

COUNTY OF CHESTERFIELD, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015

Prepared by
Accounting Department
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Chesterfield County, Virginia

MISSION

*Providing a FIRST CHOICE community through
excellence in public service*

VISION

To be an extraordinary and innovative community in which
to live, learn, work and play

VALUES

Results
Innovation
Service
Ethics

GOALS

Model for excellence in government
Safety and security
Economic prosperity and educational excellence
Healthy living and well-being
Thriving communities and environmental stewardship

**County of Chesterfield, Virginia
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION





Chesterfield County, Virginia

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BOARD OF SUPERVISORS

STEPHEN A. ELSWICK, CHAIRMAN

Matoaca District

ARTHUR S. WARREN, VICE CHAIRMAN

Clover Hill District

DOROTHY JAECKLE

Bermuda District

JAMES M. “Jim” HOLLAND

Dale District

DANIEL A. GECKER

Midlothian District

November 12, 2015

The Honorable Members of the Board of Supervisors
County of Chesterfield, Virginia

Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Chesterfield County (the County) for the fiscal year ended June 30, 2015. State law requires that local governments have all their accounts and records, including accounts and records of their constitutional officers, that comprise a set of financial statements be audited annually as of June 30 by an independent certified public accountant and that they submit an audited financial report on or before November 30 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). The County's Accounting Department has prepared this report in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board and the APA.

The CAFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and the reliability of the contents rests with County management. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with U. S. generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert LLP, a firm of licensed certified public accountants, audited the County's financial statements as of and for the fiscal year ended June 30, 2015. The independent auditors planned and performed the audit to obtain reasonable assurance that the financial statements of the County as of and for the fiscal year ended June 30, 2015, are free from material misstatement. The independent audit involved performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. 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. The report of the independent auditor on the financial statements is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the audited government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control over compliance in accordance with the U. S. Office of

Management and Budget Circular A-133. The independent auditors' report on the Single Audit for the County is available in the Compliance Section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the independent auditors' report on the financial statements.

Profile of the Government

The County is located in the mid-Atlantic region of the United States in east-central Virginia and is part of the Richmond/Petersburg metropolitan statistical area (MSA). Residents enjoy a location that is within a two-hour drive of the Virginia beaches, the Blue Ridge Parkway, and Washington D.C. With 50% of the nation's population and 65% of the nation's manufacturing operations within a one-day commute, in 2015 the Boyd Company ranked Chesterfield as the top location on the East Coast, and one of the best locations in the nation, for logistics-related businesses. The County's major transportation routes include the I-95 and I-295 corridors with Route 288, Route 76 (Powhite Parkway), and Route 150 (Chippenhams Parkway) as connecting routes, providing quick access to I-64 and I-85. This strategic location has been a catalyst for residential, commercial and industrial growth. The land area of the County totals 446 square miles. A large portion of the land in the County, especially in the southwestern area, remains rural. The County's population is estimated to be 332,000.

The County's early history includes the second successful English settlement in the New World, the City of Henricus, founded in 1611. The development of the first hospital, the chartering of the first college, and the introduction of a commercially successful tobacco strain were some of the important events that occurred at Henricus which influenced the course of American history. The County emerged as an important industrial hub as the first place in the nation where coal was mined commercially in the 1730's. The commercialization of the Midlothian mines resulted in other "firsts" occurring in the County. The Midlothian Turnpike, known as the Manchester or Buckingham Road, was the first paved road in Virginia in 1807. The first railroad in the area was built in 1831 from the mines to the James River so coal could be loaded on ships and sent to New York, Philadelphia, and other northern cities. Coal mining operations continued through the Civil War.

The County was founded in 1749 and since 1988 has operated pursuant to a County Charter approved by the citizens of the County in a referendum election and subsequently enacted by the Virginia General Assembly. The governing body of the County is the Board of Supervisors (Board) that establishes policies for the administration of the County. The Board is composed of five members, one member elected from each of five magisterial districts. Members must reside in the district that he or she serves and are elected for four-year terms. The current Board was elected on November 8, 2011 and will serve through December 2015. The Board appoints a chief executive officer, known as a County Administrator, who serves at the pleasure of the Board and carries out the policies established by the Board.

The County provides a full range of municipal services and continues to be the lowest cost, full service locality in the Commonwealth of Virginia (Commonwealth) among localities of similar size. Major programs include police, fire and emergency medical services, court services, libraries, health and social services, parks and recreation, community development, and education. Additionally, the County operates a general aviation airport and water and wastewater utility systems (Utilities). The County is empowered to levy a property tax on both real and personal properties located within its boundaries. The County's Utilities Department is one of the few public utilities in the nation with a triple AAA rating for its revenue bonds and the County is one of about 45 counties in the U. S. with a triple AAA rating for its general obligation bonds.

The financial reporting entity includes all of the funds of the County, the primary government, as well as all of its component units. Three discretely presented component units (i.e., School Board, Watkins Centre Community Development Authority, and Chippenhams Place Community Development Authority) and one blended component unit (Economic Development Authority) are included in the reporting entity because of the County's financial accountability for these organizations. The discretely presented component units are reported separately within the County's basic financial statements while the blended component unit is included as though it were a fund of the County. Additional information concerning these legally separate organizations can be found in Note 1 to the financial statements.

The annual General Fund budget serves as the foundation for the County's financial planning and control. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget by May 1st of each year. The appropriated budget is at the function level for the General Fund and at the fund level for the Comprehensive Services Fund. The County Administrator is authorized to amend appropriations by transferring any unencumbered balance or portion thereof from one classification of expenditure to another within the same department or appropriation category and

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may transfer up to \$50,000 from the unencumbered appropriated balance of one appropriation category to another appropriation category. No more than one transfer may be made for the same item causing the need for a transfer, unless the total amount to be transferred for the item does not exceed \$50,000. The Board must approve most other amendments that increase the total appropriation of any function level.

Local economy

Positive economic trends can be noted in the areas of job growth, unemployment, economic development, retail sales, and tourism. Comparisons of these trends to the Richmond MSA and the Commonwealth are favorable.

The County attracts a highly skilled labor force to quality jobs created in the region, which positions the County to prosper during healthy economic times and to weather downturns in the economy favorably. The County's annual unemployment rate of 5.1% in calendar year 2014 reflected continued improvement over the previous year's annual rate of 5.6%. The County fared better than the 2014 unemployment rates of the Richmond/Petersburg MSA of 5.5% and matched the Commonwealth rate of 5.2%. Preliminary unemployment data for July 2015 reflects decreases in unemployment following similar trends, reporting the County's unemployment rate at 4.8% compared to the MSA's rate of 5.1% and the Commonwealth's unemployment rate of 4.7%. Improvements in unemployment are expected to continue to be gradual as the economy continues to rebuild job growth lost during the recession.

Labor Market Characteristics

Calendar Year	Civilian Labor Force	Number Employed	Percentage Unemployed			
			Chesterfield County	Richmond/Petersburg MSA	Commonwealth of Virginia	United States
2005	158,613	153,561	3.2%	3.7%	3.6%	5.1%
2006	164,168	159,569	2.8	3.2	3.1	4.6
2007	165,682	161,332	2.6	3.1	3.0	4.6
2008	169,943	163,728	3.7	4.2	3.9	5.8
2009	167,338	156,218	6.6	7.8	6.7	9.3
2010	168,602	156,307	7.3	7.9	7.1	9.6
2011	171,641	160,043	6.8	7.1	6.6	8.9
2012	173,234	162,700	6.1	6.4	6.0	8.1
2013	175,037	165,177	5.6	5.9	5.7	7.4
2014	177,328	168,286	5.1	5.5	5.2	6.2

Source: Local Area Unemployment Statistics (LAUS) program and Bureau of Labor Statistics

The County is committed to enhancing economic vitality by attracting business capital investment, reinvestment by established businesses, and new jobs. Meadowville Technology Park, one of Chesterfield's premier employment centers, has created jobs and investments in the County. Amazon located a one million square foot, \$85 million distribution center which employs 3,000 full-time and 4,700 seasonal employees in the Meadowville Technology Park. Other facilities now located at this site include Capital One's \$15 million state-of-the-art data center which opened October 2013, and Medline Industries' expansion into a \$20 million, 400,000 square foot facility which opened September 2014. Nearby, Altria invested \$50 million to build a tobacco leaf storage warehouse complex totaling one million square feet.

The County's Department of Economic Development assists County companies in expanding their existing businesses and helps attract significant new business to the area. The County successfully competed for the largest Chinese investment and job creation project in Virginia history and the largest Chinese Greenfield economic development project in the United States. The Shandong Tranlin Paper Co. Ltd. will invest \$2 billion over five years to establish its first U. S. advanced manufacturing operation, adding approximately 2,000 jobs in the County by 2020. The groundbreaking ceremony was held on the 850 acre site adjacent to the James River with close access to I-95.

Additional business announcements this past year included investments of approximately \$62.25 million and the creation of over 500 new jobs. One of these thirteen projects is The Memory Center, a residential community for individuals with Alzheimer's and similar dementias. The Memory Center chose the County as the home of its second location. This 34,000 square-foot facility is adjacent to St. Francis Medical Center and is a \$13 million investment. Economic development successes in recent years reflect the County's continued ability to attract a broad range of services and industry to the area and encompass projects in the manufacturing, product distribution, technology and health care sectors.

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Historically, trends in taxable retail sales in the County have compared favorably to the Richmond/Petersburg MSA and the Commonwealth. Retail sales have recovered from the recession as all three statistical areas show a positive year-over-year change in taxable retail sales the past four years with County and MSA growth rebounding in 2014 compared to 2013. The average annual rate of change in the County over the period 2006-2014 was 1.7% compared to 1.1% for the Richmond/Petersburg MSA and 0.8% for the Commonwealth.

Taxable Retail Sales⁽¹⁾
(\$ in 000's)

Calendar Year	Chesterfield County	% Change	Richmond/ Petersburg MSA	% Change	Commonwealth of Virginia	% Change
2006	\$ 3,419,399	NA	\$ 14,516,521	NA	\$ 89,478,625	NA
2007	3,593,576	5.1 %	15,198,975	4.7 %	92,043,249	2.9 %
2008	3,563,713	(0.8)	14,932,705	(1.8)	90,106,122	(2.1)
2009	3,345,048	(6.1)	14,150,214	(5.2)	85,869,132	(4.7)
2010	3,363,333	0.5	13,967,670	(1.3)	86,420,964	0.6
2011	3,502,240	4.1	14,472,427	3.6	89,070,341	3.1
2012	3,712,873	6.0	15,234,457	5.3	93,335,660	4.8
2013	3,750,484	1.0	15,422,322	1.2	94,597,894	1.4
2014	3,945,519	5.2	16,003,145	3.8	96,243,827	1.7

Source: Weldon Cooper Center for Public Service/University of Virginia

⁽¹⁾ Due to a database system change at the Commonwealth of Virginia, taxable retail sales information for 2005 is not available.

The County continues to expand its revenue base by attracting a diversified pool of taxpayers and employers. In the current fiscal year, the top ten taxpayers accounted for 5.3% of the County's total assessed value tax base. As of January 2015, the top ten employers accounted for 8.0% of total County employment. The County's taxpayer and employment bases contain a broad range of industries including manufacturing, healthcare, retail sales and financial services. Detailed information regarding these statistics can be found on pages 193 and 199, respectively.

Long-term financial planning

During the economic downturn, the Board took actions that included eliminating full-time positions, consolidating numerous departments, refinancing long-term debt to achieve interest savings, and using one-time revenues to fund capital expenditures rather than ongoing operations. While the economy slowly recovers, the County continues to provide a high quality of life to residents with a wide range of services and a school system nationally recognized for its quality of education. The County prepares a financial plan with a detailed budget for the upcoming year and projections for the next four years (five-year plan) which includes commitments made for priorities identified by the Board. The multi-year projections permit policy makers and staff to plan ahead for future needs and to manage growth of services while promoting transparency. Additionally, the multi-year budgeting process allows the County to systematically plan for multi-year acquisitions and program financing, thereby allowing for maximized cash flow and investment. Development of this plan is guided by the strategic plan, Blueprint Chesterfield, and provides a means to link both individual and departmental performance to the County's strategic goals.

The County prepared and approved the fiscal year 2016 (FY2016) financial plan with balanced revenues and expenditures with projections for the next four years. The FY2016 financial plan holds the real estate tax rate even with the prior year and increases spending by 2.46%. In accordance with the five-year plan, investments continue in public safety, education and core capital facilities with education representing more than half of the total growth. The increased funding will enable the school division to advance the next phase of their pupil-to-teacher ratio reduction plan by hiring approximately 30 new teachers, provide additional dedicated staffing to support enrichment and remediation efforts, bolster major maintenance funding for school facilities and accelerate the bus replacement plan started last year. The plan provides eight additional police officer positions, two emergency communications positions, additional equipment and vehicles for public safety first responders, funding for operations at the new North Courthouse Road Library and funding for infrastructure improvements. The FY2016 financial plan was carefully developed with focus on the County's core mission to provide citizens with a high quality of life and a lean, full-service cost structure.

Real property tax revenues continue to be the County's main funding source, representing 42.0% of the general fund budget in FY2016. Total real property revenues for FY2016 are budgeted at \$330.2 million, an increase of \$16.3 million (5.2%) from the FY2015 adopted budget. At January 2015, assessed home values increased for the second consecutive year with a 2.9% increase over January 2014. This trend is projected to continue with solid, but measured, growth in home prices projected at 3.5% for January 2016. Personal property taxes are another major source of local revenue for the County and are budgeted at \$60.5 million, reflecting an increase of 5.6% from the FY2015 adopted budget. The projected increase in personal property tax collections reflects the expectation that local consumers will increasingly move forward with previously deferred plans to replace and add vehicles. The FY2016 financial plan conservatively projects Commonwealth revenue to increase by 1% to \$134.8 million in FY2016.

The County annually prepares a Capital Improvement Program (CIP). This CIP serves as a planning tool for the efficient, effective and equitable distribution of public improvements throughout the County. The development of the CIP is guided by the County's Public Facilities Plan, which comprehensively assesses County public facility needs in relation to existing and future growth patterns through the consideration of population growth, projected density, economic development and service levels.

The CIP for fiscal years 2016-2020 (FY2016-2020 CIP) reflects the priorities established in the November 2013 bond referendum where the citizens of the County passed a \$304.0 million general obligation bond referendum to support school facility improvements, headlined by the renovation or replacement of ten older schools and the addition of one elementary school. Voters also approved a \$49.0 million general obligation bond referendum to provide for the replacement of the County's emergency communication system which is the primary communications system used by first responders. This CIP also includes transportation projects across all magisterial districts that take advantage of expected Commonwealth matching funds and initial funding for compliance with the mandated Chesapeake Bay Clean Water Act. The FY2016-2020 CIP totals \$858.1 million and is comprised of County improvements of \$282.3 million, School Board improvements of \$218.5 million and Utilities Department improvements of \$357.3 million.

