offenders a mandatory minimum 10 hours of community service in litter abatement activities.

Report on Finances: Mr. Dayton reported on the following:
Financial Summary; FY2016 through September 30, 2015

The last 2 months saw a drop in commercial account collections and recycling, with the current forecast indicating a shortfall in revenues. Staff and consultant efforts have reduced our \$1 million corrective action liability down to \$123,000. Mr. Milde questioned whether that would increase the unrestricted reserves by a corresponding amount. Mr. Dayton replied that this would not be the case if the auditors had not previously recognized this liability in the unrestricted reserve calculation.

Weight & Material Analysis; FY2016 through September 30, 2015

We continue to experience a decline in our commercial accounts, particularly residential customers. Recycling tonnage is down compared to this time last year, but C & D remains strong.

Unfinished Business:

Resident Fee Update

There has been little change since the August report. We are averaging \$30,000 per month in one-time pass and coupon sales. Staff is preparing for 2016 annual pass sales to begin on November 16, with credit card payment available online and at the R-Board & both Treasurers Offices. Landfill pass sales will be transitioning to the residential side. This change is tentatively scheduled for the end of November. Staff will begin developing public notification materials immediately, and will coordinate our notification efforts with the City and County.

Mr. Dayton noted that we currently estimate spending \$15,000 in one-time building and technology costs for the addition of credit card payments, along with the transfer of pass sales to the residential side. We also expect about \$80,000 in additional labor costs to support the residential fee program. This is within the \$100,000 in the approved FY2016 budget.

A graphic was provided in the R-Board materials to illustrate traffic changes to accommodate the transfer of pass sales to the residential side. Mr. Snellings asked about traffic flow and how customers will turn around. Mr. Dayton explained that there will be ample room for customers to make a U-turn just after the new gate attendant building.

Flow Control Update

Mr. Dayton reported that both localities have advanced their respective flow control ordinance processes, with public hearings planned for November. As drafted, the R-Board would have the responsibility to designate the location for municipal solid waste disposal, and the effective date for implementation. Implementation is contingent upon the completion of Cell F-2, which is still expected to be available in November, pending approval by DEQ. City and County staff have scheduled a meeting for next Monday to coordinate language in the two ordinances, and the final draft versions may differ.

New Business:

Financing Agreement

Stafford County and the City of Fredericksburg have authorized the debt necessary to finance construction of Cell F-2. The Virginia Resources Authority (VRA) is managing the sale of bonds which will be the source for this funding. Sale of the bonds is scheduled for the end of October, and the funds

should be available in early November.

The R-Board had previously pledged tipping fee revenues to pay the debt service for this financing, making it party to the agreements that were developed to define the relationships and responsibilities of the various parties. VRA has requested the R-Board authorize execution of three instruments prepared for the sale of the bonds; the Local Bond Sale and Financing Agreement between VRA, the City, and the R-Board; the Local Bond Sale and Financing Agreement between VRA, the County, and the R-Board; and the Revenue Pledge Agreement between the City, County, and the R-Board.

Staff recommends approval of RB15-13. Mr. Kelly motioned, seconded by Mr. Romanello, to approve RB15-13.

By voice, the vote was:

| | | |
|---------|-----|--|
| Yea: | (6) | Milde, Kelly, Snellings, Romanello, Whitley, Withers |
| Nay: | (0) | |
| Absent: | (0) | |

As written:

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

RESOLUTION

At the regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) held in the Board of Supervisors Chamber, Stafford County Administration Center, Stafford, Virginia on the 21st day of October, 2015;

| <u>Members:</u> | <u>Vote:</u> |
|--------------------------------|--------------|
| Paul V. Milde, III, Chairman | Yes |
| Mathew J. Kelly, Vice-chairman | Yes |
| Beverly R. Cameron | Yes |
| Anthony J. Romanello | Yes |
| Gary Snellings | Yes |
| William C. Withers, Jr. | Yes |

On a motion of Mr. Kelly, seconded by Mr. Romanello, which carried by a vote of 6 to 0, the following was adopted:

A RESOLUTION TO AUTHORIZE EXECUTION OF AGREEMENTS WITH THE VIRGINIA RESOURCES AUTHORITY RELATED TO FINANCING FOR CONSTRUCTION OF CELL F-2

WHEREAS, the R-Board has previously authorized the use of tipping fee revenues to pay debt service on the estimated \$4,500,000 in loan proceeds and financing expenses necessary to fund construction of Cell F-2; and

WHEREAS, Stafford County (County) and the City of Fredericksburg (City) have authorized the issuance of debt to fund Cell F-2; and

WHEREAS, the Virginia Resources Authority (VRA) is managing the sale of bonds which will be the source of these funds; and

WHEREAS, to evidence the obligations of the County, the City, the R-Board and VRA regarding the debt, VRA has proposed that VRA enter into the following arrangements (1) a Local Bond Sale and Financing Agreement between the County, the R-Board and VRA, (2) a Local Bond Sale and Financing Agreement between the City, the R-Board and VRA and (3) a Revenue Pledge Agreement between the City, the County, the R-Board and VRA (the "Documents"); and

WHEREAS, the R-Board desires to authorize the Chairman, the Vice Chairman and such officers as may be delegated the authority to act on behalf of the R-Board as described below (each a "Delegate") to take such actions as may be necessary or advisable in connection with the Documents and the financing of Cell F-2;

NOW, THEREFORE, BE IT RESOLVED by the Rappahannock Regional Solid Waste Management Board on this the 21st day of October, 2015, that

1. The Documents are approved in substantially the form on file with the R-Board, with such changes, insertions or omissions as may be approved by the Chairman or any Delegate, either of whom may act, whose approval shall be evidenced conclusively by the execution and delivery of the Documents on the R- Board's behalf. The Chairman and each Delegate, any of whom may act, are authorized to execute and deliver the Documents and such other documents and certificates as such officer may consider necessary in connection therewith.
2. The actions of the Chairman and each Delegate in determining the final terms and conditions of the Documents shall be conclusive, and no further action shall be necessary on the part of the R-Board.
3. The Chairman and each Delegate, any of whom may act, are authorized to execute one or more Non arbitrage Certificate and Tax Compliance Agreements or any related document (the "Tax Documents") setting forth the expected use and investment of the proceeds of the financings and containing such covenants as may be required by VRA to ensure compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), including the provisions of Section 148 of the Tax Code and applicable regulations relating to "arbitrage bonds." The R-Board covenants that the proceeds from the issuance and sale of the financing will be invested and expended as set forth in the Tax Documents and that the R-Board shall comply with the other covenants and representations contained therein.
4. All officers and agents of the R-Board are authorized and directed to take such further actions in conformity with the purpose and intent of this Resolution as may be necessary or appropriate in connection with the financing, and the execution, delivery and performance of the Documents, including the execution and delivery of such instruments, documents or certificates as necessary or appropriate to carry out the transactions contemplated by this Resolution. All actions previously taken by such officers and agents in connection with the financing are ratified and confirmed. Any authorization of the Chairman may be carried out by the Vice Chairman, in the absence or unavailability of the Chairman.
5. The R-Board hereby appoints Keith C. Dayton, Director, as a "Delegate" with the authority to execute documents on behalf of the R-Board as authorized hereby. The R-Board may appoint future "Delegates" under this Resolution by subsequent resolution.
6. Effective Date. This Resolution shall take effect immediately.

The LOCAL BOND SALE AND FINANCING AGREEMENT Between VIRGINIA RESOURCES AUTHORITY and CITY OF FREDERICKSBURG, VIRGINIA and RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD was also included with the R-Board meeting information.

Proposed Tipping Fee Rate Adjustments

Mr. Dayton reported that staff has analyzed tipping fee rates for the disposal of dirt at the landfill, and found that we averaged \$8.69 per ton in FY2014, and \$6.56 per ton in FY2015. The rate of return is well below the cost to dispose of this material, and about equals the capital cost for the airspace needed to dispose of it. Although there are operational savings associated with the use of clean offsite fill in our daily cover requirements, we are currently soil rich. Our current billing system for soil is volume based on the number of axles on the delivering vehicle. This is unlike all other fee schedules. Staff recommends adjusting the rate to a weight based system, and setting the rate at \$26 per ton. Although we expect very little earnings from this price structure, we will be appropriately compensated for what we do receive.

Staff has also examined the tipping fee structure for MSW received in excess of 1,500 tons per month (per company). This rate is currently set at \$32 per ton, and our over 1,500 tons per month collections have dropped dramatically since this rate was set. Staff has been advised that the \$26 per ton rate will result in attracting virtually all the MSW generated in the City and County to the landfill, amounting to about an additional 2,500 tons per month, and develop approximately \$750,000 in additional revenue. If the R-Board desires to modify the rates as recommended by staff, Mr. Dayton suggested an effective date of January 1st to allow companies time to adjust. RB15-14 would modify the tipping fee for dirt to a weight based system, and set the rate at \$26 per ton, and reduce the over 1,500 tons per month for MSW to \$26 per ton, and set the effective date for both rates at January 1, 2016.

A discussion ensued regarding working cooperatively with the primary trash hauling companies involved. Mr. Withers asked about obtaining a written agreement with the specific companies affected. Mr. Dayton explained that staff is working on two fronts: one to get the companies to voluntarily agree to bring material to us for an acceptable price, and also to further flow control measures that would force compliance if necessary. If the City and County move forward, flow control could be in place but postponed until needed. It is a measure to ensure that companies cooperate with the policy. Mr. Kelly added that he prefers setting up flow control and not waiting to put it in place.

Mr. Romanello motioned, seconded by Mr. Kelly, to approve RB15-14.

By voice, the vote was:

| | | |
|---------|-----|--|
| Yea: | (6) | Milde, Kelly, Snellings, Romanello, Whitley, Withers |
| Nay: | (0) | |
| Absent: | (0) | |

As written:

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

RESOLUTION

At the regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) held in the Board of Supervisors Chamber, Stafford County Administration Center, Stafford, Virginia on the 21st day of October, 2015;

| <u>Members:</u> | <u>Vote:</u> |
|--------------------------------|--------------|
| Paul V. Milde, III, Chairman | Yes |
| Mathew J. Kelly, Vice-chairman | Yes |
| Beverly R. Cameron | Yes |
| Anthony J. Romanello | Yes |
| Gary Snellings | Yes |
| William C. Withers, Jr. | Yes |

On a motion of Mr. Romanello, seconded by Mr. Kelly, which carried by a vote of 6 to 0, the following was adopted:

A RESOLUTION TO AMEND THE RATE SCHEDULE FOR DIRT AND FOR MUNICIPAL SOLID WASTE DELIVERED AT QUANTITIES ABOVE FIFTEEN HUNDRED TONS PER MONTH

WHEREAS, the R-Board desires to establish fee schedules for solid waste services that maximize revenue, enhance operational efficiency, and are fair and competitive; and

WHEREAS, the R-Board recognizes that the obligation to fund debt service payments for construction of Cell F-2 require approximately \$700,000 in additional revenue; and

WHEREAS, the fee schedule for dirt delivered to the Regional Landfill (Landfill) is presently based on the capacity of the equipment delivering dirt rather than the weight; and

WHEREAS, the fee schedule has resulted in a rate of return for dirt less than the cost of providing landfill services; and

WHEREAS, the R-Board believes that a rate of \$26 per ton for dirt delivered to the Landfill is commensurate with the service provided by the Landfill; and

WHEREAS, the current rates for municipal solid waste (MSW) have contributed to a decline in MSW delivered to the Landfill, and the corresponding revenue generated; and

WHEREAS, the R-Board believes that a reduction in the rate charged for MSW delivered in excess of 1,500 tons per month to \$26 per ton will result in the delivery of additional MSW, and provide associated revenues sufficient to fund the debt service from financing construction of Cell F-2;

NOW, THEREFORE, BE IT RESOLVED by the Rappahannock Regional Solid Waste Management Board on this the 21st day of October, 2015, that the rate schedule for dirt delivered to the Landfill is amended to a rate of Twenty-six Dollars (\$26) per Ton; and

BE IT FURTHER RESOLVED that the rate schedule for municipal solid waste delivered by a company to the Landfill in excess of Fifteen Hundred (1,500) Tons per Month is amended to a rate of Twenty-six Dollars (\$26) per Ton; and

BE IT STILL FURTHER RESOLVED that the rates amended by this resolution be made effective on January 1, 2016.

Adjournment: The meeting was adjourned at 4:18 by Mr. Milde.

Future Session: The next regular meeting is scheduled for December 18, 2015 at 8:00 A.M. with the location to be decided at a later time.

Keith C. Dayton, Director & Deputy County Administrator

Christina Morgan, Clerk

DRAFT

G. REPORT OF R-BOARD SUPERINTENDENT (TAB 2)

1. Cell F2 Status Report
2. Cells C&D Closure Update
3. Recycling Compactor



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members
From: Jason M. Pauley, R-Board Superintendent
Date: February 17, 2016
RE: Report of the R-Board Superintendent

Cell F2 Filling Status

On January 12, 2016 we started filling operations in Cell F2. Pictured below are the first loads being pushed into the new disposal area.

