REGION 2000 SERVICES AUTHORITY

LYNCHBURG, VIRGINIA

FINANCIAL REPORT
YEARS ENDED JUNE 30, 2009 AND 2008

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Independent Auditors' Report

To the Board of Directors
Region 2000 Services Authority
Lynchburg, Virginia

We have audited the accompanying statement of net assets of the Region 2000 Services Authority as of June 30, 2009 and June 30, 2008 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Region 2000 Services Authority as of June 30, 2009 and 2008, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 9, 2009, on our consideration of the Region 2000 Services Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The Region 2000 Services Authority has not presented the Management's Discussion and Analysis.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
September 9, 2009

Financial Statements

REGION 2000 SERVICES AUTHORITY **Exhibit 1**

Comparative Statement of Net Assets
At June 30, 2009 and 2008

		At June 30,		
		2009		**2008**
ASSETS				
Current assets:				
Cash and cash equivalents (Note 3)	$	1,059,962	$	-
Accounts receivable (Net of allowance for doubtful accounts) (Note 2)		697,872		-
Due from participating governments		-		218,029
Prepaid expenses		36,549		-
Total current assets	$	1,794,383	$	218,029
Noncurrent assets:				
Restricted current assets:				
Cash and cash equivalents				
Unspent bond proceeds	$	1,917,923	$	9,843,504
Cash held with trustee for debt service		1,522,581		-
Closure and post-closure monitoring reserve account		2,997,103		-
Total restricted current assets	$	6,437,607	$	9,843,504
Other Assets:				
Unamortized bond issue costs	$	126,528	$	164,260
Capital assets (Note 4):				
Buildings and fixtures	$	36,069	$	-
Landfill site		4,291,514		-
Equipment & vehicles		2,219,724		61,393
Other site improvements		1,912,517		-
Less accumulated depreciation (Note 4)		(1,626,134)		(241)
Sub-total capital assets	$	6,833,690	$	61,152
Total capital assets	$	6,833,690	$	61,152
Total noncurrent assets	$	13,397,825	$	10,068,916
Total assets	$	15,192,208	$	10,286,945

The accompanying notes to financial statements are an integral part of this statement.

Comparative Statement of Net Assets
At June 30, 2009 and 2008 (Continued)

	At June 30, 2009	At June 30, 2008
LIABILITIES		
Current liabilities:		
Accounts payable	$ 153,709	$ 1,923
Accrued liabilities	255,222	-
Accrued interest payable	78,750	-
Bonds payable-current portion (Note 6)	1,925,000	-
Accrued leave payable (Note 5)	62,901	-
Total current liabilities	$ 2,475,582	$ 1,923
Noncurrent liabilities:		
Payable from restricted assets:		
Accrued landfill closure and post-closure monitoring costs (Note 8)	$ 2,997,103	$ -
Accrued closure and post-closure monitoring costs - unfunded portion	465,732	-
Revenue bond payable - net of current portion	8,075,000	10,000,000
Total noncurrent liabilities	$ 11,537,835	$ 10,000,000
Total liabilities	$ 14,013,417	$ 10,001,923
NET ASSETS		
Invested in capital assets	$ 175,336	$ 61,152
Unrestricted	1,003,455	223,870
Total net assets	$ 1,178,791	$ 285,022

Comparative Statement of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2009 and 2008

	Year Ended June 30, 2009	Year Ended June 30, 2008
Operating revenues:		
Tipping fees	$ 5,528,299	$ -
Recycling revenues	58,373	-
Penalties & interest	15,362	-
Other revenue	17,957	-
Total operating revenues	$ 5,619,991	$ -
Operating expenses:		
Personnel costs	$ 964,811	$ -
Contractual, legal and professional	240,960	1,923
Other operating costs	1,048,847	-
Landfill closure and post-closure expense	465,732	-
Depreciation and amortization	1,625,893	241
Total operating expenses	$ 4,346,243	$ 2,164
Operating income (loss)	$ 1,273,748	$ (2,164)
Nonoperating revenues (expenses):		
Interest earned	$ 94,090	$ 7,764
Participating governments operating contributions	28,458	-
Gain (loss) on sale of assets	12,756	-
Return of equity to participating governments	(248,533)	-
Interest expense	(362,357)	-
Total nonoperating revenues (expenses)	$ (475,586)	$ 7,764
Income before capital contributions	$ 798,162	$ 5,600
Participating governments capital contributions	95,607	279,422
Change in net assets	$ 893,769	$ 285,022
Net assets, beginning of year	285,022	-
Net assets, end of year	$ 1,178,791	$ 285,022

The accompanying notes to financial statements are an integral part of this statement.