The FY2016-2020 CIP represents a fiscally responsible approach in its level of reliance on long-term financing for general County improvement projects. Further, in keeping with the Board's financial policy regarding funding a portion of capital improvements with current revenues, the FY2016-2020 CIP exceeds the targeted current revenue funding levels for both County and School Board projects. The County has a goal of funding at least 20% of the general County projects and at least 10% of the School Board projects with current revenues. The FY2016-2020 CIP proposes current revenue funding levels (including cash proffers) of 78.1% for County projects and 29.3% for School Board projects over the five-year planning period.

In response to the ongoing fiscal challenges inherent in the current economic environment, the County adopts a prudent approach toward financial and debt management. The portion of the County's operating budget dedicated for repayment of debt is capped by policy at 10% of general government expenditures. The County's policy of funding a large portion of capital expenditures on a "pay as we go" basis by consistently reserving 5% of operating expenditures for capital investments further enhances debt management. In addition, each year the County dedicates 8% of total general fund expenditures to unassigned fund balance. This is a tenet of the Board's commitment to prudent financial planning because it eliminates the need for short-term borrowing, ensures that current obligations including debt payments can be met, and provides a cushion against the potential impact of significant unexpected changes in revenues.

The County's fiscally responsible financial policies, solid financial results and sound management were reaffirmed as the County issued General Obligation Improvement and Refunding bonds in August 2015 where both Standard and Poor's and Fitch Ratings rated the bonds as "AAA" and Moody's rated the bonds as "Aaa". The County's strong credit characteristics including a sizeable and diversifying tax base, its carefully managed financial operations with sound reserves and conservative budget management and moderate debt position with manageable future borrowing needs were cited as conclusions for ratings. Chesterfield Utilities is one of only a handful of water and wastewater utilities in the nation to have achieved AAA ratings on its revenue bonds from each of the three top rating services with one rating service affirming its rating in March 2015.

Initiatives

The County's strategic plan, "Blueprint Chesterfield", reflects the existing culture of excellence in performance and customer service. The mission, "Providing a FIRST CHOICE community through excellence in public service" and the vision "To be an extraordinary and innovative community in which to live, learn, work, and play" paints the picture of a high quality of life for residents. The County's strategic goals provide County leaders with an improved framework to enhance the ability to create priorities and allocate resources, with focus on results. The County's strategic goals follow:

Providing a FIRST CHOICE community through excellence in public service

- Model for excellence in government
- Safety and security
- Economic prosperity and educational excellence
- Healthy living and well-being
- Thriving communities and environmental stewardship

The financial plan for FY2016 began with the FY2015 five-year plan framework which assessed and provided an improved framework for addressing critical needs. The adopted budget for FY2016 maintains focus on promoting a high quality of life for County residents with continued focus on public safety, education, and maintenance of capital facilities. The school division remains the largest recipient of new funding with an additional \$10.8 million, or 3.4% increase, of annual investment in Schools, representing over half of the total growth in the FY2016 budget. Public Safety remains a high priority. A continued commitment to the five-year plan will improve and increase the level of transparency and accountability for financial planning and provide citizens and businesses some sense of certainty as to where the County is heading.

During FY2013 the Board adopted a new comprehensive plan, *Moving Forward - The Comprehensive Plan for Chesterfield County*, which serves as the County's long-term growth and development guide. This plan is comprised of many components. One of the areas of emphasis is the need for the revitalization of older residential and commercial areas in the County and the plan calls for creation of a strategy to address revitalization needs. A project team evaluated these needs and identified the following priorities to improve revitalization: 1) public investment in public facilities and infrastructure to serve as a catalyst for private investment in older neighborhoods; 2) improved property maintenance initiatives; and 3) increased communication and coordination with neighborhood, community, and business associations who serve as partners in revitalization. The FY2016 adopted budget included establishing a position for a Revitalization Manager to oversee coordination of these efforts. Revitalization efforts near County schools scheduled for renovation and replacement as a result of the recent successful bond referendum are a priority. For example, as Providence Middle School, built in 1969, undergoes renovation, the County plans to upgrade utility infrastructure, build sidewalks and shared use paths, and make improvements to the Parks and Recreation athletic complex shared by Providence Middle and a nearby elementary school as well as encourage home modernization and improved curb appeal.

The comprehensive plan recommended that an *Ettrick VSU Special Area Plan* be developed. This plan was created through the collaborative efforts of county staff, residents, Virginia State University (VSU), appointed and elected officials and adopted by the Board in April 2015. Ettrick is one of Chesterfield County's oldest communities located in the far southeastern corner and is home to the County's only four-year university, VSU, as well as the County's only passenger rail station. The Ettrick train station is increasingly recognized as an important transportation asset to the community as well as a gateway to the County. Presently the Ettrick train station is under consideration as a possible rail station to accommodate travelers on a high-speed rail service in the future along with two other sites.

The County and VSU completed a joint project in August 2015 to build a two million gallon water tower located on a 400-acre agricultural research facility owned by VSU and used by the VSU School of Agriculture. This joint project saved the County and VSU approximately \$1 million each in construction costs, improved water pressure in Ettrick and should provide VSU significant savings in future water usage costs. The County is also currently managing a \$10 million road widening project in Ettrick adjacent to VSU. This project will widen East River Road from two to four lanes and include landscaping, sidewalks, and street lights. The project is expected to be completed in the spring of 2016. VSU is also investing over \$80 million in a multipurpose center and has plans for additional student housing and commercial space. Continued university expansion and area development has the potential to turn Ettrick into a thriving community.

Data gathering for the *Northern Jefferson Davis Corridor Special Use Plan* is underway. This plan will replace the current *Jefferson Davis Corridor Plan* developed in 1993. This corridor is predominantly developed for industrial and commercial uses with 3.5% of the County land area, about 30% of the County's industrial square footage, and 8% of the office/commercial square footage. The northern Jefferson Davis corridor has a rich fabric of historic resources of local, state, and national significance with abundant environmental resources including easy access to the James River. The *Northern Jefferson Davis Corridor Special Use Plan* will provide guidance on how to enhance the corridor, which is designated as a revitalization area.

While the County relies upon the Commonwealth to maintain its primary and secondary roads, the County administers most of the construction projects in Chesterfield using local, state, and federal funds. The Virginia Department of Transportation Revenue Sharing Program (Revenue Sharing) allows localities to request up to \$10 million in Commonwealth funds which must be matched dollar for dollar by the locality. The County has a dedicated revenue source for the transportation revenue sharing program, comprised of vehicle registration fees, which when paired with the Commonwealth match will provide between \$13 million to \$14 million in annual road funding in the County. The widening

of Route 360 (Hull Street) from Winterpock Road to Woodlake Village Parkway is a \$10 million project which includes lane widening, culvert extensions, sidewalks, and bridge work financed using federal dollars. This project is substantially complete. The \$10 million East River Road project in Ettrick, previously mentioned, is funded by Revenue Sharing. The County is also managing the widening of Route 60 to six lanes between Alverser Drive and Old Buckingham Road. This \$17 million project is funded with Revenue Sharing and federal Regional Surface Transportation Program funds and is currently under construction with completion anticipated in June 2016. Another major road project involves improvements to the intersection of Route 10 and Meadowville Road and widening Route 10 between Bermuda Triangle Road and Meadowville Road to eight lanes. This project is partially funded (\$26 million) by the Governor's Transportation Initiative of 2011 and additional federal funds secured by the County. The design is complete and right-of-way acquisition is underway. Additional funds will be needed to allow the entire project to be constructed.

The Stonebridge mixed-use development off of Midlothian Turnpike, a high-profile economic development project, continues to advance. This 83 acre property, a former mall site, features a 123,000 square foot Kroger Marketplace store which opened in December 2012. A new Krispy Kreme store opened in 2013. The first retail building built by the developer, Crosland, is at capacity with plans being formulated for the second retail development phase. Four hundred upscale apartments, called the Element at Stonebridge, are under construction and anticipated to be ready for occupancy in March of 2016. The activity at this location has spurred other development in the area, with several new tenants open for business at the Spring Rock Green development across Midlothian Turnpike.

The partnership with Richmond Sports Backers, Richmond Region Tourism, and the Chesterfield Chamber of Commerce continues to attract new sports tourism events to the County. During the FY2015 period, the economic impact of sports tourism in the County is estimated at \$24.8 million compared to the total regional impact of \$53.8 million. New events, such as the Corrigan Sports Enterprise's Summer Rumble, Brine Lacrosse tournaments and the Colonial Athletic Association (CAA) Swim Championships at Swim RVA, offset lost financial impact due to the unusual occurrence of three consecutive snow weekends that caused significant outdoor events to be canceled. The Virginia Boat Club Regatta moved to Robious Landing and plans to return to the County in FY2016, along with the CAA Swim Championships and other established events. Heighted social media support from the County's Communications and Media staff and a National Association of Counties (NACo) award for Sports Tourism highlighted the Sports Tourism initiative. County sports venues include the Collegiate School Aquatics Center (Swim RVA), River City Sportsplex, Clover Hill Sports Complex, Ironbridge Park, Stratton Park and Pocahontas State Park, each of which hosted major events in the past year. Growth and improvements in venues to support sports tourism also provide opportunities for County residents to use the expanded and enhanced facilities.

Pocahontas State Park, located near the center of the County, opened the Richmond Regional Ride Center (RRRC) with more than 70 miles of mountain biking trails across the park, in the County and Richmond. Partners worked three years to raise funding for the RRRC and included the County, Dominion Virginia Power, James River Parks, Friends of Pocahontas State Park, MeadWestvaco, the Paralyzed Veterans of America, People for Bikes, the International Mountain Biking Association, the UCI Road World Championships, the Virginia Association for Parks, the Virginia Tourism Corporation, the Chesterfield Rotary Club, and the Virginia Department of Conservation and Recreation which manages Virginia State Parks. This project is an example of an exceptional regional project that promotes an active lifestyle and improves the quality of life for residents.

The County continues to be recognized for its innovation, leadership, and quality of life under the leadership of the Board. The County received eleven National Association of Counties (NACo) Achievement Awards in August 2015 for programs that promote responsible, responsive, and effective government. The programs receiving these awards support a campaign to modernize and streamline County government and increase service and transparency to its citizens. Awards were received for programs in the areas of open government, juvenile services, library services, public safety, sports tourism, and utilities customer service performance measures. Some examples of other awards recently received follow. The Utilities Department received the Association of Metropolitan Water Agencies' 2015 Sustainable Water Utility Management Award for management excellence, one of only twelve public drinking water systems nationwide to earn this distinction. The Social Services Department was one of two winners out of 35 nominations statewide for the Virginia Department of Social Services first annual award for innovation, recognizing innovations in both Customer Service and Community Engagement. The Chesterfield Branch of the NAACP recently recognized two leaders in the Police Department for the department's ongoing, active engagement with the Chesterfield NAACP, openly receiving community input and responding to community suggestions. The Information Technology (IST) Department earned several awards, including first place in the Center for Digital Government Survey in the category of counties with populations from 250,000-500,000. The County has placed in first in this survey three times, the only locality in this population category in the nation to do so, and has placed in the top 10 six times. At the 2015 Commonwealth of Virginia Innovative Technology Symposium the County IST department received two of eighteen awards in the Commonwealth for Cloud Technology Partnership for Economic Development and Public Safety Operational Data Storage.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its CAFR for the fiscal year ended June 30, 2014. This was the thirty-fourth consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe our current CAFR continues to meet the GFOA's Certificate of Achievement requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The County Budget and Management Department received the Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2015 and ending June 30, 2016. The FY2016 budget represents the 30th consecutive year that Chesterfield County has received this award. In addition, the County received overall ratings as proficient or outstanding in all review categories. To achieve this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. This is the highest form of recognition for excellence in local government budgeting.

The Chesterfield County Public Schools Department of Management and Budget also received the Distinguished Budget Presentation Award from the GFOA for its annual budget for the fiscal year beginning July 1, 2015 and ending June 30, 2016. Achievement of this award indicates that their published budget document meets the program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

The National Institute of Governmental Purchasing (NIGP) of the United States, Canada, Ireland, and England established an agency accreditation program that recognizes excellence in public purchasing, by establishing a body of standards that should be in place for a quality purchasing operation. In fiscal year 2015, NIGP reaccruited the County's Purchasing Department with the Outstanding Agency Accreditation Achievement Award for demonstrating excellence in public purchasing. When certification was first obtained in 1999, the County's Purchasing Department was the eighth agency overall and the first locality or state agency in the Commonwealth to receive this award. Currently, out of the 2,949 NIGP governmental agency members, Chesterfield is one of only 56 in the nation and Canada to have attained this distinction.

We would like to express our appreciation to the staff of the Accounting Department who contributed to the timely preparation of this report. We would also like to thank the members of the Board for your interest and support in planning and overseeing the financial operations of the County in a responsible and prudent manner.

Respectfully submitted.