Waste volumes are up considerably from this time last year, necessitating the airspace provided by the new disposal area. Cell F1 has minimal airspace remaining, most of which will be reserved for future road access to Cell F2.



Cells B, C, and D Closure Update

Closure plans are under development to be bid this winter. A portion of Cell B, all of Cell C, and a major portion of Cell D are planned to be included in this project. A survey of the area was completed on January 2nd to help develop the construction documents.

Recycling Building Compactor

The compactor that will be installed in the recycling building at the landfill is currently being produced by TFC's vendor. The vendor and a representative from TFC were at the landfill on January 29 taking final measurements for fabrication of the unit. Projected installation in our recycling building is on or about April 28th. The equipment will arrive mostly assembled, allowing for an installation time of 1 to 2 days. Power service to the building was upgraded last fall to allow for the equipment operation.

H. REPORT OF STAFF (Tab 3)

1. Personnel Status Update
2. Environmental Compliance Report
 - a. Staff Report
 - b. Consultant Report
3. Staff Recognition & Media



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Julie Williams-Daves

Date: February 2, 2016

RE: Environmental Compliance Report

SWP #589 – Compliance Inspection

The DEQ conducted their fourth quarter solid waste inspection on December 22 and found no deficiencies in our operations.

Groundwater – Area #74

The next regularly scheduled groundwater sampling event is set for this month. The acquisition of the VDOT property adjacent to the landfill is under review by the state Attorney General's office. Upon completion of this purchase the R-Board plans to petition the VADEQ to allow us to move the compliance point further away from the edge of the landfill.

Landfill Gas Extraction System – Area #74

We are working with Draper Aden Associates and Ameresco to improve the programmed communications between the flare blower and the power plant blower to ensure that there is adequate vacuum on the landfill gas system to draw strong enough vacuum on all areas. Staff is also working with contractors to ensure that the old flare, previously used as a backup, is in good working order to draw additional vacuum on the area of 74 should it be needed. Currently, there are no gas probes out of compliance.

Air Registration No. 40946

The R-Board received its amended air permit that includes Cell F-2 in December. During the permitting process, the VADEQ determined that our tub grinder, which is powered by a diesel engine, should be included in the permit too. Staff is working with DEQ to get it incorporated and then also included in our federal Title V permit.

US Fish & Wildlife Service Migratory Bird Depredation Permit

Staff renewed the federal permit that allows us to scare and use lethal means to control the seagulls and vultures that visit the landfill.



Rappahannock Regional Solid Waste Management Board

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Page 2

VPDES VAR051413

Staff updated our stormwater permit to include the new ponds associated with Cell F-2. Samples were collected from the permitted outfalls in December and the results were submitted by the deadline in early January. The next reporting period ends in June 2016.

Wetlands Impacts

The R-Board continues to work with T&K Construction and the VADEQ to remove the sediment that was deposited outside of the construction area of Cell F-2 during the rain event at the beginning of October. The Corrective Action Plan has been approved by the VADEQ and removal of the sediment will resume once soil conditions allow.

TO: R-Board
FROM: Bob Hundley
DATE: February 4, 2016
SUBJ: R-Board Engineering Consultant's Report
PN: 88071.27
CC: Mike Fiore

Resource offers the following for the R-Board Engineering Consultant's report:

Permit No. 589 (Cell F-2 Construction QA/QC)

- Resource has coordinated with R-Board landfill staff to assist with contractor punch list items and final work tasks to be completed by the contractor following issuance of the CTO.
- Resource met with the Landfill Superintendent to identify the approximate cost of remaining punch list tasks relative to the retainage amounts within the contractor's pay request.
- Resource has coordinated an aerial survey of the project area to facilitate disposal capacity planning within Cells E, F-1 and F-2. A draft fill plan for Cell F-2 has been prepared for review by the Landfill Superintendent.
- Resource met with the Landfill Superintendent to identify potential closure areas within the Cell B/C/D area and to discuss the relative progression of the existing landfill gas extraction system within those areas.

Fredericksburg Landfill

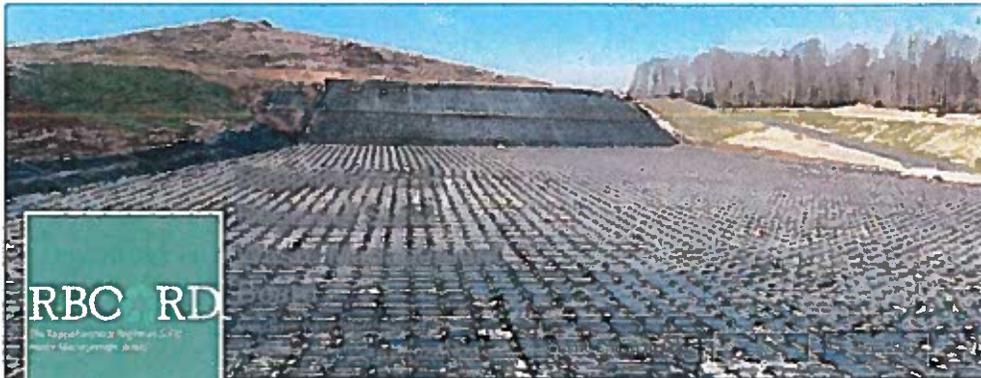
- Resource obtained the second consecutive "clean" monthly landfill gas (LFG) sampling report in January. Assuming the February LFG sampling event includes no exceedances, the facility will return to quarterly LFG sampling with the next sampling event required in late May.

Rappahannock Regional Solid Waste Management Board

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Boost Website

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PHOTOS

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Write something...

Rappahannock Regional Solid Waste Management Board

Published by Julie Williams-Daves January 24 at 8:34pm

Reece Banks got this shot from the top of the landfill on Saturday



118 people reached

Boost Post

Like Comment Share

Patty Van Patten Williams, Pat Rowe, Luchen Hockaday and 2 others like this.

1 share

Write a comment

Rappahannock Regional Solid Waste Management Board

Published by Julie Williams-Daves January 24 at 8:26pm

The Regional Landfill and Belman Road Recycling Center will be closed on Monday, January 25.

9 people reached

Boost Post

Like Comment Share

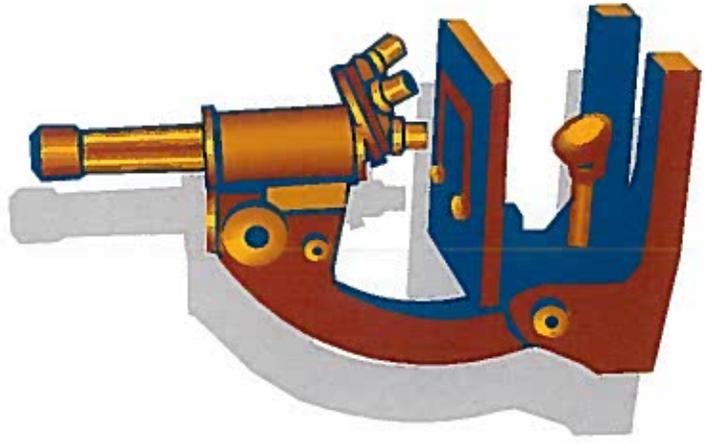
Rappahannock Regional Solid Waste Management Board

Published by Julie Williams-Daves January 22 at 8:45am

The Regional Landfill and Belman Road Recycling Center will close at noon today. We will remain closed through the weekend.

CERTIFICATE OF APPRECIATION

*Stafford Middle School Spartans thank you for
supporting our future leaders and scientist by judging
the science fair.*



Julie Daves

Rebecca Russo
Signature

1/13/15
Date

Julie,

Thank you for everything you have done for me throughout the course of my internship. The opportunities and experiences you have given to me will remain a valuable resource to me for many years to come.

John Faha

Julie Daves

From: john stanford <jaycstan@msn.com>
Sent: Thursday, November 19, 2015 2:06 PM
To: Julie Daves
Subject: Re: Old Boat Disposal

Thanks very much for your fast reply. It was clear, complete and very useful to me.
Sincerely,
John Stanford

Sent from my iPhone

> On Nov 19, 2015, at 1:53 PM, Julie Daves <JDaves@staffordcountyva.gov> wrote:

>

> Good afternoon, Mr. Stanford.

>

> Yes, you may bring an old boat to the landfill. Please make sure that if it has a motor all the fluids have been drained. There is a charge for residents to dispose of items at the Regional Landfill, and if you do not already have an annual pass (\$75 for the remainder of 2015) or a coupon book (\$30 for 10 coupons, 1 per visit), you may pay \$4 to dispose of your boat.

>

> We are open Monday-Friday from 8 am - 4:30 pm and Saturday and Sunday from 9 am - 3 pm.

>

> Thank you,

> Julie

>

> Julie Williams-Daves

> Environmental Manager/Community Outreach Rappahannock Regional Solid

> Waste Management Board PO Box 339 Stafford, VA 22555

> 489 Eskimo Hill Road

> Stafford, VA 22554

>

> O: 540-658-4579

> F: 540-658-4523

> www.r-board.org

> www.facebook.com/RappRegSolidWasteMgmtBoard

>

>

>

> -----Original Message-----

> From: john stanford [<mailto:jaycstan@msn.com>]

> Sent: Thursday, November 19, 2015 1:24 PM

> To: Julie May

> Subject: Old Boat Disposal

>

> Hello,

> I'm a resident of Stafford. Can you tell me if I may bring an old boat to the Landfill for disposal?

> Thanks,

> John Stanford

>

> Sent from my iPhone

Julie Daves

From: Collins, Nancy <ncollins@cityschools.com>
Sent: Thursday, November 19, 2015 10:47 AM
To: Julie Daves
Subject: Thank you!

Hi Ms. Davis,

I just wanted to write you a quick e-mail to let you know how much my third graders enjoyed the worm activity. Having someone visit and talk to them about worms was a huge treat for them; they are still talking about it!

Thank you for coming to Lafayette!

Take care,
Nancy Collins
Third grade teacher
Lafayette Upper Elementary



Julie Daves

From: Anthony J. Romanello
Sent: Monday, November 09, 2015 3:03 PM
To: Julie Daves
Cc: Jason M. Pauley; Keith C. Dayton; Cathy Vollbrecht
Subject: FW: Thank you - Community Outreach / Ms. Williams-Daves

Julie - Good stuff. Thank you.
Anthony

Anthony J. Romanello, ICMA-CM
County Administrator
1300 Courthouse Road | P. O. Box 339
Stafford VA 22555.0339
540.658.8612

George Washington's Boyhood Home

www.staffordcountyva.gov

Pursuant to the Virginia Freedom of Information Act, written correspondence including e-mails to and from County of Stafford officials and employees may be subject to disclosure as a public record.

On 11/9/15, 2:09 PM, "Riley Civ Joseph P" <joseph.p.riley@usmc.mil> wrote:

>Good day gentlemen,

>

>I want to take a moment to thank the Rappahannock Regional Solid Waste
>Management Board and Ms. Julie Williams-Daves (Environmental
>Manager/Community Outreach) for a presentation that she gave to my Cub
>Scouts on 04 November 2015.

>

>I am a Cub Scout Den Leader for 8 ten year old Webelo Scouts in Austin
>Ridge, Stafford. Part of their Scout curriculum includes energy,
>conserving resources, and recycling.

>

>I sent an e-mail request to the Community Outreach address listed on
>the R-Board website, and asked if they could assist in a presentation.
>The same day, Ms. Williams-Daves responded and was happy to help.

>

>Ms. Williams-Daves came to our den meeting from 7-8 PM, and provided an
>excellent and informative presentation and movie that was tailored to
>the

>10 year old Scouts. The Scouts (and parents) enjoyed the presentation
>and learned a lot about the landfill, renewable energy, and recycling.

>

>Ms. Williams-Daves is an excellent representative of the R-Board and

>Stafford County. Her assistance was greatly appreciated. Thank you.

>

>Respectfully submitted,

>Joe

>-----

>Joseph P. Riley

>23 Banner Spring Circle

>Stafford, Va

>

>

Julie Daves

From: Herbert, Lisa <lherbert@cityschools.com>
Sent: Thursday, November 05, 2015 4:10 PM
To: Julie Daves
Subject: Thank you!

Your activity was a great success! I knew everyone would love it!
The kids and the teachers both loved the activity and it tied in perfectly with what we are teaching.

The kids were so excited about their earthworms all day! They really had a good time and learned a lot. I tried to catch you after school to thank you, but you were gone. Thank you so much for offering to do the activity and for coming to the school and presenting. I hope you will be able to come back again next year to third grade.

Thanks,
Lisa



From: Diane L. Jones
Sent: Tuesday, October 27, 2015 11:16 AM
To: Keith C. Dayton; Christina M. Morgan
Subject: Fwd: HHW and E-Waste

FYI!

Sent from my Verizon Wireless 4G LTE smartphone

----- Original message -----

From: Bill Raynore <Bill.Raynore@fredgoodwill.org>
Date: 10/27/2015 11:04 AM (GMT-05:00)
To: "Diane L. Jones" <DJones@staffordcountyva.gov>
Cc: Ted Smith <Ted.Smith@fredgoodwill.org>
Subject: RE: HHW and E-Waste

Diane,

Good morning...Hope all is well...