REGION 2000 SERVICES AUTHORITY **Exhibit 3**

Comparative Statement of Cash Flows
Years Ended June 30, 2009 and 2008

	Year Ended June 30, 2009	Year Ended June 30, 2008
Operating activities:		
Receipts from customers and users	$ 4,922,119	$ -
Payments to suppliers	(920,929)	-
Payments to employees	(900,329)	-
Net cash provided by (used in) operating activities	$ 3,100,861	$ -
Noncapital financing activities:		
Contributions from participating governments	$ 246,487	$ -
Return of equity	(248,533)	-
Contribution of closure and post-closure reserve account	2,997,103	-
Net cash provided by (used in) noncapital financing activities	$ 2,995,057	$ -
Capital and related financing activities:		
Additions to capital assets	$ (8,398,431)	$ (61,393)
Proceeds from the sale of assets	12,756	-
Capital contributions from participating governments	95,607	61,393
Cost of bond issuance	-	(164,260)
Proceeds from indebtedness	-	10,000,000
Interest payments	(245,875)	-
Net cash provided by (used in) capital and related financing activities	$ (8,535,943)	$ 9,835,740
Investing activities:		
Interest received	$ 94,090	$ 7,764
Net cash provided by (used in) investing activities	$ 94,090	$ 7,764
Increase (decrease) in cash and cash equivalents	$ (2,345,935)	$ 9,843,504
Cash and cash equivalents at beginning of year (including $9,843,504 and $0, respectively reported in restricted accounts)	9,843,504	-
Cash and cash equivalents at end of year (including $6,437,607 and $9,843,504, respectively reported in restricted accounts)	$ 7,497,569	$ 9,843,504
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	$ 1,273,748	$ (2,164)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,625,893	241
(Increase) decrease in receivables	(697,872)	-
(Increase) decrease in prepaid expenses	(36,549)	-
Increase (decrease) in payables and accrued expenses	469,909	1,923
Increase (decrease) in accrued landfill obligations	465,732	-
Net cash provided by (used in) operating activities	$ 3,100,861	$ -

The accompanying notes to financial statements are an integral part of this statement.

NOTE 1–FORMATION OF THE REGION 2000 SERVICES AUTHORITY:

The Region 2000 Services Authority is a jointly governed organization formed by the Cities of Lynchburg and Bedford and the Counties of Campbell, Nelson and Appomattox pursuant to the Virginia Water and Waste Authorities Act (Code of Virginia, 1950 as amended). The Authority was formed to own and operate landfill(s) as a regional entity to accept municipal solid waste generated within each of the participating jurisdictions and outside of the jurisdictions (by approval of the Authority). The regional entity accepts waste and refuse disposal, as such terms are defined in the Virginia Solid Waste Management Regulations, currently 9 VAC 20-80, et seq., including facilities for recycling, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing, and/or operating and maintaining regional solid waste disposal areas, systems and facilities, all pursuant to the provisions of the Act. The Authority commenced operations on June 20, 2008.

Determination of the Reporting Entity

The Authority's governing body is comprised of five members appointed by each of the participating governments, Cities of Lynchburg and Bedford and the Counties of Campbell, Nelson and Appomattox. Therefore, none of the participating governments appoints a voting majority of board members.

The Authority is perpetual. No participating government has rights to its resources or surpluses, nor is any participant specifically liable for the Authority's debts or deficits. However, the Authority's governing body may distribute excess revenue by voting majority in accordance with the *Member Use Agreement* dated June 20, 2008 The Authority also has the ability to finance its capital projects through user charges or the sale of revenue bonds.