James J. L. Stegmaier
County Administrator



Patsy J. Brown, CPA
Director of Accounting



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
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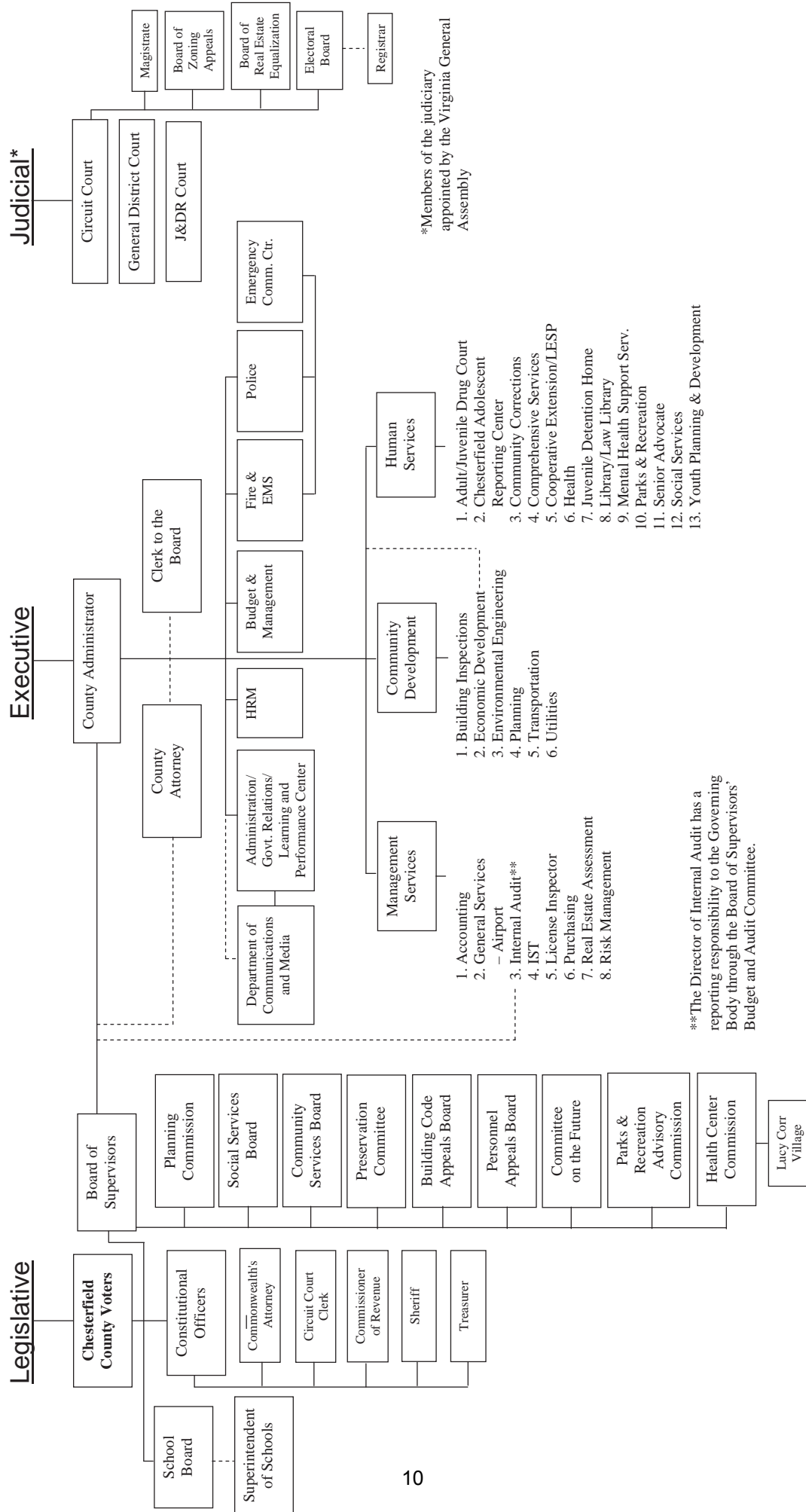
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014



Executive Director/CEO

CHESTERFIELD COUNTY ORGANIZATIONAL CHART



**County of Chesterfield, Virginia
Directory of Officials
June 30, 2015**

Primary Government Officials

BOARD OF SUPERVISORS

Stephen A. Elswick, Chairman Matoaca District
Arthur S. Warren, Vice Chairman Clover Hill District
James "Jim" Holland Dale District
Dorothy A. Jaeckle Bermuda District
Daniel A. Gecker Midlothian District

CONSTITUTIONAL OFFICERS

Richard A. Cordle Treasurer
William W. Davenport Commonwealth's Attorney
Joseph A. Horbal Commissioner of the Revenue
Karl S. Leonard Sheriff
Wendy S. Hughes Circuit Court Clerk

ADMINISTRATIVE OFFICERS

James J. L. Stegmaier County Administrator
Dr. Sheryl D. Bailey Deputy County Administrator, Management Services
Sarah C. Snead Deputy County Administrator, Human Services
William D. Dupler Deputy County Administrator, Community Development
Jeffrey L. Mincks County Attorney

School Board Component Unit Officials

SCHOOL BOARD

Carrie E. Coyner, Chairman Bermuda District
Dianne H. Smith, Vice Chairman Clover Hill District
Debra M. Girvin Midlothian District
Thomas J. Doland Matoaca District
David S. Wyman Dale District

ADMINISTRATIVE OFFICERS

Dr. Marcus J. Newsome Superintendent
Dr. Lyle Evans Assistant Superintendent,
Human Resources and Administrative Services
Chris Sorensen Assistant Superintendent, Business and Finance
Donna Dalton Chief Academic Officer
Tim Bullis Director, Community Relations



FINANCIAL SECTION



Report of Independent Auditor

To the Honorable Members of the Board of Supervisors
County of Chesterfield, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County'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, 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 Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 and presented in Note 12 to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. As a result, related net position has been restated. Our opinions are 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 on pages 19 through 32 and the pension and other postemployment benefits trend information on pages 124 through 129 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Chesterfield, Virginia's basic financial statements. The Introductory Section, Supplementary Information (Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Financial Statements and Schedules) as listed within the Table of Contents, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the County of Chesterfield, Virginia'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 the County of Chesterfield, Virginia's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Richmond, Virginia
November 12, 2015



MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

As management of the County of Chesterfield, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

FINANCIAL HIGHLIGHTS

- ◆ The County's total net position increased approximately \$70.5 million (4.1%). Net position of the governmental-type activities increased \$37.4 million (5.2%) and net position of the business-type activities increased \$33.1 million (3.4%).
- ◆ The County's unrestricted net position increased approximately \$43.6 million (22.7%). Unrestricted net position of the governmental-type activities increased \$18.4 million (142.6%) and unrestricted net position of the business-type activities increased \$25.2 million (14.1%).
- ◆ The County's program and general revenues (including taxes) of \$824.1 million for governmental-type activities exceeded expenses of \$785.7 million by \$38.4 million.
- ◆ In the County's business-type activities, revenues increased 6.8% to \$119.3 million while expenses increased 7.0% to \$87.2 million.
- ◆ The total cost of the primary government's programs increased approximately \$63.4 million (7.8%) to \$872.9 million.
- ◆ The General Fund reported an ending fund balance amount of \$272.2 million, an increase of \$3.8 million (1.4%) in comparison with the prior year. Of the ending fund balance amount, \$58.0 million was unassigned.
- ◆ The County's outstanding debt decreased by \$57.8 million (10.1%). New debt was not issued during the year. The 2004A Taxable Redevelopment Facility Note was refinanced with the 2014A Taxable Revenue Note.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of five components - the report of the independent auditor, management's discussion and analysis (this component), the financial statements, required supplementary information, and supplementary information. The financial statements include three categories of statements that present different views of the County:

- ◆ Exhibits I and II are government-wide financial statements that provide a broad overview of both long-term and short-term information regarding the County's overall financial status.
- ◆ Exhibits III through X are fund financial statements that focus on individual areas of the County government and report the County's operations in more detail than the government-wide financial statements.
 - Governmental fund financial statements provide information on how general government services, such as public safety, are financed in the short-term and on the resources available at year end for future spending.
 - Proprietary fund financial statements offer both short-term and long-term financial information about activities the government operates similar to private-sector businesses, such as the airport and the water and wastewater systems.
 - Fiduciary fund financial statements provide information about the financial relationships, such as the supplemental retirement and other postemployment benefits (OPEB) plans for certain qualified employees and agency funds, in which the County acts solely as a trustee or agent for resources belonging to others.

MANAGEMENT'S DISCUSSION AND ANALYSIS **(unaudited)**

- ◆ The remaining financial statements, Exhibits XI and XII, provide a broad overview of both long-term and short-term information on the County's discretely presented component units.

The notes to the financial statements provide additional details for understanding the information presented in the CAFR. The notes are followed by a section of required supplementary information that further explains and supports the pension and OPEB plans information reported in the financial statements. The CAFR also includes a supplementary section containing combining schedules for the non-major governmental funds, budget and actual schedules for the General Fund and the Comprehensive Services Fund, combining schedules for the non-major enterprise funds, internal service funds, trust and agency funds and non-major component units, capital assets schedules, School Board component unit fund financial statements and schedules, and the schedule of expenditures of federal awards and the notes thereto.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting principles similar to those used by private-sector businesses. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities (both current and long-term) and deferred inflows of resources. The Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows. The government-wide financial statements report the three categories of the County's net position and how total net position changed during the fiscal year. Net position, the difference between the County's assets, deferred outflow of resources, liabilities and deferred inflow of resources, is a measure of the County's financial position. Over time, increases or decreases net position are an indicator of whether financial position is improving or deteriorating. To assess the overall financial condition of the County, CAFR users should consider additional non-financial factors such as changes in the County's property tax base and condition of the County's infrastructure.

The government-wide financial statements of the County are divided into three categories:

- ◆ Governmental activities - Most of the County's basic services, such as police, fire, social services, parks and recreation, and general administration, are included in governmental activities. Property taxes and state and federal funding finance the majority of expenses for governmental activities.
- ◆ Business-type activities - Activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services are included in the business-type activities.
- ◆ Component units - The County includes three other entities in its report as discretely presented component units: Chesterfield County Public School System (School Board), Watkins Centre Community Development Authority (Watkins Centre CDA), and Chippenham Place Community Development Authority (Chippenham Place CDA). Although legally separate, the County demonstrates financial accountability for these entities by providing operating, capital or tax increment financing. The School Board is included in this management's discussion and analysis because it does not issue separately audited financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's major funds as opposed to the overall County as a whole. Funds are accounting devices that the County uses to track resources that are segregated for specific activities or objectives. Some funds are required by state code or by bond covenants. Other funds are established to control and manage resources for particular purposes or to show that the County is using specific revenue sources such as taxes or grants for their intended purposes.

The County reports three types of funds:

- ◆ Governmental funds - Most of the County's basic services are included in governmental funds which focus on (1) how cash and other financial assets readily convertible to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the financial statements for governmental funds provide a detailed short-term view that assists the CAFR reader in determining the

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

status of financial resources available for financing the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide financial statements, the County provides additional information following governmental funds statements that explain the differences between the short-term and long-term focus.

- ◆ Proprietary funds - Services that are intended to recover all or a significant portion of their costs through user fees are reported in proprietary funds. Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information and they also provide additional details and information, such as the Statement of Cash Flows. The County's enterprise funds are reported in the business-type activities of the government-wide financial statements because these funds generally provide services to customers external to the County. The internal service funds are reported in the governmental activities of the government-wide financial statements because those funds provide supplies and services internally to the County's other programs and activities.
- ◆ Fiduciary funds - The County is responsible, as trustee, for the assets of various trust and agency funds that can be used only for the fiduciary beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's trust fund activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust and agency fund activities are excluded from the County's government-wide financial statements because the County cannot use fiduciary assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.8 billion at the close of the most recent fiscal year. This represents a 4.1% increase over the prior year.

At the end of both the current and prior fiscal years, the County reported positive balances in all three categories of net position, both for the primary government as a whole, as well as for its separate governmental and business-type activities. The largest portion of the County's net position (82.0%) at June 30, 2015, is its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangible assets), less accumulated depreciation and any debt used to acquire those assets that remains outstanding at year-end. The County uses these capital assets to provide services to residents. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources required to repay the debt must be provided from other sources because capital assets are not generally liquidated for the purpose of retiring debt. An additional portion of the County's net position (4.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is referred to as unrestricted net position (13.3%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

Liabilities and deferred inflows of resources for the School Board component unit exceeded assets and deferred outflows of resources by \$494.0 million at the end of the current fiscal year, an increase of \$26.1 million (5.0%) compared to the prior year. Net investment in capital assets increased \$7.8 million primarily due to capital outlay for machinery and equipment that included an investment in over 13,000 Chromebooks for middle school students. The deficit net position is due to the required implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions, an Amendment of GASB 27" (GASB 68). GASB 68 requires governments to report net pension liabilities on the government-wide financial statements. The School Board component unit reported net pension liabilities of \$517.0 million at year end which is a decrease of \$69.7 million (11.9%) compared to net pension liabilities estimated in the prior year. The decrease in net pension liabilities is primarily due to actual investment experience exceeding expected returns in the Virginia Retirement System's (VRS) plans for the measurement year ended June 30, 2014. The majority of the deficit net position is due to the VRS teachers' cost-sharing pool (VRS Teachers' Pool) whose benefit and funding decisions are made by the Commonwealth. As such, local governments and school boards have no ability to take actions on their own behalf to improve the funding position for their proportionate shares of the cost-sharing pool. Note 12 of the notes to the financial statements provides additional information regarding the School Board component unit's pension plans.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

TABLE 1
Chesterfield County's Net Position
June 30, 2015 and 2014⁽¹⁾
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Assets								
Current and other assets	\$ 663.3	\$ 674.9	\$ 244.1	\$ 225.7	\$ 907.4	\$ 900.6	\$ 102.0	\$ 94.8
Capital assets	1,015.1	1,024.4	868.1	864.7	1,883.2	1,889.1	24.8	14.5
Total assets	<u>1,678.4</u>	<u>1,699.3</u>	<u>1,112.2</u>	<u>1,090.4</u>	<u>2,790.6</u>	<u>2,789.7</u>	<u>126.8</u>	<u>109.3</u>
Deferred outflows of resources								
Deferred charge on refunding	6.2	7.4	-	-	6.2	7.4	-	-
Pensions:								
Contributions after measurement date	25.3	24.9	1.4	1.1	26.7	26.0	42.4	34.3
Investment experience	0.8	-	0.1	-	0.9	-	0.7	-
Change in proportionate share	-	-	-	-	-	-	5.1	-
Total deferred outflows of resources	<u>32.3</u>	<u>32.3</u>	<u>1.5</u>	<u>1.1</u>	<u>33.8</u>	<u>33.4</u>	<u>48.2</u>	<u>34.3</u>
Liabilities								
Long-term liabilities	662.8	765.9	86.2	99.7	749.0	865.6	551.1	621.6
Other liabilities	97.2	102.5	9.7	9.2	106.9	111.7	44.6	42.1
Total liabilities	<u>760.0</u>	<u>868.4</u>	<u>95.9</u>	<u>108.9</u>	<u>855.9</u>	<u>977.3</u>	<u>595.7</u>	<u>663.7</u>
Deferred inflows of resources								
Unearned revenues	151.7	146.2	-	-	151.7	146.2	-	-
Pensions:								
Investment experience	44.0	-	2.0	-	46.0	-	71.4	-
Economic experience	0.6	-	0.1	-	0.7	-	1.9	-
Total deferred inflows of resources	<u>196.3</u>	<u>146.2</u>	<u>2.1</u>	<u>-</u>	<u>198.4</u>	<u>146.2</u>	<u>73.3</u>	<u>-</u>
Net position								
Net investment in capital assets	655.7	645.9	795.5	787.9	1,451.2	1,433.8	22.3	14.5
Restricted	67.4	58.2	16.1	15.8	83.5	74.0	5.8	5.7
Unrestricted	31.3	12.9	204.1	178.9	235.4	191.8	(522.1)	(540.3)
Total net position	<u>\$ 754.4</u>	<u>\$ 717.0</u>	<u>\$ 1,015.7</u>	<u>\$ 982.6</u>	<u>\$ 1,770.1</u>	<u>\$ 1,699.6</u>	<u>\$ (494.0)</u>	<u>\$ (520.1)</u>

⁽¹⁾ Amounts in fiscal year 2014 were restated for the adoption of GASB Statement No. 68. See Note 1.E. of the notes to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Changes in net position. The County's total revenues increased over the prior year by \$56.1 million (6.3%) to \$943.4 million. The total cost of all programs increased \$63.4 million (7.8%) to \$872.9 million.