Preparation for the e-cycling events held Saturday was very good. So many people were involved to make this happen. Both locations were a little slower than expected.. With that said, it was our first e-cycling event in the Fredericksburg/Stafford area.

Most of the folks donating were genuinely appreciative of the convenience and the opportunity to repurpose and recycle versus taking their items to the landfill. Much of the e-cycling successes are the result of continuous education in the community. I believe the events this weekend helped to begin that process.

Stafford county location received 39 donations with a total weight of 2400 lbs.

The Fredericksburg location received 45 donations at a weight of 1945 lbs.

A combined total of 4345 lbs. of electronics that didn't end up in the landfill Saturday.

Diane,

Thank you and please thank your team for their extra efforts preparing these last few months.

We look forward to our continued partnership.

Sincerely,

Bill Raynore
Manager, Corporate Donations
Rappahannock Goodwill Industries
4701 Market St. Suite A
Fredericksburg, Va 22408
540.419.8301
bill.raynore@fredgoodwill.org

"To provide to people with barriers to employment- particularly those with disabilities- an array of quality vocational and educational services so that they can work most independently"

Begin forwarded message:

From: Lgstout@aol.com
Date: October 25, 2015 at 7:42:26 PM EDT
To: mbohmke@staffordcountyva.gov
Subject: Thanks

Hi Meg,

We went to the Hazardous Waste collection day at the dump Saturday. Those people did a fantastic job of moving customers through and removing products. Please extend our thanks to them.

While we are at it, we would like to thank you for your effort in trying to correct the Aquatic Facility name. It is a pity that you have to deal with such people in our local government. I best stop here as you would not like my language if I continued.

Thanks again,

Terry & Grady Stout

Julie,

Thank you for the opportunity to work with you this summer. I enjoyed learning about the landfill. I had a lot of fun teaching the kids about it all along the way. I hope to see you soon. Thanks again.

Sincerely,

Amy Southall

I. REPORT ON FINANCES (TAB 4)

1. FY2015 Audit Report

2. Financial Summary; FY2016 through
January 31, 2016

3. Weight & Material Analysis; FY2016 through
January 31, 2016



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Keith Dayton, Director

Date: February 17, 2016

RE: FY2015 Audit Report

The R-Boards annual audit for FY2015 was completed concurrently with the County's audit. The final audit report is provided electronically with the meeting materials, and will be included with the hard copy materials at the February 17th meeting. The audit was prepared by McGladrey, LLP the firm selected to prepare the County audit. Key findings of this audit are summarized below.

Operating Results (less closure/post closure, depreciation, etc.)

Operating revenues increased in FY2015, largely due to the implementation of resident disposal fees in February 2015. This, combined with continued reductions in operating expenditures, resulted in the operating surplus shown in the chart below.

| | Budgeted | Actual | Difference |
|--------------------|--------------|--------------|--------------------|
| Revenues | \$ 4,298,681 | \$ 4,146,165 | (\$152,516) |
| Expenditures | \$ 4,298,681 | \$ 3,541,999 | <u>(\$756,682)</u> |
| Net Results | | | \$ 604,166 |

The operating performance shown above excludes the effect of calculated depreciation (\$777,098) and increases in closure/post closure liabilities (\$1,349,599), and the net pension liability (\$529,030) on the overall financial performance for FY2015.

The R-Board has responded to declining revenue performance by reducing the operating budget by approximately 25% since FY2012. This action by the R-Board is the reason operating results finished positively.

Reserve Fund

The R-Board has over \$6.5 million in deposits and investments.

Summary of Net Position

The audit noted a decrease in Net Position of \$1,533,650, with the Total Net Position stated as just over \$4.3 million. This value includes a modest decrease in assets (just over \$100k), combined with a significant increase in liabilities (nearly \$1.5 million) along with a decline in the Unrestricted Net Position of over \$1.8 million. The audit also reported an Unrestricted Net Position of (\$2,674,331). This value factors all possible current and future obligations of the R-Board into the analysis.

The decline in the Unrestricted Net Asset deficit by \$1,854,393 in FY2015 was affected by several factors, primarily depreciation, closure/post closure liability and changes in the GASB68 rules that went into effect for FY2015. This added a new category of liability, Net Pension, that wasn't present in previous audits. A summary of the factors influencing the Unrestricted Net Position is provided below.

| | |
|---|-----------------------|
| FY2015 Activity | |
| Depreciation | \$ (777,098) |
| Closure/Post Closure | \$ (1,349,599) |
| GASB68 | \$ (529,030) |
| Operation Results | \$ 604,166 |
| Other Results | \$ 197,168 |
| FY2015 Sub-total | \$ (1,854,393) |
| FY2014 Unrestricted Net Position | \$ (819,938) |
| FY2015 Unrestricted Net Position | \$ (2,674,331) |

The FY2015 audit accurately reflects the current financial status of the R-Board. Recent actions by the R-Board, Board of Supervisors, and City Council to construct Cell F-2, support resident user fees and the flow control ordinance should result in a significantly improved financial outlook in the FY2016 audit.

The auditors reported revenue of nearly \$411,000 from resident fees in the period between February 2 and June 30, 2015. This value differs from that reported by staff due to the auditors booking all revenue from resident fees in the fiscal year it was received. This increased the revenue from annual fees by approximately \$130,000, as staff had been pro rating annual pass calendar-year fees across two fiscal years.

Looking ahead to FY2016 and beyond, staff estimates a yearly increase in revenue of approximately \$750,000 as a result of flow control. The combination of resident fees and an increase in commercial tipping fees as a result of flow control should provide sufficient revenue to fund the debt service from the recently completed Cell F-2, and begin the process of replenishing the reserve fund.

KCD:kd

Rappahannock Regional Solid Waste Management Board

Report to the Board of Directors
December 23, 2015





December 23, 2015

P. O. Box 15409 (28561-5409)
3120 Wellons Boulevard
New Bern, NC 28562-5247

To the Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, Virginia

T +1 252 637 5154
F +1 252 637 5383

www.rsmus.com

Attention: Mr. Paul V. Milde III, Chairman

We are pleased to present this report related to our audit of the basic financial statements of the Rappahannock Regional Solid Waste Management Board (R-Board) for the year ended June 30, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for R-Board's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the R-Board.

McGladrey LLP

RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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| Summary of significant accounting estimates | 3-4 |
| Exhibit A—Significant written communications between management and our firm | |
| Representation Letter | |

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

| Area | Comments |
|--|--|
| Our Responsibilities With Regard to the Financial Statement Audit | Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated April 22, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter. |
| Overview of the Planned Scope and Timing of the Financial Statement Audit | We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement. |
| Accounting Policies and Practices | Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the R-Board. The R-Board adopted two new accounting standards during the year. The County adopted GASB Statement No. 68, <i>Accounting and Financial Reporting for Pensions-An Amendment of GASB 27</i> and GASB No. 71, <i>Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68</i> . These statements are to improve accounting and financial reporting by state and local governments for pensions. We included an emphasis paragraph in our report to refer to the R-Board's disclosure of this accounting change which does not modify our report on the R-Board's financial statements. |
| | Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. |

| Area | Comments |
|---|--|
| Audit Adjustments | <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p> |
| Uncorrected Misstatements | <p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p> <p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p> |
| Disagreements With Management | <p>We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.</p> |
| Consultations With Other Accountants | <p>We are not aware of any consultations management had with other accountants about accounting or auditing matters.</p> |
| Significant Issues Discussed With Management | <p>No significant issues arising from the audit were discussed with or were the subject of correspondence with management.</p> |
| Significant Difficulties Encountered In Performing the Audit | <p>We did not encounter any significant difficulties in dealing with management during the audit.</p> |
| Significant Written Communications Between Management and Our Firm | <p>Copies of significant written communications between our firm and the management of the R-Board, including the representation letter provided to us by management, are attached as Exhibit A.</p> |

Summary of Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the R-Board's June 30, 2015, financial statements.

| Estimate | Accounting Policy | Management's Estimation Process | Basis for Our Conclusions on Reasonableness of Estimate |
|--|--|--|--|
| Allowance for Doubtful Accounts | A valuation allowance is established to report receivables at estimated collectible amounts. | The allowance is estimated by analyzing the percentage of receivables that were written off in prior years. | Based on the audit procedures performed we believe that management has utilized a reasonable process for its estimate in accordance with GAAP. |
| Estimated Useful Lives of Capital Assets | Capital assets are recorded net of accumulated depreciation, which is computed based on the estimated useful life of the asset. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. | The estimates for useful lives are based on a combination of standard industry lives and management's estimates of the actual expected useful life for certain classes of assets. | Based on the audit procedures performed, we believe that management has utilized a reasonable process to estimate the useful lives. |
| Net Pension Liability | Accrued as a liability in accordance with GASB Statements Nos. 68 & 71. | The liability is based on the R-Board's pro-rata share of the net pension liability based on the liability determined for the County of Stafford (County). The County's liability is based on the County's pro-rata share of the net pension liability of the Virginia Retirement System. The liability is based on an actuarial calculation from a third party. | Based on the audit procedures performed we believe that management has utilized a reasonable process for its estimate in accordance with GAAP. |

| Estimate | Accounting Policy | Management's Estimation Process | Basis for Our Conclusions on Reasonableness of Estimate |
|--|--|---|---|
| Landfill post-closure costs | The R-Board recognizes 100% of the liability for the closure and post-closure estimate and has provided 100% of the resources required for that purpose. | The R-Board utilizes the expertise of an engineering firm that has performed the feasibility studies and assisted in the engineering design and permitting processes for the previous phases of the Landfill to provide periodic closure and post-closure cost estimates related to the active phases of the landfill operation. In connection with its current work, the engineering firm provided a comprehensive update of the closure and post-closure costs for the fiscal year ended June 30, 2015. | The method is logical for estimating fair value and in accordance with accounting principles generally accepted in the United States based on our audit procedures. |
| Valuation of Accrued Postemployment Benefits | Accrued as a liability in accordance with GASB Statement Nos. 45 and 27. | The liability is based on an actuarial calculation from a third party actuary. | Based on our procedures, we believe management has utilized a reasonable process for its estimates in accordance with GAAP. |

**Exhibit A—Significant Written Communications Between Management
and Our Firm**

STAFFORD *Virginia*

Board of Supervisors

Gary F. Snellings, Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Paul V. Milde, III
Cord A. Sterling
Robert "Bob" Thomas, Jr.

Anthony J. Romanello, ICMA CM
County Administrator

December 23, 2015

McGladrey LLP
3120 Wellons Blvd.
New Bern, NC 28562

This representation letter is provided in connection with your audit of the basic financial statements of Rappahannock Regional Solid Waste Management Board (R-Board) as of and for the year ended June 30, 2015, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of December 23, 2015:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated April 22, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP as applied to governments.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including those with the primary government having accountability for the R-Board, including advances receivable and payable, sale and purchase transactions, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.



8. Other financial statement representations that have been properly recorded and/or disclosed:
 - a. We agree with the findings of specialists in evaluating Other Post Employment Benefits (OPEB) and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
 - b. We agree with the findings of specialists in evaluating the valuation of landfill post-closure costs and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.
 - c. The restatement of the beginning net position resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Reporting for Pensions*, (and the related Statement 71) is deemed to reflect the R-Board's share of the pension liability.
 - d. There are no pending or threatened litigation, claims, or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP.
 - e. Net position classifications (net investment in capital assets and unrestricted) are properly classified.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that should be disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the R-Board from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud, affecting the R-Board's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.



16. We have no knowledge of any allegations of fraud or suspected fraud affecting the R-Board's financial statements received in communications from employees, former employees, regulators, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the R-Board's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the R-Board's ability to record, process, summarize, and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

23. With respect to Management's Discussion and Analysis, the Other Postemployment Benefit (OPEB), and Net Pension Obligation sections presented as required by the Governmental Accounting Standards Board (GASB) to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

24. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
25. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the R-Board.
26. Has not identified any instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
27. Has not identified any instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
28. Has not identified any instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
29. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
30. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.



31. Has a process to track the status of audit findings and recommendations.
32. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
33. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
34. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Rappahannock Regional Solid Waste Management Board



Anthony J. Romanello
County Administrator/Board of Directors

Gov



Maria J. Perrotte
Chief Financial Officer



RAPPAHANNOCK REGIONAL SOLID
WASTE MANAGEMENT BOARD

FINANCIAL STATEMENTS



Year Ended
June 30, 2015

Serving
Stafford County and
City of Fredericksburg, Virginia

Board of Directors

Paul V. Milde III, Chairman

Mathew J. Kelly, Vice-Chairman

Gary F. Snellings

William Withers, Jr.

Beverly Cameron

Anthony J. Romanello

Administration

Keith C. Dayton, Director, Deputy County Administrator

Jason M. Pauley, Superintendent

Maria J. Perrotte, Chief Financial Officer

Mickey Kwiatkowski, Controller

Lisa Haaf, Accounting Technician

Diane Jones, Recycling Coordinator

Julie May, Environmental Manager

Christina Morgan, Administrative Specialist

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December 23, 2015

Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, VA

The Annual Financial Statements of the Rappahannock Regional Solid Waste Management Board (R-Board) are submitted herewith. This report has been prepared in conformity with the reporting and accounting standards promulgated by the Governmental Accounting Standards Board and accounting principles generally accepted in the United States of America, which are uniform minimum standards and guidelines for financial accounting and reporting. The information in this report is believed by R-Board management to be sufficient to fully represent the financial results of the R-Board's operations for the fiscal year ended June 30, 2015 and to provide an accurate and useful picture of the R-Board's status as of that date. All information included is the responsibility of the management staff of the R-Board with respect to accuracy, completeness and fairness.