Based on the above representations, the Region 2000 Services Authority has been determined to be a jointly governed organization of the Cities of Lynchburg, Bedford and the Counties of Campbell, Nelson and Appomattox. The Authority is not a component unit of any of the participating governments.

For purposes of reporting entity disclosure, it should be noted that a separate entity, the Virginia's Region 2000 Local Government Council, provides administrative support services, however, each entity is operationally and legally independent.

NOTE 2–SIGNIFICANT ACCOUNTING POLICIES:

A. Basic Financial Statements

As a requirement of GASB Statement 34, the Management's Discussion and Analysis (MD&A) section provides an analysis of the Authority's overall financial position and results of operations. The Authority has elected not to present MD&A.

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

- Enterprise fund financial statements
  - Statement of Net Assets
  - Statement of Revenues, Expenses, and Changes in Net Assets
  - Statement of Cash Flows
  - Notes to Financial Statements

NOTE 2–SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

A. Basic Financial Statements (Continued)

- Required Supplementary Information
  - Schedule of Pension Funding Progress for Defined Benefit Pension Plan (Not available for years ending June 30, 2009 and 2008)

B. Basis of Accounting

The Region 2000 Services Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority follows all applicable GASB pronouncements and FASB pronouncements issued before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

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

C. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

D. Restricted Assets

Certain cash accounts held by the Authority are set aside for landfill closure and post-closure monitoring costs. The accounts are properly classified as restricted assets on the balance sheet. Regulations require the Authority to maintain the restricted accounts for the landfill closure and post-closure monitoring costs.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 2–SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

E. Capital Assets: (Continued)

The Authority purchased the initial landfill cells and the landfill site from the City of Lynchburg. The landfill site was valued by a consulting engineer. The engineer also estimated the accrued landfill closure and related expenses. The remaining land area at the landfill site is reported at its value as a landfill site. The landfill site will be depreciated over the remaining useful life

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous fiscal year.

Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings & Fixtures	15
Site Improvements	15
Equipment	5 to 15

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. Total depreciation for the periods ended June 30, 2009 and 2008 was $1,625,893 and $0, respectively.

F. Other Significant Accounting Policies

- Accounts receivable are stated at book value utilizing the direct write-off method for uncollectible accounts. The allowance for uncollectible accounts amounts to $0 at June 30, 2009 and 2008.

- Investments are stated at fair value.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Closure and Post-Closure Obligations

The Authority records all estimated closure costs for existing cells as a liability. Upon final closure of the landfill site, the Authority is then responsible, under current Federal regulations, for maintaining the closed site for the following thirty years.

NOTE 3–DEPOSITS AND INVESTMENTS:

Deposits

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

Statutes authorize the Authority 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 and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority does not have a formal investment policy.

NOTE 4–CAPITAL ASSETS:

A summary of changes in capital assets for the year ended June 30, 2009 follows:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Buildings & fixtures	$ -	$ 36,069	$ -	$ 36,069
Less: accumulated depreciation	-	(7,214)	-	(7,214)
Other site improvements	-	1,912,517	-	1,912,517
Less: accumulated depreciation	-	(327,636)	-	(327,636)
Landfill site	-	4,291,514	-	4,291,514
Less: accumulated depreciation	-	(858,303)	-	(858,303)
Equipment and Vehicles	61,393	2,219,363	61,032	2,219,724
Less: accumulated depreciation	(241)	(432,740)	-	(432,981)
Other capital assets, net	$ 61,152	$ 6,833,570	$ 61,032	$ 6,833,690
Capital assets, net	$ 61,152	$ 6,833,570	$ 61,032	$ 6,833,690

NOTE 4–CAPITAL ASSETS: (CONTINUED)

A summary of changes in capital assets for the year ended June 30, 2008 follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Buildings & fixtures	$ -	$ -	$ -	$ -
Less: accumulated depreciation	-	-	-	-
Other land improvements	-	-	-	-
Less: accumulated depreciation	-	-	-	-
Landfill site	-	-	-	-
Less: accumulated depreciation	-	-	-	-
Equipment	-	61,393	-	61,393
Less: accumulated depreciation	-	(241)	-	(241)
Capital assets, net	$ -	$ 61,152	$ -	$ 61,152