TABLE 2
Changes in Chesterfield County's Net Position
For the Years Ended June 30, 2015 and 2014
(in millions of dollars)

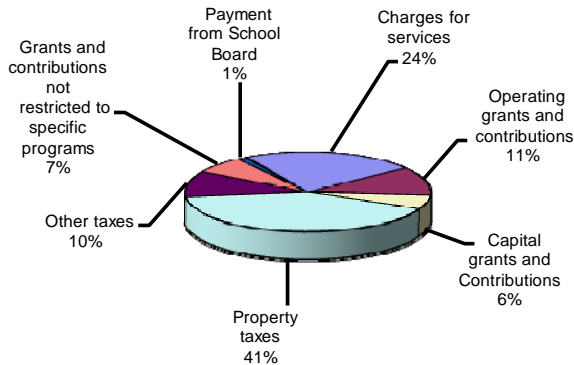
	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program revenues:								
Charges for services	\$ 133.9	\$ 120.1	\$ 84.8	\$ 77.8	\$ 218.7	\$ 197.9	\$ 14.3	\$ 15.3
Operating grants and contributions	102.9	98.9	5.5	-	108.4	98.9	107.6	103.3
Capital grants and contributions	25.3	21.0	28.2	29.3	53.5	50.3	-	-
General revenues:								
Property taxes	386.4	372.1	-	-	386.4	372.1	-	-
Other taxes	98.1	91.4	-	-	98.1	91.4	-	-
Payment from School Board	10.3	5.4	-	-	10.3	5.4	-	-
Payment from County	-	-	-	-	-	-	279.3	255.4
Grants and contributions not restricted to specific programs	66.0	66.1	-	-	66.0	66.1	167.3	154.1
Other	1.2	0.6	0.8	4.6	2.0	5.2	1.7	1.4
Total revenues	824.1	775.6	119.3	111.7	943.4	887.3	570.2	529.5
Expenses:								
General government	117.2	96.8	-	-	117.2	96.8	-	-
Administration of justice	10.6	11.7	-	-	10.6	11.7	-	-
Public safety	175.2	176.7	-	-	175.2	176.7	-	-
Public works	42.2	31.0	-	-	42.2	31.0	-	-
Health and welfare	76.4	74.1	-	-	76.4	74.1	-	-
Parks, recreation and cultural	23.6	23.2	-	-	23.6	23.2	-	-
Education - School Board	304.0	278.2	-	-	304.0	278.2	544.1	537.3
Community development	20.5	19.4	-	-	20.5	19.4	-	-
Interest on long-term debt	16.0	16.9	-	-	16.0	16.9	-	-
Water	-	-	38.8	38.4	38.8	38.4	-	-
Wastewater	-	-	38.1	39.1	38.1	39.1	-	-
Non-major business activities	-	-	10.3	4.0	10.3	4.0	-	-
Total expenses	785.7	728.0	87.2	81.5	872.9	809.5	544.1	537.3
Increase (decrease) in net position before restatement	38.4	47.6	32.1	30.2	70.5	77.8	26.1	(7.8)
Transfers	(1.0)	-	1.0	-	-	-	-	-
Increase (decrease) in net position	37.4	47.6	33.1	30.2	70.5	77.8	26.1	(7.8)
Net position - beginning of year	717.0	863.6	982.6	961.3	1,699.6	1,824.9	(520.1)	42.6
Restatement⁽¹⁾	-	(194.2)	-	(8.9)	-	(203.1)	-	(554.9)
Net position - end of year	\$ 754.4	\$ 717.0	\$ 1,015.7	\$ 982.6	\$ 1,770.1	\$ 1,699.6	\$ (494.0)	\$ (520.1)

⁽¹⁾ Beginning net position amounts for fiscal year 2015 were restated for the adoption of GASB Statement No. 68. See Note 1.E. of the notes to the financial statements.

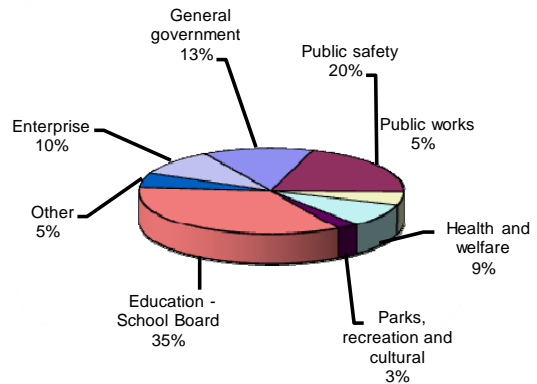
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Approximately 41% of the County's revenues came from property taxes and approximately 10% came from other taxes. Another 24% of the total revenues came from grants and contributions. The remaining revenues are charges for services, payment from School Board, investment earnings and miscellaneous revenues. The County's expenses cover a range of services with approximately 64% related to public safety, health and welfare and education. Program revenues of the County's governmental activities covered 33% of its expenses.

**Figure A-1
Chesterfield County
Sources of Revenue for Fiscal Year 2015**



**Figure A-2
Chesterfield County
Expenses by Function for Fiscal Year 2015**



The School Board's total revenues increased compared to the prior year by \$40.7 million (7.7%) to \$570.2 million. Total expenses for all School programs and services increased over the prior year by \$6.8 million (1.3%) to \$544.1 million. Program revenues of School Board activities covered 22% of its expenses.

Governmental Activities

Governmental activities increased the County's net position by \$37.4 million and accounted for 53.0% of the total growth in the total net position of the County. Revenues for governmental activities increased \$48.5 million (6.3%) and total expenses increased \$57.7 million (7.9%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Charges for services increased \$13.8 million (11.5%) primarily due to receiving the first full year of revenues from the School Board component unit attributable to its participation in the County's Healthcare Fund. Effective January 1, 2014, the County and School Board transitioned to a self-insured healthcare plan to pay expenses for claims and charges. The cost to fund healthcare expenses is covered by employer and employee contributions to the Healthcare Fund from County departments and the School Board.
- ◆ Operating grants and contributions increased \$4.0 million (4.0%) primarily due to increases in revenue received from the state and federal government. Sales tax receipts from the Commonwealth increased \$2.6 million due to an increase in overall statewide retail sales. The County receives a portion of the Commonwealth's 4% sales tax to support local education. An amount equivalent to 1.25% of total statewide sales is distributed among Virginia localities based upon the number of school-aged children residing within each locality. As these funds are designated specifically for education, this revenue flows through the County's General Fund and is transferred to the School Board component unit. Operating grants and contributions for the health and welfare function increased \$1.4 million primarily due to a 10% increase in the Comprehensive Service Fund's (CSA) case load. CSA is a state mandated interagency program that provides access for eligible at-risk youth and their families to community based services. CSA will continue to be challenged with increased service requests compared to adequacy of federal and state funding.
- ◆ Capital grants and contributions increased \$4.3 million (20.5%) primarily due to receiving more federal and state grant reimbursements for road construction in the current year. Projects with significant

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

reimbursements included road widening projects on two sections of Route 360 West/Hull Street Road and a widening project on Route 60/Midlothian Turnpike.

- ◆ Property tax revenues increased \$14.3 million (3.8%) primarily due to an overall 4.1% increase in the assessed valuation of taxable property over the prior year. The assessed valuation for real property increased 4.2% over the prior year. Residential real property assessed valuations increased by 4.5% and commercial and industrial real property assessed valuations increased 3.4%. Commercial and industrial property comprised 22.0% of the assessed value of taxable real property. The real estate tax rate was \$0.96 per \$100 of assessed value for the full fiscal year compared to \$0.95 per \$100 of assessed value for the first half and \$0.96 per \$100 of assessed value for the second half of the prior fiscal year. Calendar year 2015 (CY2015) assessments were developed using sales data through December 2014. State Code mandates that “annual assessments shall be made at 100% of fair market value.” Personal property assessed valuations increased by 5.25% over the prior year. These increases were driven by the rebounding house market and strong consumer confidence.
- ◆ Other taxes increased \$6.7 million (7.3%) primarily due to increased local sales tax, motor vehicle registration and business license revenues. Local sales tax and motor vehicle registration revenues increased 4.7% and 16.2%, respectively. The increase in these revenues was attributable to a stronger local economy and more confident consumer spending. An increase in business license revenues (7.3%) were influenced by the ongoing rebound in housing which represents the second largest business license category for the County.

Overall, expenses of governmental activities increased \$57.7 million (7.9%). In developing the budget for FY2015 expenses, the Board of Supervisors (Board) and the community set out to evaluate the impacts to departments from spending reductions employed during the downturn, to decide where to reinvest resources, and to craft a new five-year vision. In keeping with the renewed focus on transparency, the more formal, five-year framework (five-year plan) lays out specific spending priorities identified by the Board. The FY2015 installment of the plan placed continued emphasis on controlling costs in all departments and making targeted enhancements in core service areas. Overall, the County funded a 1% merit-based increase for eligible employees across all county functions and departments. Key elements of other changes in expenses are as follows:

- ◆ General government expenses increased \$20.4 million (21.1%) primarily due to healthcare claims expenses paid by the County's self-insured healthcare internal service fund. This was the first full year of financial reporting for the Healthcare Fund which was established on January 1, 2014.
- ◆ Public works expenses increased \$11.2 million (36.1%) primarily due to construction activity on several large road projects during the current year. These projects include two phases of widening Route 360 West/Hull Street Road. Route 360 West/Hull Street Road is a major County thoroughfare that was expanded from two to three lanes between Winterpock Road and Woodlake Village Parkway and between Genito and Warbro Roads. The project to widen Route 60/Midlothian Turnpike from four to six lanes between Alverser Drive and Old Buckingham Road was also active during the current year.
- ◆ Education expenses increased \$25.8 million (9.3%) primarily due to the Board's commitment in the five-year plan to add more than 100 new teaching positions that allowed targeted reductions in classroom size, enhanced remedial instruction and the restoration of certain elective course offerings. Significant progress was made in the restoration of pay-as-you-go capital funding program by providing for year two of the school revitalization referendum as approved by voters in 2013.

Business-type Activities

Business-type activities increased the County's total net position by \$33.1 million, accounting for 47.0% of the overall growth. Revenues for business-type activities increased \$7.6 million (6.8%) and expenses increased \$5.7 million (7.0%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Charges for services increased \$7.0 million (9.0%) primarily in the Utilities funds. Charges for service in the Water Fund increased \$3.8 million (9.0%) due to an approximate 8.5% increase in water consumption combined with a 4.9% increase in an average consumer bill. Charges for services in the Wastewater

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

Fund increased \$2.8 million (6.9%) due to an approximate 4.5% increase in wastewater treatment combined with a 4.8% rate increase in an average consumer bill. Rate increases were necessary to offset the cost of current and future capital projects for maintaining and/or replacing aging infrastructure including pump stations and water tanks as well as maintaining the integrity of the County's water and wastewater facilities. The rate increases were also necessary for continued investment in older neighborhoods to revitalize water and wastewater lines. Even with rate increases, the County's rates continue to be among the lowest in the region.

- ◆ Operating grants and contributions received from the Commonwealth by the County's Economic Development Authority (EDA), a blended component unit, increased \$5.5 million. The majority of this increase is attributable to the EDA receiving a Governor's Opportunity Fund grant from the Virginia Economic Development Partnership Authority (VEDP) for the purpose of inducing Tranlin, Inc. to acquire land and to construct and equip a paper conversion plant and paper mill facility in the County. In return for receiving the inducement grant, Tranlin, Inc. is expected to make a significant capital investment of at least \$2 billion and will create approximately 2,000 new jobs by the close of calendar year 2019.
- ◆ Other general revenues decreased \$3.8 million (82.6%) primarily due to the sale of land in the Meadowville Technology Park by the EDA for a gain of \$3.9 million in the prior year. There was no comparable sale in the current year.

Expenses for business-type activities increased \$5.7 million (7.0%). The majority of the increase is attributable to the payment of the Governor's Opportunity Fund grant of \$5.5 million, as discussed above, to Tranlin, Inc. In addition to several other inducement grants, the EDA provided \$1.0 million, funded by a transfer from the General Fund, to USE RELP Chesterfield, LLC, a real estate development company, to construct a one million square foot tobacco leaf storage facility in the County. This facility will be leased to Altria on a long-term basis. The project is expected to have a capital investment of at least \$45.0 million.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the County's governmental funds reported a combined fund balance of \$357.1 million, a decrease of \$11.7 million from the previous year. Of this combined fund balance amount, \$94.6 million (26.5%) constitutes restricted fund balance; \$0.7 million (0.2%) represents committed fund balance; \$203.8 million (57.1%) represents assigned fund balance; and \$58.0 million (16.2%) is unassigned fund balance. Assigned fund balance includes funding earmarked by the County Board for various items including funding for capital projects, the fiscal year 2015 (FY2015) budget, and revenue shortfalls in future fiscal years' budgets that may occur as the County adjusts to a new normal in the current economic environment. Note 2 of the notes to the financial statements provides additional fund balance details and a discussion of the criteria used by the County to classify categories of fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the combined assigned and unassigned fund balance of the General Fund was \$255.5 million and total fund balance was \$272.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balance to total fund expenditures. Combined assigned and unassigned fund balance represents 37.7% of total General Fund expenditures. Unassigned fund balance of \$58.0 million represents 8.6% of total General Fund expenditures. Maintaining a ratio that exceeds the target ratio of 8.0% is an indicator of the County's ability to cope with unexpected or unusual financial scenarios including fluctuations in revenue cycles. Total fund balance of the General Fund represents 40.2% of General Fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

Fund balance of the General Fund increased by \$3.9 million (1.4%) during the current fiscal year. Revenue categories not already discussed that factor into this increase are as follows:

- ◆ Collections of permits, privilege fees and regulatory licenses increased \$2.1 million (43.3%). Approximately \$1.0 million in new fees related to stormwater management was collected. The Virginia Stormwater Management Program (VSMP) is an unfunded, mandated program that was transferred from the Commonwealth to the County effective July 1, 2014. This program has direct oversight of development activities including stormwater pollution prevention plan review, inspections and enforcement. The remaining increase in permits, privilege fees and regulatory licenses is attributable to building permits and plan review fees resulting from rebounding commercial and residential construction activity.
- ◆ Miscellaneous revenues decreased \$8.6 million (71.5%) primarily due to receiving \$8.0 million in the prior year from the Virginia Department of Transportation related to improvements the County funded for the original construction of the Route 288 Powhite Parkway loop and ramp over 20 years ago.
- ◆ Revenue from other governments increased \$2.3 million (1.5%) which included a \$2.6 million increase in state sales tax received from the Commonwealth. This funding, which is designated for education, flows through the General Fund and is transferred to the School Board component unit.
- ◆ The sale of redevelopment asset increased \$1.7 million (47.8%) due to the payment from the Chippenham Place CDA for the cost of infrastructure improvements made by the County at the redeveloped Cloverleaf Mall/Stonebridge site. The County reduced the carrying value of its redevelopment asset by the amount of the payment. The proceeds from the payment were used to pay principal on the 2004 Taxable Redevelopment Facility Note. The remaining balance of the 2004 Taxable Redevelopment Facility Note was refinanced by the 2014A Taxable Revenue Note which extended payment terms.