This report is organized into three sections. The Introductory Section includes this letter of transmittal and other related items. The Financial Section includes management's discussion and analysis, the financial statements, notes to the financial statements and the accompanying opinion of the independent auditing firm regarding those statements. The Compliance Section includes a report from the independent auditing firm on internal controls and compliance with laws and regulations.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal and should be read in conjunction with it.

Organization and Services

The R-Board is a joint venture of Stafford County (the County) and the City of Fredericksburg, VA (the City). It was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining the Regional Landfill for the use and benefit of the citizens of the County and the City. The R-Board is not a component unit of either the County or the City. The County Administrator appoints a Superintendent who manages operations with day to day direction from the County Administration Office and policy direction from the R-Board.

The Board does not provide collection services. These services are provided by various commercial haulers who dispose of collected solid waste at the landfill. Residents of the County and the City dispose of household solid waste and recyclables at the landfill for a tipping fee. The R-Board also provides recycling facilities.

Economic Conditions

The regional landfill faces many of the same economic challenges as other local businesses. Management has made operational changes such as adjusting hours of operation to accommodate commercial usage. Staff continues to seek creative solutions for efficient operations. Environmental regulations also play a role in operations and fiscal policies.

The solid waste disposal facility charges tipping fees to commercial haulers and residents. On average there are 30-35 commercial customers who are billed monthly for their tonnage. There are also numerous cash customers. During FY 2015 governmental customers (the County and the City) paid tipping fees for their use of the landfill.

The recycling program promotes various activities and seeks state grant funds.

The R-Board assesses its operating results (revenues, expenses, tonnage) at its regular meetings and has been exploring options to improve financial performance.

Accounting and Budgetary Controls

The R-Board's financial records are maintained by the County's finance staff on a fiscal year (July-June), accrual basis. Under this method, revenues are recognized when earned and expenses are recorded when incurred without regard to receipt or payment of cash. Controls in place provide reasonable assurance that the R-Board's assets are properly recorded and that financial data may be used with confidence in preparation of reports and projections. Accounting control is maintained by segregation of duties and data security systems insure the integrity of billing, cash receipting, purchasing and disbursement processing.

The R-Board adopts an annual budget for fiscal guidance to staff. These projections and operating trends are used in setting tipping fees. The budget includes direct costs (i.e. personnel and operating expenses) and provision for equipment maintenance and replacement as well as allocations for site improvement and recycling. The Director submits the proposed budget to the R-Board for consideration. Budgetary compliance is monitored and reported to the R-Board by the Director. All budget items lapse at the end of the fiscal year.

Annual Audit

State law requires an annual audit of the books and records of the R-Board. The opinion of our independent certified public accountants, McGladrey LLP, is included in the Financial Section of this report. Their report on internal control and compliance issues is included in the Compliance Section.

Cash Management

Operating cash is pooled and invested in short-term securities according to forecasted cash flows. Funds are invested with the Local Government Investment Pool (LGIP), government-backed fixed income securities, corporate bonds and money market funds. Management feels that safekeeping and delivery arrangements provide appropriate security for the R-Board's investments.

Risk Management

The R-Board participates in the County's comprehensive property, liability and workers' compensation insurance programs. A safety program, including safety regulations, is actively administered and enforced to manage incidents and minimize exposure.

Acknowledgements

The help of the Stafford County Finance Department staff and the R-Board administrative staff throughout the year and in preparation of this report is gratefully acknowledged. Such help and the support and commitment of the Board of Directors to financial reporting excellence are essential to the preparation of this report.

Respectfully submitted,

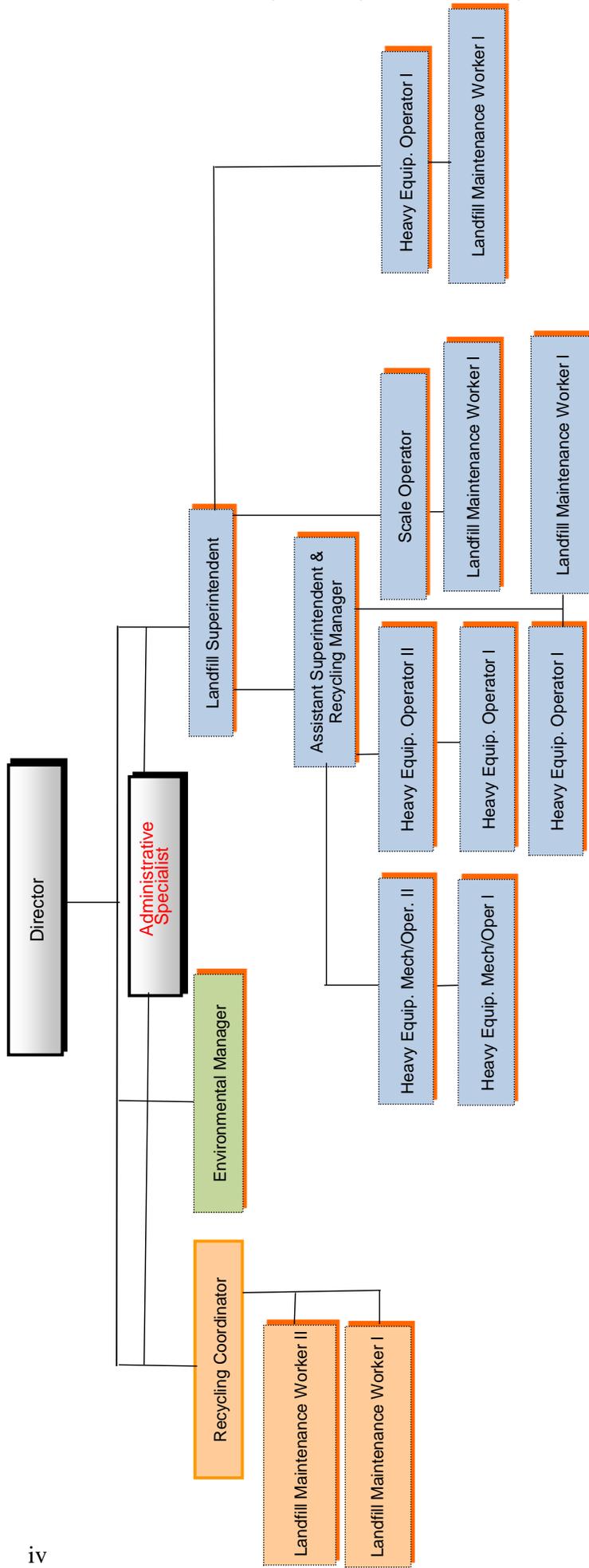


Anthony J. Romanello,
County Administrator/
Board of Directors



Maria J. Perrotte
Chief Financial Officer

RAPPAHANNOCK REGIONAL LANDFILL





Independent Auditor's Report

To the Board of Directors
Rappahannock Regional Solid Waste Management Board
Stafford, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Rappahannock Regional Solid Waste Management Board (the R-Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the R-Board, as of June 30, 2015, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, in the year ending June 30, 2015, the R-Board adopted new accounting guidance Government Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting of Pensions – An Amendment to GASB Statement No. 27.*, and Governmental Accounting Standards Board Statement Number 71, *Pension Transition Contributions Made Subsequent to the Measurement Date – an amendment of GASB No. 68.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Other Post-Employment Benefit Plan's Schedule of Funding Progress on pages 4 – 7 and page 33-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the R-Board's basic financial statements. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The introductory section has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015 on our consideration of the R-Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering R-Board's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

New Bern, North Carolina
December 23, 2015

RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Rappahannock Regional Solid Waste Management Board (the "R-Board") offers readers of its financial statements this narrative overview and analysis for the year ended June 30, 2015. Readers are encouraged to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis (MD&A) is intended to serve as an introduction to the R-Board's financial statements. The R-Board is operated as an enterprise fund activity which is a proprietary fund type. It charges fees to users for services provided. As an enterprise type activity, the financial statements are comprised of this MD&A, the financial statements and notes to the financial statements.

The financial statements include:

- * The Statement of Net Position – presents information on the R-Board's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the net difference being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the R-Board is improving or declining compared to the prior year.
- * The Statement of Revenues, Expenses and Changes in Net Position – presents the effect on net position of revenues earned and expenses incurred.
- * The Statement of Cash Flows – identifies the sources and uses of cash for operating, financing and investing activities.

The notes to the financial statements provide additional information that is essential to understanding the data provided in the financial statements.

FINANCIAL HIGHLIGHTS

- * Current assets increased approximately \$229 thousand.
- * Capital assets, net of accumulated depreciation, decreased approximately \$332 thousand primarily as a result of current year depreciation expense.
- * Total liabilities increased approximately \$2.0 million mainly as a result of increases to the landfill closure/post closure liability and the inclusion of net pension liability due to the implementation of GASB Statements No. 68 and No. 71.
- * Unrestricted net position decreased approximately \$1.8 million resulting in a deficit position of \$ 2.7 million.
- * Operating revenues increased approximately \$359 thousand and operating expenses increased approximately \$508 thousand.
- * Beginning net position was restated to \$ 5,833,952, a decrease of \$ 652,880, due to the implementation of GASB Statement No. 68 and No. 71 which required the R-Board to show their proportionate share of the Virginia Retirement System's Net Pension Obligation.

FINANCIAL ANALYSIS

As noted earlier, net position may serve as an indicator of the R-Board's financial condition. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$4,300,302 at the close of fiscal year 2015.

A large portion of the R-Board's net position reflects its investment in capital assets (land, land improvements, buildings, machinery and equipment, etc.). These assets are used in operations to provide services to customers and are therefore not available for future spending. The R-Board has not issued debt to acquire these assets. The remaining balance of net position, a deficit of \$2,674,331, is classified as unrestricted. The following table presents a condensed Statement of Net Position in a comparative format.

TABLE 1
Summary of Net Position
June 30,

| | 2015 | 2014 |
|--------------------------------------|---------------------|---------------------|
| Current assets | \$ 7,013,442 | \$ 6,784,241 |
| Noncurrent assets | <u>6,974,633</u> | <u>7,306,770</u> |
| Total assets | <u>13,988,075</u> | <u>14,091,011</u> |
| Total deferred outflows of resources | <u>117,579</u> | <u>-</u> |
| Current liabilities | 4,873,059 | 4,458,046 |
| Noncurrent liabilities | <u>4,734,381</u> | <u>3,146,133</u> |
| Total liabilities | <u>9,607,440</u> | <u>7,604,179</u> |
| Total deferred inflows of resources | <u>197,912</u> | <u>-</u> |
| Net position: | | |
| Investment in capital assets | 6,974,633 | 7,306,770 |
| Unrestricted (deficit) | <u>(2,674,331)</u> | <u>(819,938)</u> |
| Total net position, restated | <u>\$ 4,300,302</u> | <u>\$ 6,486,832</u> |

The decrease in net position of \$1,533,650 is attributed to these factors:

- * The R-Board used current assets to acquire and recondition equipment and for the construction of landfill Cell F2.
- * Operating expenses exceeded operating revenue resulting in an operating loss of approximately \$1.5 million. Included in the operating loss is depreciation expense of \$ 777,100, this expense reduces the investment in capital assets with the remaining operating loss of approximately \$ 757,000 reducing unrestricted net position.

The following table shows how revenues and expenses contributed to the change in net position between fiscal years 2014 and 2015.

TABLE 2
Summary of Changes in Net Position
Years Ended June 30,

| | 2015 | 2014 |
|------------------------------------|---------------------|---------------------|
| Revenues: | | |
| Operating revenues: | | |
| Charges for services | \$ 4,114,768 | \$ 3,759,954 |
| Miscellaneous | <u>31,397</u> | <u>27,208</u> |
| Total operating revenues | <u>4,146,165</u> | <u>3,787,162</u> |
| Nonoperating revenues: | | |
| Interest on investments | 24,428 | 34,102 |
| Intergovernmental grants | <u>26,944</u> | <u>52,769</u> |
| Total nonoperating revenues | <u>51,372</u> | <u>86,871</u> |
| Expenses: | | |
| Operating expenses: | | |
| Landfill operations | <u>5,668,696</u> | <u>5,160,526</u> |
| Nonoperating expenses: | | |
| Recycling program | <u>62,491</u> | <u>61,159</u> |
| Change in net position | (1,533,650) | (1,347,652) |
| Net position, beginning | <u>6,486,832</u> | <u>7,834,484</u> |
| Restatement | <u>(652,880)</u> | <u>-</u> |
| Net position, beginning restated | <u>5,833,952</u> | <u>7,834,484</u> |
| Net position, ending | <u>\$ 4,300,302</u> | <u>\$ 6,486,832</u> |

- * Total operating revenues increased by \$359,003 mainly due to a residential tipping fee implemented during FY15 and the repair of a gas collection system which limited gas sales during the downtime in FY14.
- * Overall operating expenses increased \$ 508,170 compared to amounts reported for fiscal year 2014. Landfill closure/post closure expense accounted for the biggest increase, approximately \$ 783,000, as compared to fiscal year 2014 which was partially offset by a decrease in supplies and maintenance costs of approximately 239,000 and a decrease in lease expense of approximately \$ 20,000. Management monitors expenses in relation to revenue and purchases are limited to operational necessities.