NOTE 5–COMPENSATED ABSENCES:

Authority regular employees earn vacation leave each month at a scheduled rate from eight hours to twelve hours per month in accordance with years of service and sick leave at the rate of eight hours per month. Vacation leave can be accrued up to a maximum of 240 hours and sick leave can be accrued up to a maximum of 1,200 hours. Accumulated unpaid vacation amounts are accrued when incurred. At June 30, 2009 and 2008, the liability for accrued vacation leave was $62,901 and $0, respectively.

NOTE 6–SUMMARY OF LONG-TERM DEBT:

The following is a summary of long-term debt transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Reductions	Balance June 30, 2009	Due Within One Year
Landfill closure/postclosure costs	$ -	$ 3,462,835	$ -	$ 3,462,835	$ -
Revenue bond	10,000,000	-	-	10,000,000	1,925,000
Compensated absences	-	62,901	-	62,901	62,901
Totals	$ 10,000,000	$ 3,525,736	$ -	$ 13,525,736	$ 1,987,901

NOTE 6–SUMMARY OF LONG-TERM DEBT: (CONTINUED)

The following is a summary of long-term debt transactions for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Revenue bond	$ -	$ 10,000,000	$ -	$ 10,000,000	$ -
Totals	$ -	$ 10,000,000	$ -	$ 10,000,000	$ -

The Authority issued Series 2008 revenue bonds dated June 20, 2008 in the amount of $10,000,000. The bond is payable with principal due in annual installments ranging from $1,925,000 to $270,000 and interest payable semi-annually at 3.15% ranging from $284,681 to $4,253, maturing October 2016.

Year Ending June 30,	Revenue Bond Principal	Revenue Bond Interest
2010	$ 1,925,000	$ 284,681
2011	1,945,000	223,729
2012	2,010,000	161,438
2013	2,070,000	97,178
2014	1,520,000	40,635
2015	260,000	12,600
2016	270,000	4,253
Total	$ 10,000,000	$ 824,514

NOTE 7–DEFINED BENEFIT PENSION PLAN:

A. Plan Description

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

The Region 2000 Services Authority contributes to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia.

NOTE 7–DEFINED BENEFIT PENSION PLAN:

A. Plan Description: (Continued)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service or at age 50 with at least 30 years of service payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of salary. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/Pdf/Publications/2008annurept.pdf or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution has been assumed by the employer. In addition, the Authority is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Authority's contribution rate for the fiscal year ended June 30, 2009 was 12.73% of the annual covered payroll.

C. Annual Pension Cost:

For fiscal year 2009, the Authority's annual pension cost of $51,942 (excluding the member contribution of $33,598 which was paid by the Authority) was equal to the Authority's required and actual contributions.

The Authority was formed on June 20, 2008 and payroll and benefits including retirement commenced July 1, 2008. The date from which the Authority commenced operations to December 31, 2008 the Authority employees, through the Virginia's Region 2000 Local Government Council, participated in VRS through the County of Campbell, Virginia. Information with respect to funding of the plan during this period may be found in the County of Campbell's comprehensive annual financial report.

NOTE 7–DEFINED BENEFIT PENSION PLAN: (CONTINUED)

As of January 1, 2009 the Virginia's Region 2000 Local Government Council was approved as an employer sponsor in the VRS and is no longer participating through the County of Campbell. Likewise, Authority employees continued to participate in VRS through the Virginia's Region 2000 Local Government Council. VRS has not prepared an actuarial valuation as of June 30, 2009.