Overall, functional expenditures in the General Fund (including education and debt service) increased \$26.8 million (4.1%) with increases in the public safety (2.6%), community development (6.7%) and education (8.3%) functions. Public safety includes increases in wages and benefits resulting from a combination of the overall 1% merit increase to eligible employees, career development salary adjustments and more overtime for incidents that required significant surveillance and/or investigative work. Expenditures for community development increased primarily due to the \$1.0 million economic development incentive funded for the tobacco leaf storage facility discussed earlier and to the first payment of incremental taxes to the Chippenham Place CDA (see Note 8.D.) becoming due. The majority of the increase for education expenditures is reflective of the Board's five-year plan to reduce pupil-to-teacher ratios and to partially restore pay-as-you-go funding for infrastructure. The School Board hired 111 full-time equivalents as part of the pupil-to-teacher ratio initiative. In addition, the School Board launched its Chromebook program in middle schools.

At fiscal year-end, the County's Capital Projects Fund had fund balance of \$70.1 million that consisted primarily of unspent bond proceeds and cash proffers, both of which are restricted for use on specific County projects and functions. The School Capital Projects Fund had fund balance of \$6.8 million that consisted primarily of unspent bond proceeds restricted for use on School projects.

General Fund Budgetary Highlights

The overall difference between the original budget and the amended budget for revenues and other financing sources reflected an increase of \$9.1 million (1.3%). The final amended budget for expenditures and other financing uses was greater than the original budget by \$86.1 million (12.1%). Some of the key budget adjustments are summarized as follows:

- ◆ The original budget for revenues was increased by \$8.0 million. These budget amendments included appropriation of the \$5.7 million payment for infrastructure improvements from the Chippenham Place CDA and the appropriation of \$0.8 million of insurance recoveries.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- ◆ The original budget for other financing sources was amended by \$1.2 million primarily to appropriate the transfer of interest earnings on unspent bond proceeds in the County Capital Projects Fund. This transfer was used to fund debt service expenditures.
- ◆ Expenditures in the original budget were increased by \$9.7 million. This increase included an appropriation of \$6.8 million in debt service expenditures for the retirement of principal on the 2004 Taxable Redevelopment Facility Note and the appropriation of interest earnings on unspent bond proceeds. The budget for public safety expenditures was amended by \$2.8 million to cover workers' compensation claims and to appropriate asset forfeiture funds for the acquisition of police equipment used in drug enforcement operations.
- ◆ The budget for other financing sources increased by \$76.4 million. Transfers out to the County Capital Projects Fund, the School Capital Projects Fund and the County Grants Fund increased \$68.8 million, \$3.4 million and \$1.4 million, respectively. These amendments are primarily due to the re-appropriation, in accordance with the appropriation resolution, of General Fund budgeted transfers that were not spent in the prior year due to timing of expenditures. The budget for transfers out to Comprehensive Services was increased by \$0.8 million to fund additional expenditures resulting from an increased caseload. The transfer to the School Board component unit increased \$1.8 million primarily to address a number of one-time capital/equipment needs including \$1.0 million for buses, \$0.3 million for replacement playground equipment and musical instruments, \$0.2 million for furniture replacement and \$0.2 million for elementary school technology equipment.

Actual revenues and other financing sources were \$13.1 million (1.9%) greater than the amended budget. A summary of some key variances includes the following:

- ◆ The collection of general property taxes was \$8.0 million higher than the amended budget. This variance was attributable to both increased assessed values of real property and increase of one-cent on the real estate tax rate applicable to the full fiscal year.
- ◆ Other local taxes were \$2.6 million greater than the amended budget primarily due to better than expected receipts on business licenses and the local portion of the sales and use taxes collected on the County's behalf by the Commonwealth. Both of these revenues were influenced by a stronger local economy and more confident consumer spending.
- ◆ Permits, privilege fees and regulatory licenses were \$1.6 greater than the amended budget due to higher than expected receipts on the VSMP program and building permit revenue as an impact of the rebounding in commercial and residential construction activity.

Actual expenditures and other financing uses were \$93.1 million (11.6%) less than the amended budget amount. A summary of several key differences is as follows:

- ◆ General government expenditures resulted in a \$2.8 million positive variance with the amended budget. Every general government department contributed to this savings reflecting the County's continued initiative to control costs of providing support services.
- ◆ Public safety expenditures resulted in a \$3.8 million positive variance with the amended budget with Police accounting for the majority of the savings. Most of this savings was encumbered at year end for the purchase of police vehicles.
- ◆ Health and welfare expenditures resulted in a \$3.1 million positive variance with the amended budget, most of which was attributable to Mental Health Support Services providing less in services than expected during the budget adoption cycle. In addition, Galloway Place, the new 12-bed Intermediate Care Facility opened during the fiscal year, did not incur a full year of operating costs as expected.
- ◆ Transfers to other funds resulted in a \$77.7 million positive variance. Transfers to the County and School Capital Projects Funds were \$70.5 million and \$1.4 million, respectively, less than the amended budget due to the timing difference between budgeted and actual expenditures for long-term capital projects. Unspent capital projects transfers were assigned at year-end and re-appropriated as a part of the amended budget for fiscal year 2016. A positive \$5.7 million variance in the transfer to School Board

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

operations was assigned at year-end, as directed by the County Board, for use in future years' school budgets.

CAPITAL/INTANGIBLE ASSETS AND DEBT ADMINISTRATION

Overview

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the issuing entity to report "on behalf" debt and debt service. The operational relationship between the County and School Board component unit related to capital assets and debt involves several transactions between the two entities that are presented in the financial statements to meet reporting requirements. The School Board component unit can neither levy taxes nor incur debt under Virginia law. The County issues debt "on behalf" of the School Board component unit, which is recorded as a liability of the County's governmental activities. The County's charter states that "title to all real property of the school system shall be vested in the County of Chesterfield." The County provides the School Capital Projects Fund with funding to purchase and/or construct real property (land, buildings, improvements other than buildings, and construction in progress) for use in school operations. Due to the charter, the value associated with the purchase and/or construction of School Board component unit real property is reported as capital assets in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property is reported in the County's governmental activities within the appropriate government-wide financial statements. For financial reporting purposes, the School Board component unit directly reports the liability for debt associated with the lease purchase of equipment on its financial statements.

Capital and Intangible Assets

At the end of the fiscal year, the County had an investment of \$1.9 billion in a broad range of capital and intangible assets net of accumulated depreciation, including public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net decrease of \$5.9 million (0.3%) over the prior year. More detailed information about the County's capital and intangible assets is presented in Note 8 of the notes to the financial statements. The net investment in capital assets of governmental activities includes \$641.8 million for school buildings and real property used by the School Board in its operations.

Major projects either completed this year or with significant additions to construction in progress included:

- ◆ Completed major County projects:
 - Harrowgate Fire Station - \$5.4 million
 - Fire Station 5 - Midlothian District land purchase - \$0.6 million
 - Fire Station 25 - Matoaca District land purchase - \$0.6 million
 - Mental Health Intermediate Care Facility - \$3.5 million
 - Matoaca Park Phase III - \$0.7 million
- ◆ Additions to major County construction in progress projects:
 - Police Two and Three story Building - \$4.0 million
 - North Courthouse Road Library (previously called Reams-Gordon Library) - \$6.7 million
- ◆ Completed major School Board component unit projects:
 - Chesterfield Career & Technical Center at Hull Street/21st Century Academy - \$27.1 million
 - Locker and Bleacher Replacement Projects - \$0.9 million
- ◆ Additions to major School Board component unit construction in progress project:
 - Manchester Middle School Renovations - \$0.6 million
 - Providence Middle School Renovations - \$0.9 million
 - Monacan High School Renovations - \$0.9 million
- ◆ Completed major Utilities - Water and Wastewater projects:
 - Robious Road Water Tank - \$5.7 million
 - Route 1 Water Line Replacement - \$3.4 million
 - River Road Water Line Improvements to Virginia State University - \$1.1 million
 - Proctors Creek Wastewater Plant Chemical Feed Building - \$3.0 million

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- ◆ Additions to major Utilities - Water and Wastewater construction in progress projects:
 - Matoaca Water Tank - \$3.9 million
 - Proctors Creek Fine Screen Modifications - \$1.0 million

The County's FY2016 capital improvement program budget added \$160.8 million in planned funding for capital projects, which includes \$114.9 million for the primary government and \$45.9 million for the School Board. Principal projects for the primary government include the Chesapeake Bay Total Maximum Daily Load (TMDL) federally mandated project; Central Library space completion and office consolidation project; Chesterfield Center for the Arts project; Arch Road Widening project; Beach Road (Route 10 to Nash) project; Beulah Road (Kingsland to Pineleaf) project; Lucks Lane (East Evergreen to Route 288) project; Old Bermuda Hundred Road (Old State to Route 10); Otterdale Road (Genito Road Roundabout) project; Otterdale/Old Hundred Road Roundabout project; Huguenot Road water line project; Harrowgate Road water line replacement project; wastewater treatment plant processing upgrades; Turner Road wastewater pump station rehabilitation; and water resources development project. School projects are principally for school building improvements with major projects planned for Crestwood Elementary School renovations, Enon Elementary School replacement, Manchester Middle School renovations and Matoaca Elementary School replacement. The County intends to issue new debt to partially finance these and other projects as identified in the fiscal years 2016-2020 Capital Improvement Program.

TABLE 3
Chesterfield County's Capital and Intangible Assets
June 30, 2015 and 2014
(net of depreciation, in millions of dollars)

	Governmental		Business-type		Total		Total Percentage
	Activities		Activities		Total		Change
	2015	2014	2015	2014	2015	2014	2015 - 2014
Non-depreciable assets:							
Land	\$ 63.8	\$ 61.1	\$ 20.5	\$ 19.8	\$ 84.3	\$ 80.9	4.2%
Redevelopment asset	7.4	12.5	-	-	7.4	12.5	-40.8%
Construction in progress	23.2	40.3	10.6	13.8	33.8	54.1	-37.5%
Depreciable assets:							
Capacity rights	-	-	71.7	71.8	71.7	71.8	-0.1%
Buildings	805.9	793.8	138.3	136.4	944.2	930.2	1.5%
Improvements other than buildings	32.9	33.1	28.9	28.0	61.8	61.1	1.1%
Machinery and equipment	54.4	56.2	597.2	594.0	651.6	650.2	0.2%
Infrastructure	27.5	27.4	0.9	0.9	28.4	28.3	0.4%
Total	\$ 1,015.1	\$ 1,024.4	\$ 868.1	\$ 864.7	\$ 1,883.2	\$ 1,889.1	-0.3%

Long-term Debt

At fiscal year-end, the County had \$516.0 million in bonds, leases purchases and other long-term debt outstanding, a decrease of \$57.8 million (10.1%) compared to the prior year. More detailed information about the County's long-term liabilities is presented in Note 9 of the notes to the financial statements. Outstanding debt of the governmental activities includes \$270.6 million in debt outstanding related to School Board activities and \$15.9 million in outstanding debt for the EDA's development of infrastructure in the Meadowville Technology Park.

A key debt policy established by the County Board is the ratio of debt service (principal and interest) costs to governmental fund expenditures. This ratio was 6.9% for the current year comparing favorably to the policy target of 10.0%. Governmental fund expenditures for purposes of this calculation include expenditures for all governmental fund types of both the primary government and the School Board component unit, excluding capital project funds and payments between the primary government and the School Board component unit.

The County's "AAA" general obligation bond rating from all three major rating agencies was affirmed when it entered the bond market in August 2015 to sell \$92.1 million of general improvement and refunding bonds. Approximately 1% of counties nationwide have earned a triple "AAA" credit rating designation. Standard and Poor's noted that "Chesterfield County's general obligation bonds are eligible to be rated above the sovereign

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

because we believe the County can maintain better credit characteristics than the U. S. in a stress scenario". Moody's concluded "the AAA bond rating reflects the County's strong credit characteristics including a sizeable and diversifying tax base, its carefully managed financial operations with sound reserves and conservative budget management, and moderate debt position with manageable future borrowing needs."

TABLE 4
Chesterfield County's Outstanding Debt
June 30, 2015 and 2014⁽¹⁾
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2015 - 2014
General obligation bonds, net (backed by the County)	\$ 371.6	\$ 411.9	\$ -	\$ -	\$ 371.6	\$ 411.9	-9.8%
Revenue bonds, net (backed by user fee revenues)	-	-	74.5	78.5	74.5	78.5	-5.1%
Certificates of participation	41.0	46.4	0.9	1.0	41.9	47.4	-11.6%
Support agreement	15.9	17.2	-	-	15.9	17.2	-7.6%
Taxable redevelopment facility note	7.5	13.1	-	-	7.5	13.1	-42.7%
Public facility revenue refunding bonds, net	4.2	5.1	-	-	4.2	5.1	-17.6%
Capital lease obligations	0.4	0.6	-	-	0.4	0.6	-33.3%
Total	\$ 440.6	\$ 494.3	\$ 75.4	\$ 79.5	\$ 516.0	\$ 573.8	-10.1%

⁽¹⁾ Amounts for fiscal year 2014 were restated for comparability.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's annual unemployment rate for calendar year 2014 (CY2014) averaged 5.1%, a decrease from the previous calendar year's rate of 5.6%. The County's annual unemployment rate for CY2014 was comparable to the Commonwealth's 5.2% annual unemployment rate for the same period. The County's unemployment rate for August 2015 was 4.4% which was comparable to the Commonwealth's rate of 4.3% for the same period. Improvements in unemployment are expected to continue to be gradual as the economy continues to rebuild job growth lost during the recession.

Home sales in the region remained strong through the first quarter of fiscal year 2016. The County recorded the most home sales in the region for the three month period ending September 30, 2015, with County sales up 20% and the median price up 4% from a year ago. Buyer confidence appears strong as the economy continues to rebound. Homes in the region are selling in an average of 52 days, eight days faster than a year ago, and inventory levels of homes available for sale continue to fall.

The County developed a Biennial Financial Plan for fiscal year 2016 that was adopted on April 23, 2015. The FY2016 adopted budget, totaling \$1.3 billion, represents an increase of 1.0% over the FY2015 adopted budget. The FY2016 budget provides additional investments in public safety, education and core capital facilities with the adopted General Fund transfer to Schools 3.4% higher than last year's budget, which represents more than half of the total growth in the FY2016 budget. In accordance with the five-year plan, public safety remains a high priority. The FY2016 budget provides for additional manpower with eight new officer positions in Police and two new communications officer positions for the Emergency Communications Center. Additional equipment and vehicles for first responders in Police and Fire are also included. The FY2016 budget addresses mounting compensation challenges in public safety departments by providing funding that addresses the gaps in starting pay between Police, Fire and the Sheriff's Office and their peers in other localities. The FY2016 provides a 2% merit increase for all qualifying general government employees. Resources were provided for two additional Commonwealth Attorney's positions and four positions in the Sheriff's Office in response to three new judgeships added last fall. The FY2016 budget funds \$20.0 million of revenue sharing/transportation projects, revitalization improvements to complement the ongoing school program and the creation of a revitalization manager position. Per the five-year plan, the increase will enable

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

the School Board to advance the next phase of its pupil-to-teacher reduction plan by hiring approximately 30 new teachers; provide additional dedicated staffing to support enrichment and remediation efforts; bolster major maintenance funding for school facilities; and considerably accelerate the bus replacement plan that was begun last year. The School Board component unit also identified expenditure savings which allowed it to provide an additional 1% merit increase for teachers and other school staff bringing the total merit increase to 2%. Additional state funding allowed the School Board component unit to double down on its classroom reduction initiative by adding another 30 teachers.