The R-Board's investment in capital assets as of June 30, 2015 was \$6,974,633 (net of accumulated depreciation). This includes land, land improvements and cell construction, buildings, equipment and vehicles. The following table summarizes the change in capital assets for fiscal year 2015.

TABLE 3
Change in Capital Assets

Acquisitions included compactor system, 2 trucks, upgrades on equipment and commencement construction of Cell F2. The design of Cell F2 was already been completed to obtain the necessary DEQ permits. During the 1st quarter of FY15 the design was refined to include site plan details necessary for County approval. Construction will be completed during the 2nd quarter of FY16 and operation will begin once cell capacity in cell F1 is exhausted.

| | Balance June 30, 2014 | Additions/ Deletions, net | Balance June 30, 2015 |
|---|-----------------------------|------------------------------|-----------------------------|
| Capital assets not being depreciated: | | | |
| Land | \$ 1,401,640 | \$ - | \$ 1,401,640 |
| Construction in progress | 1,532,024 | (1,301,194) | 230,830 |
| Capital assets being depreciated: | | | |
| Land improvements and cell construction | 11,063,322 | 1,532,024 | 12,595,346 |
| Buildings and improvements | 1,205,713 | - | 1,205,713 |
| Furniture, fixtures and equipment | 5,580,215 | 134,817 | 5,715,032 |
| Technology infrastructure | 536,085 | - | 536,085 |
| Vehicles | 870,629 | 79,313 | 949,942 |
| Accumulated depreciation | <u>(14,882,858)</u> | <u>(777,097)</u> | <u>(15,659,955)</u> |
| Total | <u>\$ 7,306,770</u> | <u>\$ (332,137)</u> | <u>\$ 6,974,633</u> |

Additional information about the R-Board's capital assets is presented in Note 6 of the Notes to the Financial Statements.

LONG-TERM OBLIGATIONS

The R-Board has a \$8,176,221 obligation to close the landfill site and perform post-closure monitoring. Other long-term obligations include employee accrued vacation pay and retiree post-employment benefits and the R-Board's proportionate share of the Net Pension Obligation. Additional information on the R-Board's long-term liabilities is presented in Notes 4, 5, 7 and 12 of the Notes to the Financial Statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Rappahannock Regional Solid Waste Management Board's finances for those with an interest in them. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, County of Stafford, P.O. Box 339, Stafford, Virginia 22555-0339.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current assets:

| | | |
|---|----|------------------|
| Cash and cash equivalents | \$ | 565,354 |
| Investments | | 5,998,867 |
| Accounts receivable | | |
| (less allowance for possible losses of \$ 12,551) | | 446,500 |
| Intergovernmental receivable | | 1,721 |
| Other assets | | <u>1,000</u> |
| Total current assets | | <u>7,013,442</u> |

Noncurrent assets:

Capital assets:

| | | |
|---|--|---------------------|
| Land | | 1,401,640 |
| Construction in progress | | 230,830 |
| Land improvements and cell construction | | 12,595,346 |
| Buildings and building improvements | | 1,205,713 |
| Furniture, fixtures and equipment | | 5,715,032 |
| Technology Infrastructure | | 536,085 |
| Vehicles | | 949,942 |
| Less accumulated depreciation | | <u>(15,659,955)</u> |
| Total noncurrent assets | | <u>6,974,633</u> |

Total assets 13,988,075

DEFERRED OUTFLOWS OF RESOURCES

| | |
|--------------------------------------|----------------|
| Pension related deferrals | <u>117,579</u> |
| Total deferred outflows of resources | <u>117,579</u> |

Total assets and deferred outflows of resources 14,105,654

LIABILITIES

Current liabilities:

| | |
|---|------------------|
| Accounts payable | 312,827 |
| Accrued salaries and benefits | 51,991 |
| Deposits held in escrow | 60,003 |
| Compensated absences | 86,346 |
| Landfill closure/post closure liability | <u>4,361,892</u> |
| Total current liabilities | <u>4,873,059</u> |

Noncurrent liabilities:

| | |
|---|------------------|
| Compensated absences | 111,072 |
| Other post-employment benefits | 279,950 |
| Net pension liability | 529,030 |
| Landfill closure/post closure liability | <u>3,814,329</u> |
| Total noncurrent liabilities | <u>4,734,381</u> |
| Total liabilities | <u>9,607,440</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|----------------|
| Pension related referrals | <u>197,912</u> |
| Total deferred inflows of resources | <u>197,912</u> |

Total liabilities and deferred outflows of resources 9,805,352

NET POSITION

| | |
|------------------------------|---------------------|
| Investment in capital assets | 6,974,633 |
| Unrestricted deficit | <u>(2,674,331)</u> |
| Total net position | <u>\$ 4,300,302</u> |

See Notes to Financial Statements

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2015

OPERATING REVENUES:

| | |
|--------------------------|------------------|
| Charges for services | \$ 4,114,768 |
| Miscellaneous | 31,397 |
| Total operating revenues | <u>4,146,165</u> |

OPERATING EXPENSES:

| | |
|-------------------------------|------------------|
| Personnel services | 2,018,811 |
| Contractual services | 774,223 |
| Supplies and maintenance | 613,278 |
| Utilities | 46,582 |
| Leases | 17,257 |
| Depreciation | 777,098 |
| Landfill closure/post closure | 1,349,599 |
| Miscellaneous | 71,848 |
| Total operating expenses | <u>5,668,696</u> |

Operating loss (1,522,531)

NONOPERATING REVENUES (EXPENSES):

| | |
|----------------------------------|-----------------|
| Interest on investments | 24,428 |
| Grants | 26,944 |
| Recycling program | <u>(62,491)</u> |
| Total nonoperating revenues, net | <u>(11,119)</u> |

Change in net position (1,533,650)

| | |
|--------------------------------------|---------------------|
| Net position, beginning | <u>6,486,832</u> |
| Prior year adjustment | <u>(652,880)</u> |
| Net position, beginning, as restated | <u>5,833,952</u> |
| Net position, ending | <u>\$ 4,300,302</u> |

See Notes to Financial Statements

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

STATEMENT OF CASH FLOWS
Year Ended June 30, 2015

| | |
|---|-------------------|
| Cash Flows From Operating Activities | |
| Receipts from customers | \$ 3,968,030 |
| Payments to employees | (1,911,043) |
| Payments to suppliers | (1,549,842) |
| Net cash provided by operating activities | <u>507,145</u> |
| Cash Flows From Noncapital and Related Financing Activities | |
| Receipt State supported recycling program | 25,223 |
| Recycling program payments | (62,491) |
| Net cash flows used in noncapital and related financing activities | <u>(37,268)</u> |
| Cash Flows Used In Capital and Related Financing Activities | |
| Acquisition and construction of capital assets | <u>(444,960)</u> |
| Cash Flows From Investing Activities | |
| Interest received on investments | 24,428 |
| Purchase of investments | (24,126) |
| Net cash provided by investing activities | <u>302</u> |
| Increase in cash and cash equivalents | 25,219 |
| Cash and Cash Equivalents: | |
| Beginning | <u>540,135</u> |
| Ending | <u>\$ 565,354</u> |
| Reconciliation of Operating Loss to Net Cash Provided by Operating Activities: | |
| Operating loss | \$ (1,522,531) |
| Adjustments to reconcile operating loss to net cash provided by operating activities: | |
| Depreciation | 777,098 |
| Other post-employment benefits | 153,835 |
| Landfill closure/postclosure liability | 1,349,599 |
| Net change in Pension Liability | (247,840) |
| Change in Pension deferred outflows | 6,410 |
| Increase in Pensions Deferred Inflows | 197,912 |
| Changes in assets and liabilities: | |
| Increase in accounts receivable | (178,135) |
| Increase(Decrease) in: | |
| Accounts payable | (30,728) |
| Accrued liabilities | 9,235 |
| Deposits held in escrow | 4,074 |
| Compensated absences | (11,784) |
| Net cash provided by operating activities | <u>\$ 507,145</u> |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

The accounting and reporting policies of the Rappahannock Regional Solid Waste Management Board (Board or R-Board) conform to accounting principles generally accepted in the United States of America applicable to proprietary fund type operations of governmental units promulgated by the Governmental Accounting Standards Board (GASB). The more significant of the Board's accounting policies are described below.

Reporting entity: The Board is a joint venture of the County of Stafford (County) and the City of Fredericksburg (City), Virginia. The Board was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining a regional landfill for the use and benefit of the citizens of the County and City. The Board began operations on July 1, 1988.

The Board is administered by a six-member Board of Directors currently comprised of three members from the County and three members from the City made up as follows:

- The County Administrator of Stafford County
- Two members of the Stafford County Board of Supervisors appointed by the Board of Supervisors
- The City Manager of Fredericksburg
- Two members of the City Council of Fredericksburg appointed by the City Council

The Board adopts an annual operating budget and sets user fees for the landfill. The Board has the authority to enter into written agreements with any contracting party for the operation and maintenance of the landfill. The Board has an ongoing operating agreement with the County. If there are operating deficits, they are funded by the County and the City, based on the solid waste that is generated from each of the two jurisdictions and received by the landfill. The County's and the City's equity interest as of June 30, 2015 was \$ 2,691,075 and \$1,609,227, respectively.

The title to all real property acquired, held, or leased is allocated equally between the County and City, except for 30 acres owned by Stafford County.

Due to neither the County nor the City appointing a majority of Board members, neither governing body having the ability to impose its will on the Board, and the Board being fiscally independent, the financial statements of the Board are not included in the financial statements of the County or City, in accordance with GASB Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The Board has no oversight responsibilities for either the County or City organization or other outside organizations or activities. Therefore, no additional organizations are included herein.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Basis of accounting: Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Board maintains its records on the accrual basis, in accordance with the principles of fund accounting for an enterprise activity. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized when incurred.

The Board distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services. The principal operating revenues of the Board are from tipping charges. Operating expenses include the cost of goods and services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting these classifications are reported as nonoperating revenues and expenses.

Statement of cash flows: The cash presented in the statement of cash flows consists of all demand deposits and short-term investments. For purposes of this statement, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

Investments: Investments are stated at fair value based on quoted market prices.

Accounts receivable: Accounts receivable consist of amounts due from customers for tipping fees. The Board uses the allowance method to determine the uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts.

Capital assets: Capital assets purchased by the Board are stated at cost. Donated property is recorded at fair value at the date of donation. Depreciation has been provided over the following estimated useful lives using the straight-line method:

| | |
|---|---------------|
| Land improvements and cell construction | 5 – 20 years |
| Building and improvements | 10 – 40 years |
| Furniture, fixtures and equipment | 3 – 10 years |
| Vehicles | 5 years |
| Technology infrastructure | 5 years |

Compensated absences: Employees of the Board accumulate vacation and sick leave hours depending upon their length of service based on the policy set by the County. The County has established accumulated leave balance thresholds for vacation and compensatory leave. There is no threshold on accumulated sick leave. Vacation leave, compensatory time, and a portion of sick leave up to the established thresholds are payable upon termination of employment.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies (Continued)

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Deposits and Investments

Deposits: Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “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.

Investment Policy

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

The following table shows the Board’s total deposits and investments at June 30, 2015:

| | |
|---|---------------------|
| | <u>Fair Value</u> |
| U.S. Securities and Agencies | \$ 2,568,443 |
| Corporate Notes | 1,627,155 |
| Money Market | <u>1,803,269</u> |
| Total Investments | 5,998,867 |
| Cash held by the Treasurer of Stafford County | 564,904 |
| Petty Cash | <u>450</u> |
| Total Deposits and Investments | <u>\$ 6,564,221</u> |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Credit Risk of Debt Securities: Standard & Poor’s and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the Board’s debt investments as of June 30, 2015 and the ratings are presented below using the Standard & Poor’s rating scale.

| | VALUE | | | | | |
|------------------------------|--------------|------------|-----------|--------------|------|------|
| | Short Term | | Long Term | | | |
| | AAA | A-1 | AAA | AA | A | BBB |
| U.S. Agencies and Securities | \$ - | \$ - | \$ - | \$ 2,568,443 | \$ - | \$ - |
| Municipal Bonds | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Corporate Notes and Bonds | \$ - | \$ 250,228 | \$ - | \$ 1,376,927 | \$ - | \$ - |
| Money Market Mutual Funds | \$ 1,453,299 | \$ 349,970 | \$ - | \$ - | \$ - | \$ - |
| Total | \$ 1,453,299 | \$ 600,198 | \$ - | \$ 3,945,370 | \$ - | \$ - |

As of June 30, 2015, all investments were in compliance with the State Statutes administering investments of Public Funds. Ratings are purchased by the issuer from Moody’s and/or Standard & Poor’s. Ratings must comply with the investment policy prior to any purchase.