NOTE 8–CLOSURE AND POST-CLOSURE CARE COSTS:

State and federal laws and regulations require the Authority to place a final cover on the 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 costs will be paid as closure occurs and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The Authority purchased the landfill site from the City of Lynchburg in fiscal year 2009. As part of the purchase agreement the Authority assumed the landfill closure and post-closure liability and received cash reserves equal to the liability less current costs paid. The amount recorded as accrued landfill closure and post-closure care costs is $1,730,556 and $1,732,279, respectively, at June 30, 2009. Total closure and post-closure care costs accrued at June 30, 2009 for financial statement reporting is $3,462,835. The Authority will recognize any remaining costs of closure and post-closure care and post-closure monitoring as the closure is completed. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to meet certain financial assurance requirements. The City of Lynchburg provided financial assurance for fiscal year 2008. The Authority will demonstrate financial assurance requirements for closure, post-closure care, and corrective action costs through the submission of a Local Government Financial Test to the Virginia Department of Environmental Quality in accordance with section 9VAC-20-70 of the Virginia Administrative Code. The Authority has reported restricted cash in the amount of $2,997,103 to meet future closure and post-closure care costs.

NOTE 9–RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority joined together with other local governments in the Commonwealth to form the Virginia Municipal Group Self Insurance Association, a public entity risk pool currently operating as a common risk management and insurance program for member governments. The Authority pays an annual premium to the pool for its workers compensation coverage. For property and liability insurance the Authority joined together with other local governments in the State to form the Virginia Association of Counties Group Self-Insurance Pool, a public entity risk pool. The Agreements for Formation of the associations provide that the associations will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three fiscal years.

Other Supplementary Information

REGION 2000 SERVICES AUTHORITY **Table 1**

Net Assets by Component
Last Two Fiscal Years

	2009	2008
Invested in capital assets,		
net of related debt	$ 175,336	$ 61,152
Unrestricted	1,003,455	223,870
Total net assets	$ 1,178,791	$ 285,022

Changes in Net Assets
Last Two Fiscal Years

	2009	2008
Operating revenues:		
Tipping fees	$ 5,528,299	$ -
Recycling revenues	58,373	-
Penalties & interest	15,362	-
Other revenue	17,957	-
Total operating revenues	$ 5,619,991	$ -
Operating expenses:		
Personnel costs	$ 964,811	$ -
Contractual, legal and professional	240,960	1,923
Other operating costs	1,048,847	-
Landfill closure and post-closure expense	465,732	-
Depreciation and amortization	1,625,893	241
Total operating expenses	$ 4,346,243	$ 2,164
Operating income (loss)	$ 1,273,748	$ (2,164)
Nonoperating revenues (expenses):		
Interest earned	$ 94,090	$ 7,764
Participating governments operating contributions	28,458	-
Gain (loss) on sale of assets	12,756	-
Return of equity to local governments	(248,533)	-
Interest expense	(362,357)	-
Total nonoperating revenues (expenses)	$ (475,586)	$ 7,764
Income before capital contributions	$ 798,162	$ 5,600
Participating governments capital contributions	95,607	279,422
Change in net assets	$ 893,769	$ 285,022

REGION 2000 SERVICES AUTHORITY **Table 3**

Revenues by Source
Last Two Fiscal Years

Fiscal Year	Tipping Fees	Recycling	Penalties & Interest	Other *	Total
2008	$ -	$ -	$ -	$ -	$ -
2009	5,528,299	58,373	15,362	17,957	5,619,991

Expenses by Type
Last Two Fiscal Years

Fiscal Year	Personnel Costs	Contractual Legal and Professional	Other Operating Costs	Closure and Post-Closure	Depreciation	Total
2008	$ -	$ 1,923	$ -	$ -	$ 241	$ 2,164
2009	964,811	240,960	1,048,847	465,732	1,625,893	4,346,243

Outstanding Debt by Type
Last Two Fiscal Years

		2009		2008
Revenue bonds payable	$	10,000,000	$	10,000,000
Landfill closure and postclosure care liability		3,462,835	$	-
Total outstanding debt	$	13,462,835	$	10,000,000

Compliance

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
Region 2000 Services Authority
Lynchburg, Virginia

We have audited the financial statements of the Region 2000 Services Authority as of and for the years ended June 30, 2009 and 2008, and have issued our report thereon dated September 9, 2009. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Region 2000 Services Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Region 2000 Services Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Authority's financial statements that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Region 2000 Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
September 9, 2009