The FY2016 budget accomplishes the full set of goals laid out by the County Board and the School Board last year and does so at the same real, per capita cost as the FY1993 budget. The development of and commitment to the five-year plan has increased transparency and accountability and helped provide both citizens and business with some sense of certainty as to where the community is heading.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chesterfield County Accounting Department, 9901 Lori Road Room 203, Chesterfield, Virginia 23832.

FINANCIAL STATEMENTS

County of Chesterfield, Virginia
Statement of Net Position
June 30, 2015

Exhibit I

	Primary Government				
	Governmental	Business-type		Component	Total
	Activities	Activities	Total	Units	Reporting Entity
ASSETS					
Cash and cash equivalents	\$ 341,198,543	\$ 118,522,427	\$ 459,720,970	\$ 39,936,579	\$ 499,657,549
Investments	66,098,407	108,740,439	174,838,846	1,800,000	176,638,846
Receivables, net of allowance for uncollectibles	245,230,153	15,646,950	260,877,103	7,076,337	267,953,440
Due from primary government	-	-	-	55,585,752	55,585,752
Internal balances	(344,799)	344,799	-	-	-
Inventories	661,081	821,719	1,482,800	693,100	2,175,900
Prepays	10,546,338	-	10,546,338	113,937	10,660,275
Capital assets, not being depreciated	94,378,733	31,097,654	125,476,387	-	125,476,387
Other capital and intangible assets, net of depreciation	920,678,015	837,020,337	1,757,698,352	24,775,512	1,782,473,864
Total assets	1,678,446,471	1,112,194,325	2,790,640,796	129,981,217	2,920,622,013
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	6,171,439	37,202	6,208,641	-	6,208,641
Deferred pension contributions	25,331,900	1,355,265	26,687,165	42,360,590	69,047,755
Deferred pension investment experience	836,519	77,094	913,613	683,353	1,596,966
Deferred pension proportionate share	-	-	-	5,137,000	5,137,000
Total deferred outflows of resources	32,339,858	1,469,561	33,809,419	48,180,943	81,990,362
LIABILITIES					
Accounts payable and accrued expenses	41,643,200	8,785,750	50,428,950	44,402,563	94,831,513
Due to component units	55,585,752	-	55,585,752	-	55,585,752
Unearned revenues	18,904	-	18,904	581,268	600,172
Deposits and advances	-	6,645	6,645	-	6,645
Developers' connection fees refundable	-	756,098	756,098	-	756,098
Prepaid connection fees	-	157,800	157,800	-	157,800
Non-current liabilities:					
Due within one year	84,192,605	5,617,517	89,810,122	16,044,631	105,854,753
Due in more than one year	578,609,717	80,600,712	659,210,429	560,302,258	1,219,512,687
Total liabilities	760,050,178	95,924,522	855,974,700	621,330,720	1,477,305,420
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	151,673,429	-	151,673,429	-	151,673,429
Deferred pension investment experience	44,118,712	2,021,789	46,140,501	71,367,878	117,508,379
Deferred pension economic experience	552,118	50,884	603,002	-	603,002
Deferred pension assumptions	-	-	-	1,898,561	1,898,561
Total deferred inflows of resources	196,344,259	2,072,673	198,416,932	73,266,439	271,683,371
NET POSITION					
Net investment in capital assets	655,698,497	795,520,705	1,451,219,202	22,304,489	1,473,523,691
Restricted for:					
Capital projects	43,399,408	-	43,399,408	-	43,399,408
Debt covenants	-	16,053,703	16,053,703	708,744	16,762,447
Grantor programs	8,404,154	-	8,404,154	298,501	8,702,655
Legislated programs	13,989,703	-	13,989,703	5,547,003	19,536,706
Public safety programs	1,563,174	-	1,563,174	-	1,563,174
Expendable	9,527	-	9,527	-	9,527
Nonexpendable	5,000	-	5,000	-	5,000
Total restricted	67,370,966	16,053,703	83,424,669	6,554,248	89,978,917
Unrestricted (deficit)	31,322,429	204,092,283	235,414,712	(545,293,736)	(309,879,024)
Total net position	\$ 754,391,892	\$ 1,015,666,691	\$ 1,770,058,583	\$ (516,434,999)	\$ 1,253,623,584

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

County of Chesterfield, Virginia
Statement of Activities
For the Year Ended June 30, 2015

Exhibit II

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total Reporting Entity
				Governmental Activities	Business-type Activities	
Primary government						
Governmental activities						
General government	\$ 117,197,913	\$ 74,618,852	\$ 1,049,479	\$ (41,371,471)	\$ -	\$ (41,371,471)
Administration of justice	10,653,019	2,264,811	3,835,851	(4,552,357)	-	(4,552,357)
Public safety	175,196,278	18,371,561	11,906,528	(143,535,112)	-	(143,535,112)
Public works	42,172,196	5,621,638	60,095	(17,352,210)	-	(17,352,210)
Health and welfare	76,361,327	23,781,553	25,279,811	(27,240,177)	-	(27,240,177)
Parks, recreation and cultural	23,582,693	3,278,274	320,029	(16,568,716)	-	(16,568,716)
Education - School Board	303,960,336	127,375	58,563,061	(244,476,539)	-	(244,476,539)
Community development	20,536,333	5,861,598	1,873,155	(12,451,308)	-	(12,451,308)
Interest on long-term debt	16,000,836	-	-	(16,000,836)	-	(16,000,836)
Total governmental activities	785,660,931	133,925,662	102,888,009	(523,548,726)	-	(523,548,726)
Business-type activities						
Water	38,754,527	42,259,584	-	-	19,743,270	19,743,270
Wastewater	38,114,324	41,235,104	-	-	15,123,442	15,123,442
Non-major business activities	10,335,478	1,310,723	5,500,000	-	(3,516,266)	(3,516,266)
Total business-type activities	87,204,329	84,805,411	5,500,000	-	31,350,446	31,350,446
Total primary government	\$ 872,865,260	\$ 218,731,073	\$ 108,388,009	(523,548,726)	31,350,446	(492,198,280)
Component units	\$ 551,000,359	\$ 14,273,644	\$ 107,619,699	-	(429,107,016)	(429,107,016)
General revenues:						
Taxes:						
Property taxes, levied for general purposes				384,534,312	-	384,534,312
Property taxes, levied for special purposes				1,881,961	-	1,881,961
Utility taxes				7,927,826	-	7,927,826
Sales taxes				44,938,389	-	44,938,389
Motor vehicle licenses				14,167,545	-	14,167,545
Business license taxes				19,756,323	-	19,756,323
Other				11,315,246	-	11,315,246
Payment from School Board				10,293,109	-	10,293,109
Payment from County of Chesterfield				-	-	-
Grants and contributions not restricted to specific programs				65,959,716	-	65,959,716
Investment earnings				322,164	750,660	1,072,824
Miscellaneous				859,804	-	859,804
Transfers				(997,797)	997,797	-
Total general revenues and transfers				560,958,598	1,748,457	562,707,055
Change in net position				37,409,872	33,098,903	70,508,775
Total net position-July 1, 2014, restated				716,982,020	982,567,788	1,699,549,808
Total net position-June 30, 2015				\$ 754,391,892	\$ 1,015,666,691	\$ 1,770,058,583
					\$ (516,434,999)	\$ 1,253,623,584

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

County of Chesterfield, Virginia
Balance Sheet
Governmental Funds
June 30, 2015

Exhibit III

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 266,913,131	\$ 31,000,417	\$ 1,093,732	\$ 6,665,021	\$ 305,672,301
Cash, cash equivalents and investments with fiscal agents	12,706	8,204,462	-	-	8,217,168
Investments	15,494,276	35,401,831	6,997,838	-	57,893,945
Receivables, net of allowances for uncollectibles of \$16,955,591	186,989,912	123,734	51,316	1,586,251	188,751,213
Due from other funds	26,000	-	-	-	26,000
Due from other governments	47,843,336	5,383,752	-	2,836,245	56,063,333
Total assets	<u>\$ 517,279,361</u>	<u>\$ 80,114,196</u>	<u>\$ 8,142,886</u>	<u>\$ 11,087,517</u>	<u>\$ 616,623,960</u>
LIABILITIES					
Accounts payable	\$ 7,336,995	\$ 7,151,112	\$ 1,000,355	\$ 2,130,343	\$ 17,618,805
Due to other funds	370,799	-	-	-	370,799
Due to component unit - School Board	55,585,752	-	-	-	55,585,752
Accrued liabilities	10,527,927	15,795	-	221,583	10,765,305
Retainages payable	-	931,771	333,212	17,514	1,282,497
Unearned revenues	-	-	-	18,904	18,904
Deposits payable	312,888	1,790,466	-	-	2,103,354
Total liabilities	<u>74,134,361</u>	<u>9,889,144</u>	<u>1,333,567</u>	<u>2,388,344</u>	<u>87,745,416</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	151,673,429	-	-	-	151,673,429
Unavailable revenues	19,238,193	103,519	-	758,853	20,100,565
Total deferred inflows of resources	<u>170,911,622</u>	<u>103,519</u>	<u>-</u>	<u>758,853</u>	<u>171,773,994</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	16,031,238	70,121,533	6,581,290	1,885,348	94,619,409
Committed	725,267	-	-	-	725,267
Assigned	197,476,873	-	228,029	6,049,972	203,754,874
Unassigned	58,000,000	-	-	-	58,000,000
Total fund balances	<u>272,233,378</u>	<u>70,121,533</u>	<u>6,809,319</u>	<u>7,940,320</u>	<u>357,104,550</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 517,279,361</u>	<u>\$ 80,114,196</u>	<u>\$ 8,142,886</u>	<u>\$ 11,087,517</u>	<u>\$ 616,623,960</u>

Reconciliation of total fund balances for governmental funds to total net position of governmental activities:

Total fund balances for governmental funds \$ 357,104,550

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are not reported in the funds. 1,008,986,967

Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:

Uncollected taxes receivable	\$ 12,575,819	
Uncollected receivables from other governments	3,746,544	
Uncollected miscellaneous receivables	<u>3,778,202</u>	20,100,565

Prepaid and deferred items:

Other postemployment benefit assets	4,012,571	
Prepaid capital asset	2,722,517	
Prepaid rent	3,811,250	
Deferred charge on refunding	6,171,439	
Deferred pension contributions	24,810,390	
Deferred pension investment experience	(42,322,098)	
Deferred pension economic experience	<u>(549,952)</u>	(1,343,883)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicles and communications, and capital projects management to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position. 19,786,439

Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds:

Net bonds, certificates of participation, public facility lease, taxable redevelopment facility note, support agreements and capital lease obligations	(440,603,289)	
Judgments and claims	(9,855,046)	
Landfill	(1,280,379)	
Net pension liabilities	(164,158,624)	
Compensated absences	(23,411,552)	
Pollution remediation obligation	(2,686,500)	
Interest payable	<u>(8,247,356)</u>	(650,242,746)

Total net position of governmental activities \$ 754,391,892

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

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
From local sources:					
General property taxes	\$ 387,980,769	\$ -	\$ -	\$ -	\$ 387,980,769
Other local taxes	98,580,358	-	-	-	98,580,358
Permits, privilege fees and regulatory licenses	6,821,163	-	-	-	6,821,163
Fines and forfeitures	2,496,443	-	-	-	2,496,443
Use of money and property	679,243	172,795	14,262	262	866,562
Contributions from developers	-	7,018,286	-	-	7,018,286
Charges for services	31,752,198	217,766	127,375	7,173,813	39,271,152
Miscellaneous	3,437,228	28,214	-	86,478	3,551,920
Recovered costs	12,098,691	-	-	342,072	12,440,763
Donations and contributions	120,170	235,867	23,364	119,568	498,969
From component unit:					
School Board	-	18,600	8,293,432	1,981,077	10,293,109
Chippenham Place Community Development Authority	552,324	-	-	-	552,324
From other governments	157,847,469	14,483,531	-	12,164,752	184,495,752
Total revenues	<u>702,366,056</u>	<u>22,175,059</u>	<u>8,458,433</u>	<u>21,868,022</u>	<u>754,867,570</u>
Expenditures					
Current:					
General government	45,747,255	-	-	-	45,747,255
Administration of justice	8,906,905	-	-	604,512	9,511,417
Public safety	167,192,445	-	-	7,354,546	174,546,991
Public works	16,707,503	-	-	-	16,707,503
Health and welfare	63,618,731	-	-	12,426,740	76,045,471
Parks, recreation and cultural	18,233,739	-	-	118,968	18,352,707
Education - School Board	271,869,685	-	82,834	-	271,952,519
Community development	17,828,737	-	-	2,276,250	20,104,987
Debt service:					
Retirement of principal	49,466,021	-	-	-	49,466,021
Interest	18,269,647	-	-	-	18,269,647
Other	110,342	-	-	-	110,342
Capital outlay	-	51,160,921	18,676,060	-	69,836,981
Total expenditures	<u>677,951,010</u>	<u>51,160,921</u>	<u>18,758,894</u>	<u>22,781,016</u>	<u>770,651,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,415,046</u>	<u>(28,985,862)</u>	<u>(10,300,461)</u>	<u>(912,994)</u>	<u>(15,784,271)</u>
Other financing sources (uses)					
Transfers in	3,070,700	20,010,569	3,425,549	3,723,102	30,229,920
Transfers out	(28,737,951)	(1,179,466)	-	(1,297,100)	(31,214,517)
Sale of redevelopment asset	5,105,223	-	-	-	5,105,223
Total other financing sources (uses), net	<u>(20,562,028)</u>	<u>18,831,103</u>	<u>3,425,549</u>	<u>2,426,002</u>	<u>4,120,626</u>
Net change in fund balances	3,853,018	(10,154,759)	(6,874,912)	1,513,008	(11,663,645)
Total fund balances, July 1, 2014	268,380,360	80,276,292	13,684,231	6,427,312	368,768,195
Total fund balances, June 30, 2015	<u>\$ 272,233,378</u>	<u>\$ 70,121,533</u>	<u>\$ 6,809,319</u>	<u>\$ 7,940,320</u>	<u>\$ 357,104,550</u>

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net change in fund balances - total governmental funds.	\$	(11,663,645)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capitalized assets	\$ 33,112,721		
Depreciation	(38,530,968)		(5,418,247)

In the Statement of Activities, only the gain on the sale of surplus assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the surplus assets sold.			(5,194,494)
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Donations of capital assets increase revenues in the Statement of Changes in Net Position but do not appear in the governmental funds because they are not financial resources.			1,959,943
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.			947,636
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Amortization of prepaid rent in the government-wide statements is not an expenditure in the fund statements.			(115,000)
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Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position:			
Payments			49,466,021

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes (exclusive of internal service fund changes) of the following balances:

Compensated absences	(1,536,483)		
Judgment and claims	1,350,543		
Net pension liabilities	52,379,906		
Other postemployment benefits asset	429,505		
Landfill	(190,780)		
Interest payable	(597,078)		
Deferred pension contributions	413,297		
Amortization of debt premiums	4,159,433		
Amortization of deferred charge on refunding	(1,183,199)		
Amortization of deferred pension investment experience	(42,322,098)		
Amortization of deferred pension economic experience	(549,952)		12,353,094

Internal service funds are used by management to charge the costs of insurance, vehicles and communications and capital projects management to individual funds. The net revenue of the internal service funds is reported with governmental activities.			(4,925,436)
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Change in net position of governmental activities.	\$		37,409,872
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The accompanying notes are an integral part of the financial statements.