Concentration of Credit Risk: Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. In accordance with GASB 40, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and the issuer.

At June 30, 2015, the Board had the following investments exceeding 5% of the total investments:

| Investment Type | Value | |
|-----------------|------------|-------------------------|
| | Dollars | Percentage of Portfolio |
| Fannie Mae | \$ 911,606 | 15.20% |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 2. Deposits and Investments (Continued)

Interest Rate Risk: Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the investment policy generally sets a 5-year maximum maturity from the date of purchase. Additionally, 25% of the liquid funds are required to be invested in over-night funds while the remaining 75% be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5 years and a duration requirement not exceeding 3 years to manage portfolio volatility. These guidelines are established to minimize investment risk in the portfolio.

| Investment Type | Fair Value | Investment Maturities (In Years) | | | |
|------------------------------|--------------|----------------------------------|--------------|--------------|---------------|
| | | Less Than 1 Year | 1 - 5 Years | 6 - 10 Years | Over 10 Years |
| U.S. Agencies and Securities | \$ 2,568,443 | \$ 1,446,708 | \$ 1,121,735 | \$ - | \$ - |
| Municipal Bonds | \$ - | \$ - | \$ - | \$ - | \$ - |
| Corporate Notes and Bonds | \$ 1,627,155 | \$ 1,126,633 | \$ 500,522 | \$ - | \$ - |
| Money Market Mutual Funds | \$ 1,803,269 | \$ 1,803,269 | \$ - | \$ - | \$ - |
| Total | \$ 5,998,867 | \$ 4,376,610 | \$ 1,622,257 | \$ - | \$ - |

Note 3. Risks and Uncertainties

The Board invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the statement of net position.

Note 4. Defined Benefit Pension Plan

The employees of the Board are employed by the County and participate in the same benefits as all other County employees, which includes participation in the Virginia Retirement System (VRS). Listed below is the full note disclosure of the County. The R-Board contributed \$123,989 of the County’s \$5.3 million annual pension costs during the measurement period.

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)

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

VRS administers three defined benefit plans for local government employees – Plan 1, Plan 2 and a Hybrid plan:

- Members hired before July 1, 2010 and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit early at age 55 with at least five years of service credit or 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 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- Non-hazardous members hired or rehired on or after January 1, 2014 are covered under the Hybrid Plan. Non-hazardous members in Plan 1 and 2 were able to convert to the Hybrid Plan January 1, 2014 through April 30th 2014 at their option. The Hybrid Plan has disability insurance in addition to the retirement plan. The hybrid plan combines the features of a defined benefit plan and a defined contribution plan. The defined benefits are based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
- Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 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.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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. Under the Hybrid Plan average final compensation is the same as Plan 2 for the defined benefit component. The retirement multiplier for non-hazardous duty members is 1.70 %. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70% or 1.85% as elected by the employer. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013 unless they are hazardous duty employees and their employer has elected the enhanced retirement multiplier. The retirement multiplier under the hybrid plan is 1%. 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 3.00%. 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. Under Hybrid COLA is the same as Plan 2 for the defined benefit component and is not applicable for the defined contribution piece.

The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the

VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | <u>Number</u> |
|--|---------------------|
| Inactive members or their beneficiaries currently receiving benefits | 336 |
| Inactive members: | |
| Vested | 95 |
| Non-vested | 210 |
| Active elsewhere in VRS | 175 |
| Total inactive members | <u>480</u> |
| Active members | <u>837</u> |
| Total covered employees | <u><u>1,653</u></u> |

B. Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.91% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan by the County were \$5,018,322 and \$5,291,891 for the years ended June 30, 2015 and 2014, respectively.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

C. Net Pension Liability

The County's net pension liabilities were measured as of June 30, 2014. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

At June 30, 2015, the County and the County's Rappahannock Regional Solid Waste Management Board (Board) reported a collective pension liability of \$22,578,513 for its proportionate share of the net pension liability (collectively the County). This amount is comprised of \$22,049,483 for the County and \$529,030 for the Board. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014 the County's proportion was 0.90% as compared to 0.88% at June 30, 2013.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – General Employees

The total pension liability for the VRS retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods including in the measurement and rolled forward to the measurement date as of June 30, 2014.

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

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

Mortality Rates:

- 14% of deaths are assumed to be service related.
- Pre-retirement: RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.
- Post-retirement: RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.
- Post-disablement: RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

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

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions – Public Safety Employees

The total pension liability for Public Safety employees in the County’s retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2014.

| | |
|---------------------------------------|--|
| Inflation | 2.5 % |
| Salary increases, including inflation | 3.5% - 4.75% |
| Investment rate of return | 7.0%, net of pension plan investment expense, including inflation* |

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans.

This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

| | |
|---------------------|--|
| Mortality Rates: | 60% of deaths are assumed to be service related. |
| – Pre-retirement: | RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years. |
| – Post-retirement: | RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year. |
| – Post-disablement: | RP-2000 Disabled Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement. |

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

as a result of the experience study are as follows:

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Long-Term Expected Rate of Return

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

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

Discount Rate

The discount rate used to measure the total pension liabilities was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County's retirement plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liabilities.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liabilities of the County's plan, using the discount rate of 7.00%, as well as what the County's net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|------------------------------|--------------------------------|--|--------------------------------|
| County net pension liability | 45,496,951 | 22,578,513 | 3,552,836 |

Detailed information about the pension plans' fiduciary net position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR is publicly available through the About VRS link on the VRS website at www.varetire.org, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Change in the net pension liability

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|----------------------------|--------------------------------|--------------------------|
| Balances at June 30, 2013 | \$ 151,952,558 | \$ 118,795,459 | \$ 33,157,099 |
| Changes for the Year: | | | |
| Service Cost | 5,461,428 | - | 5,461,428 |
| Interest | 10,443,292 | - | 10,443,292 |
| Contributions-employer | - | 5,291,891 | (5,291,891) |
| Contributions-employee | - | 2,344,409 | (2,344,409) |
| Net investment income | - | 18,945,438 | (18,945,438) |
| Benefit payments, including refunds of employee contributions | (5,525,348) | (5,525,348) | - |
| Administrative charges | - | (99,431) | 99,431 |
| Other charges | - | 999 | (999) |
| Net changes | 10,379,372 | 20,957,958 | (10,578,586) |
| Balances at June 30, 2014 | \$162,331,930 | \$ 139,753,417 | \$ 22,578,513 |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

A reconciliation from the amount above to the statements is shown below.

| | |
|---|--------------------------|
| | Net Pension Liability |
| Governmental Activities - County | \$ 18,737,963 |
| Business Type Activities - County | 3,311,520 |
| Rappahannock regional Solid Waste Management Board | 529,030 |
| | <u>\$ 22,578,513</u> |

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$3,161,000. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ 8,447,000 |
| County contributions subsequent to the measurement date | 5,018,322 | - |
| Total | <u>\$5,018,322</u> | <u>\$ 8,447,000</u> |

\$5,018,322 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

| | |
|------------|-----------------------|
| 2016 | \$ (2,111,750) |
| 2017 | (2,111,750) |
| 2018 | (2,111,750) |
| 2019 | (2,111,750) |
| 2020 | - |
| Thereafter | - |
| | <u>\$ (8,447,000)</u> |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 4. Defined Benefit Pension Plan (Continued)

A reconciliation of the deferred inflows and deferred outflows is shown below:

| | <u>Deferred Inflows</u> | <u>Deferred Outflows</u> |
|---|-------------------------|--------------------------|
| Governmental Activities | \$ 4,164,744 | \$ 7,010,233 |
| Business Type Activities | 735,999 | 1,238,857 |
| Rappahannock Regional Solid Waste Management Board | <u>117,579</u> | <u>197,912</u> |
| Total | <u>\$ 5,018,322</u> | <u>\$ 8,447,002</u> |

As fiduciary for Rappahannock Regional Solid Waste Management Board (R-Board), the County reports the R-Board's employees to the VRS as if they were employees of the County. Since the R-Board is legally responsible for their employee's contributions, they are responsible for their proportionate share of the net pension liability, deferred inflows of resources and deferred outflows of resources

Note 5. Other Post-Employment Benefits

A. Plan Description

Name of Plan: Stafford County Retired Employees Health Insurance Plan (SCREHIP)
Identification of Plan: Single-Employer Defined Benefit Plan
Administering Entity: Stafford County

The Board's employees are considered employees of Stafford County. As such, they follow the County's personnel policies. The County provides post-employment healthcare insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The benefits, employee/retiree contributions and employer contributions are determined

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Post-Employment Benefits (Continued)

by the County through its personnel compensation plan. They may be amended by action of the governing body – the Board of Supervisors. The plan does not issue a separate financial report. Required supplementary information and trend information are included below.

B. Benefits Provided

All retiree healthcare benefits are provided through the County’s self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services, mental and nervous care, vision care, dental care and prescriptions. To be eligible for benefits, an employee must qualify for retirement under the VRS.

C. Membership

At June 30, 2015, membership consisted of:

| | |
|--|-----------|
| Retirees and beneficiaries currently receiving benefits | 4 |
| Terminated employees entitled to benefits but not yet receiving them | - |
| Active employees | <u>28</u> |
| Total | <u>32</u> |

D. Funding Policy

The Board’s employee and retiree healthcare contribution rates are set as policy by the County Board of Supervisors. Beginning July 1, 2009, a choice of health care options was offered for active and retired employees. The options differ based on level of coverage. All plan participants, active and retirees, are required to pay a portion of the monthly premium. The monthly premium is based on dependent coverage.

VRS eligible retirees receive a monthly health insurance credit (HIC) of \$1.50 for each year of service up to a maximum of \$45.00 per month. The HIC is applied to and reduces the retiree contribution. For retirees with fifteen (15) years or more of service to the County, the HIC covers the retiree’s share of the premium. The Board contributes the remainder of the retiree-only premium. Retirees with less than 15 years of service pay the full premium less any VRS HIC. The retiree is responsible for dependent coverage at stated plan rates.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Post-Employment Benefits (Continued)

Medicare eligible retirees with at least 15 years of service must be enrolled in Medicare Parts A and B to be eligible to participate in the County’s health insurance plan. Payment for Medicare Parts A and B is the responsibility of the retiree.

E. Annual OPEB Costs and Net OPEB Obligation

The R-Board’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty (30) years. The following table shows the components of the Board’s annual OPEB cost for the year, the amount contributed to the plan and changes in the Board’s net OPEB obligation to SCREHIP:

| | |
|--|-------------------|
| Annual required contribution (ARC) | \$ 188,000 |
| Interest on net OPEB asset | (29,000) |
| Adjustment to ARC | <u>27,000</u> |
| Annual OPEB cost (pay-as-you-go) | 186,000 |
| Contributions | <u>(32,165)</u> |
| Increase in Net OPEB obligation | 153,835 |
| Net OPEB obligation, beginning of year | <u>126,115</u> |
| Net OPEB obligation, end of year | <u>\$ 279,950</u> |

The Board’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation through FY 2015 were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) | Actuarial Accrued Liability | Funded Ratio |
|-------------------|------------------|--|-----------------------------|-----------------------------|--------------|
| June 30, 2013 | \$ 155,000 | 43.5% | \$ 46,845 | \$ 1,541,000 | 33.4% |
| June 30, 2014 | 174,000 | 54.4% | 126,115 | 1,974,000 | 27.9% |
| June 30, 2015 | 186,000 | 17.3% | 279,950 | 2,142,000 | 26.0% |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Post-Employment Benefits (Continued)

F. Funded Status and Funding Progress

As of July 1, 2015, the most recent actuarial valuation date, the plan was 26.0% funded. The actuarial value of the plan assets was determined using current market value as these assets were invested in an irrevocable trust offered to local governments. The actuarial accrued liability for benefits was \$2,142,000, and the actuarial value of plan assets was \$556,850 (funded by a \$427,435 contribution plus accumulated interest earned on invested contributions), resulting in an unfunded actuarial accrued liability (UAAL) of \$1,585,150. The covered payroll (annual payroll of active employees covered by the plan) was \$1,205,952 and the ratio of the UAAL to covered payroll was 131.4 %.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presented above and in more detail following these notes, shows multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits over time.

G. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarially accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 5. Other Post-Employment Benefits (Continued)

In the July 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the unfunded level of the plan at the valuation date, and an annual pre-Medicare trend rate of 8.0 percent and an annual post-Medicare trend rate of 6.5 percent. The trend takes into account the Cadillac tax that will be imposed on insurers beginning 2018 plus the expected savings to the plan from the implementation of the Affordable Care Act. The ultimate post-Medicare rate is 3.42 percent which is achieved in 2084. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2015 was 23 years. Amortization periods used are closed. The valuation assumes a 2.5 % inflation rate and is the same rate used in the previous valuation.

Note 6. Capital Assets

A summary of capital assets as of and for the year ended June 30, 2015 is as follows:

| | Beginning Balance June 30, 2014 | Additions | (Deletions) Reclassifications | Ending Balance June 30, 2015 |
|--|---------------------------------------|--------------------|----------------------------------|------------------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,401,640 | \$ - | \$ - | \$ 1,401,640 |
| Construction in progress | 1,532,024 | 230,830 | (1,532,024) | 230,830 |
| Total capital assets, not being depreciated | 2,933,664 | 230,830 | (1,532,024) | 1,632,470 |
| Capital assets, being depreciated | | | | |
| Land improvements and cell construction | 11,063,322 | - | 1,532,024 | 12,595,346 |
| Buildings and improvements | 1,205,713 | - | - | 1,205,713 |
| Furniture, fixtures and equipment | 5,580,215 | 134,817 | - | 5,715,032 |
| Technology infrastructure | 536,085 | - | - | 536,085 |
| Vehicles | 870,629 | 79,313 | - | 949,942 |
| Total capital assets being depreciated | 19,255,964 | 214,130 | 1,532,025 | 21,002,118 |
| Less accumulated depreciation for: | | | | |
| Land improvements and cell construction | (8,528,472) | (402,172) | - | (8,930,644) |
| Buildings and improvements | (732,165) | (23,999) | - | (756,164) |
| Furniture, fixtures and equipment | (4,329,492) | (282,335) | - | (4,611,827) |
| Technology infrastructure | (497,521) | (25,709) | - | (523,230) |
| Vehicles | (795,208) | (42,883) | 1 | (838,090) |
| Total accumulated depreciation | (14,882,858) | \$(777,098) | \$ 1 | (15,659,955) |
| Total capital assets being Depreciated, net | 4,373,106 | | | 5,342,163 |
| Total capital assets, net | \$ 7,306,770 | | | \$ 6,974,633 |

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-term Obligations

The following is a summary of long-term obligation transactions of the Board for the year ended June 30, 2015:

| | Compensated Absences | Landfill Obligation | Net Pension Liability | Totals |
|----------------------------------|-------------------------|------------------------|--------------------------|---------------------|
| Beginning balance, June 30, 2014 | \$ 209,202 | \$ 6,826,622 | \$ - | \$ 7,035,824 |
| Increases | 143,742 | 1,349,599 | 529,030 | 2,022,371 |
| Decreases | (155,526) | - | - | (155,526) |
| Ending balance, June 30, 2015 | <u>\$ 197,418</u> | <u>\$ 8,176,221</u> | <u>\$ 529,030</u> | <u>\$ 8,902,669</u> |
| Due within one year | \$ 86,346 | \$ 4,361,892 | \$ - | \$ 4,448,238 |

Note 8. Related Party Transactions

The Board has an ongoing operating agreement with the County to provide management, administrative and personnel services to the Board. Fees for these services were \$236,554 for the year ended June 30, 2015.

Note 9. Major Customers

The Board has three customers whose total charges were approximately \$1,905,372, or 46.0% of operating revenues, for the year ended June 30, 2015. Accounts receivable from the major customers for landfill usage at June 30, 2015 totaled \$227,104.

Note 10. Operating Leases

Total operating lease expense for fiscal year 2015 was \$17,257. The Board leases office space under an operating lease agreement for which rent expense totaled \$17,257. Monthly rents for the July and August 2014 were \$2,475 plus additional fees. The lease expired August 31, 2014 and the R-Board now leases office space at the Stafford County's Rowser building through Parks, Recreation and Community Facilities at \$ 12,096 per annum.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

NOTES TO FINANCIAL STATEMENTS

Note 11. Summary Disclosure of Significant Commitments

During FY 2011, the R-Board submitted a Part A application to the Department of Environmental Quality (DEQ) to expand the landfill by approximately 80 acres and extend its life 40-50 years. The application was approved by DEQ. Development of cell F2 began design plans during FY2015 and is under construction during FY2016.

Note 12. Landfill Closure and Post-Closure Cost

State and federal laws and regulations require the Board to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Board reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each financial statement date. The \$8.2 million reported by the Board as landfill closure and post-closure liability at June 30, 2015 represents the cumulative amount reported to date based on the use of 100% of the total estimated capacity of the landfill. The R-Board will recognize any remaining estimated costs of closure and post closure as new phases are developed. These amounts are based on the estimated cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The landfill site currently has six cells. Cells A and B have reached 100% capacity and are closed. Cells C, D and E are at 100% capacity, and Cell F1 is at 90% capacity.

Note 13. Subsequent Events

In November 2015 the County and the City issued debt in the amount of \$ 1,855,000 each plus premium for total proceeds of approximately \$ 4,170,000 to reimburse costs associated with the construction of cell F2.

Note 14. Accounting Change

The R-Board implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68 & 71, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27) and Pension Transition for Contributions made subsequent to the Measurement Date: An Amendment of GASB Statement No. 68, in the fiscal year ending June 30, 2015. The implement of the statement required the R-Board to record beginning net pension liability and the effects on net position of contribution made by the R-Board during the measurement period (fiscal year ending June 30, 2014). As a result, begining net position decreased by \$ 652,880.

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

| | As of June 30, 2014 |
|--|------------------------------|
| Total Pension Liability | |
| Service cost | \$ 5,461,428 |
| Interest | 10,443,292 |
| Benefit payments, including refunds of employee contributions | <u>(5,525,348)</u> |
| Net change in total pension liability | 10,379,372 |
| Total pension liability - beginning | <u>151,952,558</u> |
| Total pension liability - ending (a) | <u><u>\$ 162,331,930</u></u> |
| Plan Fiduciary Net Position | |
| Contributions - employer | \$ 5,291,891 |
| Contributions - employee | 2,344,409 |
| Net investment income | 18,945,438 |
| Benefit payments, including refunds of employee contributions | (5,525,348) |
| Administrative expense | (99,431) |
| Other | <u>999</u> |
| Net change in plan fiduciary net position | 20,957,958 |
| Plan fiduciary net position - beginning | <u>118,795,459</u> |
| Plan fiduciary net position - ending (b) | <u><u>\$ 139,753,417</u></u> |
| Net pension liability - ending (a) - (b) | <u><u>\$ 22,578,513</u></u> |
| Plan fiduciary net position as a percentage of the total pension liability | 86.09% |
| Employer's covered-employee payroll | \$ 48,461,394 |
| Net pension liability as a percentage of covered-employee payroll | 46.59% |

Notes to Schedule:

- (1) **Changes of benefit terms:** There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.
- (2) **Changes of assumptions:** The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ended June 30, 2012:
 - a. Update mortality table
 - b. Adjustments to rates of service retirement for females
 - c. Increase in rates of withdrawal
 - d. Decrease in male and female rates of disability
- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years which information is available.
- (4) This schedule is for all of Stafford County. The R-Board is responsible for their portion of the total County liability and contributions. The R-Board's share of the net pension liability is \$ 529,030 which represents 2.34 % of the total net pension liability.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM

| | Fiscal Year June 30, 2014 |
|---|------------------------------|
| Contractually required contribution (CRC) | \$ 123,989 |
| Contributions in relation to the CRC | <u>123,989</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| Employer's covered-employee payroll | \$ 1,205,952 |
| Contributions as a percentage of covered-employee payroll | 10.28% |

Notes to Schedule:

(1) Valuation date: June 30, 2014

(2) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

(3) Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 20-29 years |
| Asset valuation method | 5-year smoothed market |
| Cost-of-living adjustments | 2.50% |
| Projected salary increases | 3.50%-5.35% |
| Investment rate of return | 7.0%, including inflation at 2.50% |

(4) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

SCHEDULE OF FUNDING PROGRESS

Other Post-Employment Benefit Plan

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) Entry-Age Normal | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|--------------------------|---------------------------|--|---|--------------|-----------------|---|
| July 1, 2010 | 482,000 | 1,387,000 | 905,000 | 34.75% | 1,207,100 | 74.97% |
| July 1, 2011 | 482,000 | 1,387,000 | 905,000 | 34.75% | 1,229,475 | 73.61% |
| July 1, 2012 | 514,000 | 1,541,000 | 1,027,000 | 33.35% | 1,174,538 | 87.44% |
| July 1, 2013 | 550,000 | 1,974,000 | 1,424,000 | 27.86% | 1,136,260 | 125.32% |
| July 1, 2014 | 556,850 | 2,142,000 | 1,585,150 | 26.00% | 1,205,952 | 131.44% |

The R-Board implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008. Information for prior years is not available.

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

| | |
|-------------------------------------|---------------------------|
| Valuation date | July 1, 2014 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay open |
| Remaining amortization period | 23 Years |
| Asset valuation method | Market Value of Assets |
| Actuarial assumptions: | |
| Investment rate of return | 4.00% |
| Annual pre medical cost trend rate | 8.00% |
| Annual post medical cost trend rate | 6.50% |
| Year of ultimate trend rate | 2084 |
| Includes inflation at | 2.50% |

**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
Rappahannock Regional Solid Waste Management Board
Stafford, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Rappahannock Regional Solid Waste Management Board (the R-Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the R-Board's basic financial statements, and have issued our report thereon dated December 23, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, we did not identify any deficiencies in internal control during our audit that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in cursive script that reads "McGladrey LLP".

New Bern, North Carolina
December 23, 2015

RSM US LLP, an Iowa limited liability partnership, is doing business as McGladrey LLP in the state of North Carolina and is a CPA firm registered with the North Carolina State Board of Certified Public Accountants under the name McGladrey LLP. Rules permitting the use of RSM US LLP have been published in the North Carolina Register and are pending final approval.

Rappahannock Regional Solid Waste Management Board

Schedule of Prior Year Audit Findings

Year Ended June 30, 2015

Section I - Financial Statement Findings

Finding 2014-001

**Material Weakness in
Internal Control -
Capitalization of
Assets**

Status: The R-Board has designed and implemented appropriate control for remediation of the material weakness.

Finding 2014-002

**Significant Deficiency
in Internal Control -
OPEB Liability
Calculation**

Status: The R-Board has designed and implemented appropriate control for remediation of the significant deficiency.



FINANCIAL STATUS THROUGH

January 31, 2016

EXPENDITURES
as of
January 31, 2016

| Division | FY 16 Adopted Budget | FY 16 Adjusted Budget | Personnel Costs YTD | Operational Costs YTD | Capital Costs YTD | Total Costs YTD | Current Encumbrances | FY 16 Expenditures | FY 16 Balance | % Budget Expended | Fiscal YTD Expired (%) | FY16 Budgeted Revenues | Monthly Target | Monthly Actuals | FY16 Actual Revenues | % Revenue Collected |
|-------------------------|----------------------|-----------------------|---------------------|-----------------------|--------------------|--------------------|----------------------|--------------------|--------------------|-------------------|------------------------|------------------------|------------------|------------------|----------------------|---------------------|
| R-Board Expenses | \$6,014,675 | \$11,133,419 | \$1,074,314 | \$990,549 | \$4,652,948 | \$6,717,811 | \$654,552 | \$7,372,363 | \$3,761,056 | 66% | 59% | \$4,947,675 | \$412,306 | \$458,211 | \$2,838,354 | 57% |
| TIPPING FEES | \$3,433,000 | | | | | | | | | | | | | | | |
| RESIDENTIAL FEES | \$750,000 | | | | | | | | | | | | | | | |
| RECYCLING | \$286,675 | | | | | | | | | | | | | | | |
| WWTP SLUDGE/UTILITIES | \$145,000 | | | | | | | | | | | | | | | |
| MUNICIPAL | \$210,000 | | | | | | | | | | | | | | | |
| INTRADEPARTMENTAL | \$10,000 | | | | | | | | | | | | | | | |
| AMERESCO LEASE | \$68,000 | | | | | | | | | | | | | | | |
| GRANT | \$20,000 | | | | | | | | | | | | | | | |
| INTEREST | \$25,000 | | | | | | | | | | | | | | | |
| RESERVE | \$1,067,000 | | | | | | | | | | | | | | | |

REVENUES
as of
January 31, 2016

| | ADOPTED FY16 | CASH | A/R | Total for Month | FYTD Expired | FY YEAR TO DATE | REVENUE FORECAST |
|----------------------|---------------------|------------------|-------------------|-------------------|--------------|---------------------|---------------------|
| COMMERCIAL | \$3,433,000 | \$ 24,372 | \$ 269,872 | \$ 294,244 | 59% | \$ 2,105,586 | \$ 3,591,303 |
| RESIDENTIAL USER FEE | \$750,000 | | | \$ 131,453 | 59% | \$ 421,132 | \$ 750,000 |
| RECYCLING | \$286,675 | | | \$ 351 | 59% | \$ 64,827 | \$ 110,000 |
| SLUDGE/UTILITIES | \$145,000 | | | \$ 11,826 | 59% | \$ 92,801 | \$ 158,282 |
| MUNICIPAL | \$210,000 | | | \$ 12,288 | 59% | \$ 104,634 | \$ 210,000 |
| INTRADEPARTMENTAL | \$10,000 | | | | 59% | | \$ 10,000 |
| SALE OF LANDFILL GAS | \$68,000 | | | \$ 8,049 | 59% | \$ 22,134 | \$ 41,000 |
| GRANTS | \$20,000 | | | | 59% | \$ 27,241 | \$ 27,241 |
| INTEREST | \$25,000 | | | | 59% | | \$ 25,000 |
| RESERVE FUND | \$1,067,000 | | | \$ - | 59% | \$ - | \$ 1,067,000 |
| TOTAL | \$ 6,014,675 | \$ 24,372 | \$ 269,872 | \$ 458,211 | | \$ 2,838,354 | \$ 5,989,826 |