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
From local sources:				
General property taxes	\$ 379,843,600	\$ 379,964,420	\$ 387,980,769	\$ 8,016,349
Other local taxes	110,214,100	110,796,568	113,426,810	2,630,242
Permits, privilege fees and regulatory licenses	5,780,700	5,784,275	7,394,983	1,610,708
Fines and forfeitures	1,957,200	2,235,467	2,496,443	260,976
Use of money and property	1,128,200	1,129,417	679,243	(450,174)
Charges for services	32,497,700	32,576,873	31,178,379	(1,398,494)
Miscellaneous	1,375,700	2,230,792	3,437,228	1,206,436
Recovered costs	11,686,400	17,569,286	17,756,238	186,952
Donations and contributions	27,600	76,658	120,170	43,512
From other governments	141,873,600	141,979,535	143,001,016	1,021,481
Total revenues	<u>686,384,800</u>	<u>694,343,291</u>	<u>707,471,279</u>	<u>13,127,988</u>
Expenditures				
Current:				
General government	49,144,586	48,507,720	45,747,255	2,760,465
Administration of justice	8,769,895	9,206,485	8,962,791	243,694
Public safety	168,249,891	171,000,324	167,197,897	3,802,427
Public works	17,353,143	17,460,347	16,708,189	752,158
Health and welfare	67,068,015	67,469,015	64,331,317	3,137,698
Parks, recreation and cultural	18,536,789	18,894,225	18,233,739	660,486
Community development	16,810,373	19,770,038	19,479,265	290,773
Non-departmental	3,356,300	2,410,953	-	2,410,953
Debt service:				
Retirement of principal	14,465,600	21,288,165	20,135,225	1,152,940
Interest	7,507,100	5,750,165	5,584,031	166,134
Other	899,800	106,000	106,642	(642)
Total expenditures	<u>372,161,492</u>	<u>381,863,437</u>	<u>366,486,351</u>	<u>15,377,086</u>
Excess of revenues over expenditures	<u>314,223,308</u>	<u>312,479,854</u>	<u>340,984,928</u>	<u>28,505,074</u>
Other financing sources (uses)				
Transfers in	1,905,700	3,070,700	3,070,700	-
Transfers out	(341,523,700)	(417,926,737)	(340,202,610)	77,724,127
Total other financing uses, net	<u>(339,618,000)</u>	<u>(414,856,037)</u>	<u>(337,131,910)</u>	<u>77,724,127</u>
Net change in fund balance	(25,394,692)	(102,376,183)	3,853,018	106,229,201
Fund balance, July 1, 2014	<u>268,380,360</u>	<u>268,380,360</u>	<u>268,380,360</u>	<u>-</u>
Fund balance, June 30, 2015	<u>\$ 242,985,668</u>	<u>\$ 166,004,177</u>	<u>\$ 272,233,378</u>	<u>\$ 106,229,201</u>

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

Explanation of differences between actual amounts on the budgetary basis and GAAP basis.

Revenues

Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 707,471,279
Proceeds from the sale of capital assets, on a budgetary basis, are considered revenues from local sources.	<u>(5,105,223)</u>
Total revenues of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ 702,366,056</u>

Expenditures

Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 366,486,351
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(774,610)
Budgetary transfers to component unit, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes.	271,869,685
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	(1,650,528)
Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes.	<u>42,020,112</u>
Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 677,951,010</u>

Other financing sources (uses)

Total other financing uses on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ (337,131,910)
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(774,610)
Proceeds from the sale of capital assets are considered other financing sources for financial reporting purposes.	5,105,223
Budgetary transfers to component units are expenditures for financial reporting purposes.	313,889,797
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	<u>(1,650,528)</u>
Total other financing uses of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ (20,562,028)</u>

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

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental
			Total		Activities
	Water	Wastewater	Non-major Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 51,440,021	\$ 46,777,254	\$ 4,488,644	\$ 102,705,919	\$ 35,513,536
Investments	40,980,661	63,992,415	-	104,973,076	-
Restricted cash equivalents with trustees	-	-	325,013	325,013	-
Receivables, net of allowances for uncollectibles of \$802,668					
Accounts	7,907,620	7,031,018	59,229	14,997,867	272,368
Special assessments	12,330	26,195	-	38,525	-
Total net receivables	7,919,950	7,057,213	59,229	15,036,392	272,368
Accrued interest	20,489	61,982	-	82,471	-
Due from other governments	-	-	8,620	8,620	143,239
Due from other funds	-	-	370,799	370,799	-
Inventories	821,719	-	-	821,719	661,081
Total current assets	101,182,840	117,888,864	5,252,305	224,324,009	36,590,224
Non-current assets:					
Accrued interest receivable	-	161,148	-	161,148	-
Special assessments receivable	116,253	242,066	-	358,319	-
Restricted :					
Cash and cash equivalents	4,922,150	3,874,117	-	8,796,267	-
Cash and cash equivalents with trustees	1,626,699	5,068,529	-	6,695,228	-
Investments with trustees	3,767,363	-	-	3,767,363	-
Total restricted assets	10,316,212	8,942,646	-	19,258,858	-
Capital and intangible assets:					
Capacity rights	69,207,569	2,496,413	-	71,703,982	-
Land and land improvements	5,175,254	1,961,309	13,371,142	20,507,705	193,685
Buildings	57,011,329	146,942,572	7,143,405	211,097,306	2,224,730
Improvements other than buildings	8,972,097	19,069,061	29,138,278	57,179,436	311,805
Infrastructure	-	-	1,171,221	1,171,221	-
Machinery and equipment	435,672,936	504,381,095	1,694,320	941,748,351	14,649,927
Construction in progress	6,069,320	2,858,340	1,662,289	10,589,949	34,787
Total capital and intangible assets	582,108,505	677,708,790	54,180,655	1,313,997,950	17,414,934
Less accumulated depreciation	(173,083,695)	(252,195,152)	(20,601,112)	(445,879,959)	(11,345,153)
Total capital and intangible assets, net of accumulated depreciation	409,024,810	425,513,638	33,579,543	868,117,991	6,069,781
Total non-current assets	419,457,275	434,859,498	33,579,543	887,896,316	6,069,781
Total assets	520,640,115	552,748,362	38,831,848	1,112,220,325	42,660,005
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	37,202	37,202	-
Deferred pension contributions	712,881	624,104	18,280	1,355,265	521,510
Deferred pension investment experience	46,256	30,838	-	77,094	3,282
Total deferred outflows of resources	759,137	654,942	55,482	1,469,561	524,792

(Continued)

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2015

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 4,515,494	\$ 1,206,765	\$ 58,722	\$ 5,780,981	\$ 1,288,025
Due to other funds	-	-	26,000	26,000	-
Accrued liabilities:					
Wages and benefits	480,161	407,674	11,014	898,849	337,858
Interest	-	-	6,031	6,031	-
Other	510,565	31,661	381,874	924,100	-
Total accrued liabilities	990,726	439,335	398,919	1,828,980	337,858
Compensated absences	418,837	411,954	11,773	842,564	286,261
Judgments and claims	298,870	193,275	-	492,145	15,615,534
Certificates of participation, net	-	-	109,646	109,646	-
Revenue bonds payable, net	2,094,707	2,078,455	-	4,173,162	-
Total current liabilities	8,318,634	4,329,784	605,060	13,253,478	17,527,678
Non-current liabilities:					
Liabilities payable from restricted assets:					
Principal installments with trustee	1,386,667	1,333,333	-	2,720,000	-
Accrued interest payable	239,605	245,550	-	485,155	-
Deposits and advances	-	-	6,645	6,645	-
Total liabilities payable from restricted assets	1,626,272	1,578,883	6,645	3,211,800	-
Developers' connection fees refundable	66,895	689,203	-	756,098	-
Retainages payable	566,625	67,702	56,307	690,634	-
Prepaid connection fees	-	157,800	-	157,800	-
Compensated absences	412,919	319,772	9,078	741,769	224,311
Judgments and claims	595,548	385,131	-	980,679	1,062,885
Net pension liabilities	3,948,221	3,741,266	117,097	7,806,584	3,617,941
Certificates of participation, net	-	-	792,018	792,018	-
Revenue bonds payable, net	31,539,404	36,020,258	-	67,559,662	-
Total non-current liabilities	38,755,884	42,960,015	981,145	82,697,044	4,905,137
Total liabilities	47,074,518	47,289,799	1,586,205	95,950,522	22,432,815
DEFERRED INFLOWS OF RESOURCES					
Deferred pension investment experience	1,016,622	973,900	31,267	2,021,789	963,377
Deferred pension economic experience	30,530	20,354	-	50,884	2,166
Total deferred inflows of resources	1,047,152	994,254	31,267	2,072,673	965,543
NET POSITION					
Net investment in capital assets	375,390,699	387,414,925	32,715,081	795,520,705	6,069,781
Restricted - debt covenants	8,689,940	7,363,763	-	16,053,703	-
Unrestricted	89,196,943	110,340,563	4,554,777	204,092,283	13,716,658
Total net position	\$ 473,277,582	\$ 505,119,251	\$ 37,269,858	\$ 1,015,666,691	\$ 19,786,439

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

County of Chesterfield, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2015

Exhibit VII

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
Operating revenues					
Charges for services	\$ 40,451,950	\$ 41,217,251	\$ 1,116,343	\$ 82,785,544	\$ 124,636,001
Sale of supplies	786,193	-	-	786,193	-
Rental fees	929,976	-	-	929,976	-
From other governments	-	-	5,538,596	5,538,596	-
Other	91,465	17,853	155,784	265,102	533,327
Total operating revenues	<u>42,259,584</u>	<u>41,235,104</u>	<u>6,810,723</u>	<u>90,305,411</u>	<u>125,169,328</u>
Operating expenses					
Salaries and wages	7,744,114	7,157,729	239,473	15,141,316	7,004,192
Contractual services	11,084,946	4,374,839	186,021	15,645,806	1,577,961
Capacity rights amortization	2,005,052	118,877	-	2,123,929	-
Materials and supplies	2,712,680	3,979,185	23,413	6,715,278	9,323,053
Heat, light and power	1,510,116	2,462,630	103,022	4,075,768	63,124
Rent	750	-	-	750	-
Depreciation	11,093,528	17,163,899	1,439,134	29,696,561	1,384,266
Repairs and maintenance	742,582	974,803	124,172	1,841,557	1,024,953
Insurance	-	-	-	-	2,770,874
Claims	-	-	-	-	107,343,601
Other	504,201	323,474	7,425,173	8,252,848	31,100
Total operating expenses	<u>37,397,969</u>	<u>36,555,436</u>	<u>9,540,408</u>	<u>83,493,813</u>	<u>130,523,124</u>
Operating income (loss)	<u>4,861,615</u>	<u>4,679,668</u>	<u>(2,729,685)</u>	<u>6,811,598</u>	<u>(5,353,796)</u>
Non-operating revenues (expenses)					
Investment income	341,339	406,490	2,831	750,660	24,044
Interest expense	(1,171,448)	(1,322,962)	(28,533)	(2,522,943)	-
Gain (loss) on disposal of capital assets	(120,182)	(57,611)	-	(177,793)	114,074
Other	(64,928)	(178,315)	(766,537)	(1,009,780)	-
Net non-operating revenues (expenses)	<u>(1,015,219)</u>	<u>(1,152,398)</u>	<u>(792,239)</u>	<u>(2,959,856)</u>	<u>138,118</u>
Gain (loss) before contributions and transfers					
	3,846,396	3,527,270	(3,521,924)	3,851,742	(5,215,678)
Capital contributions	16,238,213	12,002,662	8,489	28,249,364	303,442
Transfers in	7,870	-	1,665,627	1,673,497	-
Transfers out	(673,400)	(2,300)	-	(675,700)	(13,200)
Change in net assets	19,419,079	15,527,632	(1,847,808)	33,098,903	(4,925,436)
Total net position-July 1, 2014, restated	<u>453,858,503</u>	<u>489,591,619</u>	<u>39,117,666</u>	<u>982,567,788</u>	<u>24,711,875</u>
Total net position-June 30, 2015	<u>\$ 473,277,582</u>	<u>\$ 505,119,251</u>	<u>\$ 37,269,858</u>	<u>\$ 1,015,666,691</u>	<u>\$ 19,786,439</u>

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

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
Cash flows from operating activities					
Receipts from customers	\$ 41,421,214	\$ 41,109,509	\$ 6,824,606	\$ 89,355,329	\$ 125,010,693
Payments to suppliers	(17,717,066)	(12,091,273)	(7,562,410)	(37,370,749)	(14,652,211)
Payments to employees	(8,112,852)	(7,594,455)	(243,708)	(15,951,015)	(7,172,626)
Claims paid	-	-	-	-	(103,601,110)
Net cash provided by (used in) operating activities	<u>15,591,296</u>	<u>21,423,781</u>	<u>(981,512)</u>	<u>36,033,565</u>	<u>(415,254)</u>
Cash flows from non-capital financing activities					
Transfers in	-	-	1,312,958	1,312,958	-
Transfers out	(593,100)	(2,300)	-	(595,400)	(13,200)
Net cash provided by (used in) non-capital financing activities	<u>(593,100)</u>	<u>(2,300)</u>	<u>1,312,958</u>	<u>717,558</u>	<u>(13,200)</u>
Cash flows from capital and related financing activities					
Advance from General Fund	-	-	(249,000)	(249,000)	-
Purchase of capital assets	(10,862,748)	(5,762,200)	(1,956,701)	(18,581,649)	(982,098)
Purchase of capacity rights	(2,026,172)	-	-	(2,026,172)	-
Payments to developers for utility assets	(144,095)	(213,055)	-	(357,150)	-
Retainages paid to contractors	(293,279)	(76,660)	-	(369,939)	-
Proceeds from sale of capital assets	-	-	-	-	209,085
Capital contributions	9,188,754	5,151,638	-	14,340,392	-
Interest paid on bonds, certificates of participation and other liabilities	(1,477,530)	(1,502,400)	(38,078)	(3,018,008)	-
Principal paid on bonds, certificates of participation and other liabilities	(1,995,000)	(1,940,000)	(95,933)	(4,030,933)	-
Payment of other debt expenses	(5,500)	(5,650)	-	(11,150)	-
Net cash used in capital and related financing activities	<u>(7,615,570)</u>	<u>(4,348,327)</u>	<u>(2,339,712)</u>	<u>(14,303,609)</u>	<u>(773,013)</u>
Cash flows from investing activities					
Purchase of investments	(63,999,000)	(104,449,600)	-	(168,448,600)	-
Proceeds from sale of investments	81,998,000	88,442,850	-	170,440,850	-
Interest received	350,715	380,116	2,831	733,662	24,044
Net cash provided by (used in) investing activities	<u>18,349,715</u>	<u>(15,626,634)</u>	<u>2,831</u>	<u>2,725,912</u>	<u>24,044</u>
Net increase (decrease) in cash and cash equivalents	<u>25,732,341</u>	<u>1,446,520</u>	<u>(2,005,435)</u>	<u>25,173,426</u>	<u>(1,177,423)</u>