BUDGET STATUS SUMMARY

| | Adopted Budget | Current Est. | Difference |
|----------------------------|----------------|--------------|------------|
| Revenues | \$4,947,675 | \$4,922,826 | -\$24,849 |
| Expenditures | \$6,014,675 | \$6,014,675 | \$0 |
| Use of Fund Balance | \$1,067,000 | \$1,091,849 | (\$24,849) |

Unrestricted Fund Balance (as of June 30, 2015) **(\$2,674,331)**

Through January 31, 2016

Rappahannock Regional Solid Waste Management Board Weight and Material Analysis Report FY2015

| CATEGORY | 16-Jan Weight | 15-Jan Weight | FY2016 Y-T-D Weight | FY2015 Y-T-D Weight | Difference % |
|-------------------------|------------------|------------------|------------------------|------------------------|-----------------|
| Billable | | | | | |
| Commercial Waste | 2636 | 1329 | 17013 | 13581 | 25% |
| Residential Waste | 2443 | 1310 | 12446 | 12323 | 1% |
| Fredericksburg | 614 | 669 | 5232 | 5614 | -7% |
| Eskimo Hill | 1225 | 1625 | 11541 | 11727 | -2% |
| Belman Road | 93 | 269 | 1312 | 1719 | -24% |
| Mixed Load-\$71/T | 5 | 0 | 28 | 21 | 36% |
| Debris Waste | 2594 | 1453 | 23235 | 14586 | 59% |
| **Dirt | 358 | 105 | 2056 | 13674 | -85% |
| Tires Commercial | 11 | 10 | 127 | 109 | 17% |
| Sludge | 657 | 475 | 5420 | 5143 | 5% |
| BILLABLE TONNAGE | 10637 | 7245 | 78411 | 78498 | 0% |
| Non-Billable | | | | | |
| Litter/Cleanups | 15 | 16 | 137 | 121 | 13% |
| Recycling | 417 | 708 | 3232 | 3846 | -16% |
| TOTAL TONNAGE | 11069 | 7969 | 81780 | 82465 | -1% |

** Estimated Weights

J. UNFINISHED BUSINESS (Tab 5)

1. Resident Fee Financial Performance
2. Cell Tower at Landfill
3. Flow Control Update
 - a. RB16-1



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Keith Dayton, Director

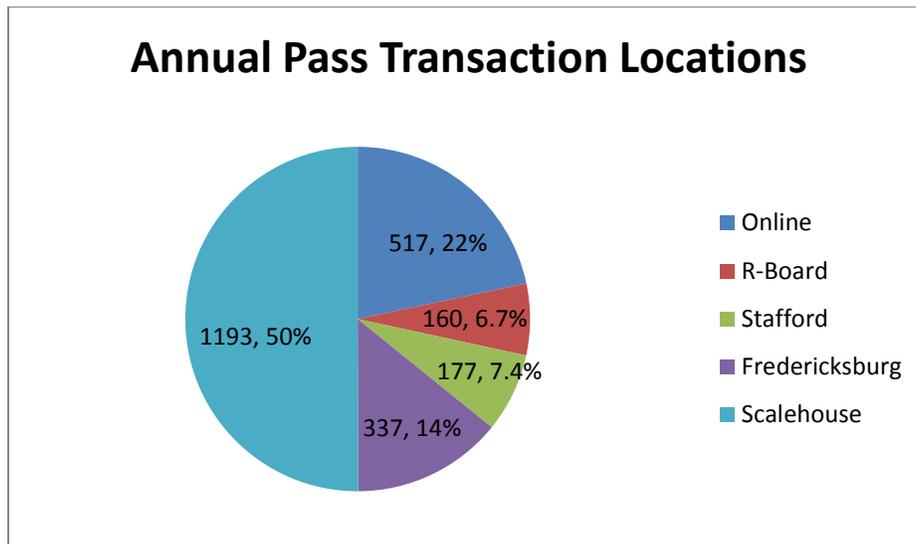
Date: February 17, 2016

RE: Resident Fee & Credit Card Usage Update

Annual pass sales have been very strong since after the first of the year, with \$237,120 collected in FY2016 through January 31. Our one time and coupon sales also remain strong, and we have now collected a total of \$184,012 in resident fees through the same period, resulting in total resident fee collections to date of \$421,132. With seven months of the fiscal year completed, we remain \$328,868 under the \$750,000 budgeted for resident fees.

Credit card sales are very popular with our customers, accounting for 27% of our total transactions. 21% of our annual pass sales are made with credit cards.

The first year of offering online transactions are also popular, accounting for 22% of our annual pass sales volume. Annual pass sales data for the various options is provided graphically below.



Site Logistics

The new location for the gate house has worked very well in assisting customers and keeping lines to a minimum. Despite high levels of annual pass and coupon sales, along with adding the credit card option for payment, customer inconvenience has been minimal. As we proceed into 2016, the volume of annual pass sales will be greatly reduced, allowing one time pass purchasers to move more quickly through and into the convenience center.

Staff completed all the necessary changes within the \$100,000 budgeted for the fiscal year for this purpose.



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Keith Dayton, Director

Date: February 17, 2016

RE: Cell Tower

The R-Board approved placement of a cellular service tower on property at the landfill by R-Board Resolution RB15-11 at the August 2015 meeting. Whereas the proposed site for the tower is on landfill property jointly owned by the County and City, both localities were required to approve the lease prior to proceeding. The Stafford County Board of Supervisors approved a lease at the January 19, 2016, meeting. The Fredericksburg City Councils approved the lease at the second reading on February 9th.

The lease document is currently being circulated for execution, whereupon a site plan will be submitted to the County for review. It is expected that the site plan process will be completed in time for construction to begin this summer.

The lease term is for an initial 10-year period, with up to four 5-year renewals. Upon site plan approval, the R-Board will receive a \$40,000 site fee, and \$1,000 per month lease revenue when the tower becomes operational.

KCD:kd



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Keith Dayton, Director

Date: February 17, 2016

RE: Flow Control

Both the City and County approved ordinance amendments allowing for flow control of municipal solid waste (MSW) in the two jurisdictions, effective January 1, 2016. The ordinances were similarly worded in that the R-Board must then designate approved disposal locations. Staff then notified by letter all commercial municipal solid waste companies operating in the City and County of this ordinance and the upcoming effective date. We have also spoken directly to these firms about the flow control requirements..

Staff noticed an immediate increase in MSW brought to the landfill following passage of these ordinances. The data quantifying the effect of the passage of the flow control ordinance on commercial deliveries to the landfill is shown in the table below.

| Company | September | October | November | December | January |
|------------------|-------------|-------------|-------------|-------------|-------------|
| County Waste | 1700 | 1639 | 2078 | 3858 | 3175 |
| Waste Management | 964 | 1026 | 1038 | 1384 | 1275 |
| American | 532 | 729 | 583 | 445 | 379 |
| Republic | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 3196 | 3394 | 3699 | 5687 | 4829 |

County Waste began increasing their loads at the landfill in November, and this pattern has continued to date. Waste Management also increased their deliveries since November, although not to the extent initially predicted. American has maintained deliveries at a consistent level, although we believe they have been delivering MSW in compliance with the flow control ordinance all along. Staff has not observed any deliveries of MSW deliveries from Republic.

Staff has met with both Waste Management and Republic Services about the delivery of their waste to the landfill. Waste Management indicated they are in full compliance with the flow control ordinance. Republic Services is providing additional information regarding their waste business, and has indicated a willingness to consider deliveries to the landfill. We are planning to meet again soon to further explore options.

Staff has prepared a resolution which designates the landfill at Eskimo Hill as the only approved location for MSW originating in Stafford County or the City of Fredericksburg. The convenience centers at Eskimo Hill and Belman Road are designated as approved locations for waste dropped off by residents. In light of the progress made with voluntary compliance of the flow control ordinance, staff recommends deferring action on this resolution at this time. We will continue to closely monitor deliveries from commercial customers, and communicate with Republic Services, to achieve full voluntary compliance with the flow control ordinance of both localities.

KCD:kd

Attachment: RB16-1



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

RB16-1

PROPOSED

RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

RESOLUTION

At the regular meeting of the Rappahannock Regional Solid Waste Management Board (R-Board) held in the Board of Supervisors Chamber, Stafford County Administration Center, Stafford, Virginia on the 17th day of February, 2016;

Members:

Paul V. Milde, III, Chairman
Mathew J. Kelly, Vice-chairman
Beverly R. Cameron
Jack R. Cavalier
Anthony J. Romanello
William C. Withers, Jr.

Vote:

On motion of , seconded by which carried by a vote of to , the following was adopted:

A RESOLUTION DESIGNATING APPROVED DISPOSAL LOCATIONS FOR WASTE REGULATED BY THE FLOW CONTROL ORDINANCES PASSED BY THE CITY OF FREDERICKSBURG AND THE COUNTY OF STAFFORD

WHEREAS, the State of Virginia allows local jurisdictions to pass flow control ordinances whereby certain types of solid waste must be disposed of at locations designated in accordance with the approved ordinance; and

WHEREAS, both the City of Fredericksburg (City) and the County of Stafford (County) adopted ordinances requiring the disposal of certain types of solid waste originating in the City or County to be at location(s) designated by the R-Board; and

WHEREAS, the R-Board desires to designate the landfill on Eskimo Hill Road for the disposal of solid waste delivered by commercial companies, and the convenience centers at Belman Road and Eskimo Hill Road for waste delivered by residents of the City and County;

NOW, THEREFORE, BE IT RESOLVED by the Rappahannock Regional Solid Waste Management Board on this the 17th day of February, 2016, that the Stafford-Fredericksburg Regional Landfill located at 489 Eskimo Hill Road is designated as the disposal location for waste regulated by Ordinance O15-40 (County) and Ordinance No. 15-26 (City) when delivered by a commercial customer; and



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

BE IT FURTHER RESOLVED that the Convenience Centers located at 489 Eskimo Hill Road in Stafford County, and at 1200 Belman Road in the City of Fredericksburg are designated as the disposal location for waste regulated by Ordinance O15-40 (County) and Ordinance No. 15-26 (City) when delivered by a resident; and

BE IT STILL FURTHER RESOLVED that the effective date of this designation shall be March 1, 2016.

A Copy, teste:

RAPPAHANNOCK REGIONAL SOLID WASTE
MANAGEMENT BOARD

Keith C. Dayton, Director

K. NEW BUSINESS (TAB 6)

1. Commercial Business Requests for Disposal Under the Resident Fee Program



Rappahannock Regional Solid Waste Management Board

489 Eskimo Hill Road • Stafford, Virginia 22554 • 540-658-5279 • FAX 540-658-4523

To: R-Board Members

From: Keith Dayton, Director

Date: February 17, 2016

RE: Commercial Business Requests for Resident Annual Pass

The R-Board adopted a resident fee program for use of the convenience centers at the main landfill site at Eskimo Hill Road and the location in the City on Belman Road. The program precludes use of the convenience centers by commercial customers, who are directed to the commercial facilities at the landfill.

When the program was initiated in March 2015, we received two requests from customers who wanted to use their commercially registered vehicles to dispose of their own household waste. The R-Board then adopted a policy to grant exceptions to the prohibition of use of resident facilities by commercial registered vehicles at the April 2015 meeting with the following conditions:

- Vehicles shall only transport the customer's personal household waste.
- There shall be no commercial labeling on the vehicles.
- Customers must sign a form agreeing to deliver only their personal household waste.
- Customers granted this exception shall come to the R-Board main office to have the vehicle(s) inspected and pick up their pass. Our other sales locations will not offer this service.

Two requests for waivers of this policy were granted by the R-Board, and received their annual passes for 2015. Staff is allowing both of these customers to renew their pass for 2016 without further R-Board action.

Staff has received five additional requests for exception to the commercial vehicle restriction to date. Details of these requests are noted below.

1. Darryl Collyer of Collyer Construction has one vehicle which is registered to the company that is his personal vehicle used to deliver household waste to the landfill. He has stated his understanding of the restrictions and indicated he will comply.
2. Carey and Pat Leitch have a vehicle registered to Carico, Inc. Their business waste is picked up by a commercial waste disposal company, but their household waste is dropped off at the Belman Road convenience center on the way to work. Their business is located on Belman Road.
3. Diana Jagoda, owner of Southland Kennels in Stafford, has requested a pass to dispose of her household trash in a vehicle licensed to her business.

4. Charles (Brian) Barr, owner of Barr's Floor Care Services in Stafford requested an annual pass to dispose of household waste in his commercially licensed vehicle.
5. Heritage House of Virginia, which operates group homes and daily support services for adults with disabilities, has requested an annual pass for disposal of waste from a group home located off of Garrisonville Road in Stafford. Dan Sapp, the contact person for HHoVA maintains that their intended use of the annual pass is similar to other exceptions, as the home is the residence for the adults living there.

Staff requests that the R-Board indicate its desire to grant exceptions to some or all of the requests above by motion, and we will contact the individuals accordingly.

KCD:kd