(Continued)

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
Cash and cash equivalents, June 30, 2014:					
Cash and cash equivalents	\$ 25,900,526	\$ 45,426,869	\$ 6,492,676	\$ 77,820,071	\$ 36,690,959
Investments	58,975,172	47,974,713	-	106,949,885	-
Less: Investments with maturities greater than 90 days when purchased	(58,975,172)	(47,974,713)	-	(106,949,885)	-
Restricted cash and cash equivalents	4,778,233	3,808,283	-	8,586,516	-
Restricted investments	3,761,933	-	-	3,761,933	-
Restricted cash and cash equivalents with trustees	1,583,200	5,038,228	326,416	6,947,844	-
Total cash and cash equivalents, June 30, 2014	<u>36,023,892</u>	<u>54,273,380</u>	<u>6,819,092</u>	<u>97,116,364</u>	<u>36,690,959</u>
Cash and cash equivalents, June 30, 2015:					
Cash and cash equivalents	51,440,021	46,777,254	4,488,644	102,705,919	35,513,536
Investments	40,980,661	63,992,415	-	104,973,076	-
Less: Investments with maturities greater than 90 days when purchased	(40,980,661)	(63,992,415)	-	(104,973,076)	-
Restricted cash and cash equivalents	4,922,150	3,874,117	-	8,796,267	-
Restricted investments with trustees	3,767,363	-	-	3,767,363	-
Restricted cash and cash equivalents with trustees	1,626,699	5,068,529	325,013	7,020,241	-
Total cash and cash equivalents, June 30, 2015	<u>\$ 61,756,233</u>	<u>\$ 55,719,900</u>	<u>\$ 4,813,657</u>	<u>\$ 122,289,790</u>	<u>\$ 35,513,536</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 4,861,615	\$ 4,679,668	\$ (2,729,685)	\$ 6,811,598	\$ (5,353,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	11,093,528	17,163,899	1,439,134	29,696,561	1,384,266
Amortization	2,005,052	118,877	-	2,123,929	-
Changes in assets and liabilities:					
Receivables, net	(582,300)	110,651	13,882	(457,767)	(111,175)
Inventories	19,185	-	-	19,185	16,552
Accounts and other payables	(1,805,784)	(649,314)	295,157	(2,159,941)	3,648,899
Net cash provided by (used in) operating activities	<u>\$ 15,591,296</u>	<u>\$ 21,423,781</u>	<u>\$ (981,512)</u>	<u>\$ 36,033,565</u>	<u>\$ (415,254)</u>
Noncash transactions related to financing, capital and investing activities:					
Contributions of capital assets	\$ 6,977,028	\$ 6,851,024	\$ -	\$ 13,828,052	\$ 303,442
Issuance of developer contracts	60,963	-	-	60,963	-
Unrealized gain on investments	4,489	10,952	-	15,441	-
Interest receivable	13,865	15,422	-	29,287	-

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

County of Chesterfield, Virginia
Statement of Fiduciary Net Position
June 30, 2015

	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,142,003	\$ 9,709,463
Accounts receivable	30,100	620,700
Due from other governments	-	734,000
Restricted assets:		
Cash and cash equivalents	-	8,416,614
Investments	-	13,847,131
Cash, cash equivalents, and investments with trustee	-	2,539,802
Due from other governments	-	2,278,416
Interest receivable	-	49
Total restricted assets	<u>-</u>	<u>27,082,012</u>
Investments:		
Mutual funds	3,453,269	-
Common and preferred stocks	12,742,727	-
Corporate bonds	1,928,055	-
U.S. government and agency securities	1,705,066	-
Exchange traded funds	5,252,002	-
Collateralized mortgage obligations	89,217	-
Fund of funds	4,315,636	-
Pooled funds	40,723,474	-
Total investments	<u>70,209,446</u>	<u>-</u>
Total assets	<u>73,381,549</u>	<u>\$ 38,146,175</u>
LIABILITIES		
Due to broker	2,576,858	-
Amounts held for others	-	38,146,175
Total liabilities	<u>2,576,858</u>	<u>\$ 38,146,175</u>
FIDUCIARY NET POSITION		
Restricted for pensions/other postemployment benefits	<u>\$ 70,804,691</u>	

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

County of Chesterfield, Virginia
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2015

	<u>Trust Funds</u>
Additions:	
Contributions - employer	\$ 31,424,479
Investment earnings:	
Interest and dividends	608,473
Accrued income	30,103
Net increase in the fair value of investments	<u>1,188,100</u>
Total investment income	1,826,676
Less investment expenses	<u>(223,300)</u>
Net investment income	<u>1,603,376</u>
Total additions, net	<u>33,027,855</u>
 Deductions:	
Benefit payments	28,138,320
Administrative expenses	<u>101,531</u>
Total deductions	<u>28,239,851</u>
Increase in net position restricted for pensions/other postemployment benefits	 4,788,004
Fiduciary net position - July 1, 2014	<u>66,016,687</u>
Fiduciary net position - June 30, 2015	<u>\$ 70,804,691</u>

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

County of Chesterfield, Virginia
Statement of Net Position
Discretely Presented Component Units
June 30, 2015

	<u>School</u> <u>Board</u>	<u>Non-major</u> <u>Component</u> <u>Units</u>	<u>Total</u> <u>Component</u> <u>Units</u>
ASSETS			
Cash and cash equivalents	\$ 38,628,447	\$ 1,308,132	\$ 39,936,579
Investments	-	1,800,000	1,800,000
Receivables	7,047,389	28,948	7,076,337
Due from primary government	55,585,752	-	55,585,752
Inventories	693,100	-	693,100
Prepays	112,925	1,012	113,937
Other capital assets, net of depreciation	<u>24,775,512</u>	<u>-</u>	<u>24,775,512</u>
Total assets	<u>126,843,125</u>	<u>3,138,092</u>	<u>129,981,217</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension contributions	42,360,590	-	42,360,590
Deferred pension investment experience	683,353	-	683,353
Deferred pension proportionate share	<u>5,137,000</u>	<u>-</u>	<u>5,137,000</u>
Total deferred outflows of resources	<u>48,180,943</u>	<u>-</u>	<u>48,180,943</u>
LIABILITIES			
Accounts payable and other liabilities	44,075,293	327,270	44,402,563
Unearned revenues	581,268	-	581,268
Non-current liabilities:			
Due within one year	13,614,002	2,430,629	16,044,631
Due in more than one year	<u>537,524,931</u>	<u>22,777,327</u>	<u>560,302,258</u>
Total liabilities	<u>595,795,494</u>	<u>25,535,226</u>	<u>621,330,720</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension investment experience	71,367,878	-	71,367,878
Deferred pension assumptions	<u>1,898,561</u>	<u>-</u>	<u>1,898,561</u>
Total deferred inflows of resources	<u>73,266,439</u>	<u>-</u>	<u>73,266,439</u>
NET POSITION			
Net investment in capital assets	22,304,489	-	22,304,489
Restricted for:			
Debt service	-	708,744	708,744
Grantor programs	298,501	-	298,501
Legislated programs	<u>5,547,003</u>	<u>-</u>	<u>5,547,003</u>
Total restricted	5,845,504	708,744	6,554,248
Unrestricted (deficit)	<u>(522,187,858)</u>	<u>(23,105,878)</u>	<u>(545,293,736)</u>
Total net position (deficit)	<u><u>\$ (494,037,865)</u></u>	<u><u>\$ (22,397,134)</u></u>	<u><u>\$ (516,434,999)</u></u>

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

County of Chesterfield, Virginia
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Non-major Component Units	Total Component Units
School Board	\$ 544,124,428	\$ 14,273,644	\$ 107,619,699	\$ -	\$ (422,231,085)	\$ -	\$ (422,231,085)
Non-major Component Units	6,875,931	-	-	-	-	(6,875,931)	(6,875,931)
Total	\$ 551,000,359	\$ 14,273,644	\$ 107,619,699	\$ -	(422,231,085)	(6,875,931)	(429,107,016)
General revenues:							
Payment from primary government					279,308,314	3,530,057	282,838,371
Grants and contributions							
not restricted to specific programs					167,322,997	-	167,322,997
Investment earnings					20,308	85,841	106,149
Miscellaneous					1,670,367	-	1,670,367
Total general revenues					448,321,986	3,615,898	451,937,884
Change in net position (deficit)							
Total net position (deficit) - July 1, 2014, restated					26,090,901	(3,260,033)	22,830,868
Total net position (deficit) - June 30, 2015					(520,128,766)	(19,137,101)	(539,265,867)
					\$ (494,037,865)	\$ (22,397,134)	\$ (516,434,999)

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

1. Summary of Significant Accounting Policies

A. Reporting Entity

Primary Government - Chesterfield County, Virginia (County) is a political subdivision of the Commonwealth of Virginia (Commonwealth) governed by a five-member elected Board of Supervisors (County Board). The accompanying financial statements for the primary government and its component units are prepared in accordance with specifications issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

Blended Component Unit - The financial data of the County's component unit that meets the criteria for blending under GAAP is reported as a business-type activity in the financial statements of the County.

The Economic Development Authority of the County of Chesterfield (EDA), previously known as the Industrial Development Authority, was created as a political subdivision of the Commonwealth by the County, pursuant to the provisions of the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2, Code of Virginia. This Act empowers the EDA, among other activities, to issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth. The County Board appoints the seven directors of the EDA. In addition, the County's General Fund provides financial support by making direct payments of substantially all of the debt service expenses of the EDA which fulfills the requirements for reporting the EDA as a blended component unit under GASB Statement No. 61. Separate and complete financial statements for the EDA may be obtained at Chesterfield County Economic Development Department, 9401 Courthouse Road, Centre Court - Suite B, Chesterfield, Virginia 23832.

Discretely Presented Component Units - The financial information of the County's component units that meet the criteria for inclusion under GAAP but do not meet the criteria for blending are reported in a single column/row on the face of the government-wide financial statements with combining statements of major and non-major component units as Exhibits XI and XII.

1. The Chesterfield County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four-year term. The members of the current School Board were elected in November 2011. The School Board functions independently of the County Board and County Administration, but is fiscally dependent upon the County because the County Board approves the budget, levies the necessary taxes to finance operations and issues debt on behalf of the School Board. The School Board can neither levy taxes nor incur bonded indebtedness under Virginia law. Fund financial statements of the School Board are included in the supplementary information section.
2. The Watkins Centre Community Development Authority (Watkins Centre CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District (District), a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County. The District is part of a mixed-use development that includes retail and commercial components. The County Board appoints the five members of the Watkins Centre CDA board and has pledged a tax increment of certain real property and sales taxes collected within the District as a revenue source for retiring debt issued by the Watkins Centre CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Watkins Centre CDA's behalf. Complete financial statements for the Watkins Centre CDA may be obtained by contacting the

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

3. The Chippenham Place Community Development Authority (Chippenham Place CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Chippenham Place CDA was created to fund public infrastructure improvements at the former Cloverleaf Mall site (Stonebridge) owned by the County. The improvements are part of a mixed-use development project that will provide residential, retail and commercial office components. The County Board appoints the five members of the Chippenham Place CDA board and has pledged a tax increment of certain real property and sales taxes collected within the Chippenham Place CDA district as a revenue source for retiring debt issued by the Chippenham Place CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Chippenham Place CDA's behalf. Complete financial statements for the Chippenham Place CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. All non-fiduciary activities are categorized as either governmental or business-type in both the government-wide and fund statements. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements.

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reflect a full economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position presents the assets and deferred outflows, liabilities and deferred inflows, and net position of the governmental and business-type activities by columns. In the Statement of Activities, both the gross and net cost per individual function is reported for both governmental and business-type activities. Related program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by the function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the function. The County does not allocate indirect expenses. Taxes and other revenues not restricted to a particular function are reported as general revenues.

In the fund financial statements, financial transactions and accounts are organized on the basis of funds. Fund financial statements consist of a series of statements that primarily focus on the information about the County's major governmental and enterprise funds. The governmental funds' financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary funds' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or agency capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Unearned revenues are a liability that represents amounts received where the exchange transaction has not been completed. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met and amounts are measurable.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Generally, revenues are considered available only if the monies are received within 45 days after the end of the accounting period and are due on or before the last day of the accounting period. Unavailable revenues are resource inflows that represent amounts earned, but which are not available to liquidate liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recorded when paid.

Real and personal property taxes are recorded as deferred inflows of resources when billed, net of allowances for uncollectible amounts. During the fiscal year, property tax collections are recorded as revenues and deferred inflows of resources is reduced. Property taxes for the current and prior years, not collected within 45 days after year-end, remain recorded as unavailable deferred inflows of resources in the fund statements. Sales taxes, which are collected by the Commonwealth before year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the Commonwealth, which is generally in the month preceding receipt by the County.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available.

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

County Capital Projects Fund - The County Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities and other capital assets used for County operations (other than those financed by Proprietary Funds).

School Capital Projects Fund - The School Capital Projects Fund is used to account for financial resources used primarily for the acquisition, construction or renovation of major capital facilities and other capital assets used for school operations.

The non-major governmental funds of the County are:

Grants Fund - The Grants Fund accounts for the proceeds related to federal and state programs and special revenues that are restricted to expenditures for specific purposes.

Comprehensive Services Fund - The Comprehensive Services Fund is used to account for the financial resources related to providing child centered, family focused and locally based services for at-risk youth.

T. F. Jeffress Memorial Fund - The T. F. Jeffress Memorial Fund is used to account for the financial activity related to trust assets designated to assist in the maintenance of Camp Baker, a camp for mentally disabled individuals.

Proprietary Funds are used to account for the primary government's ongoing organizations and activities similar to those often found in the private sector. The County reports the following proprietary funds:

Enterprise Funds:

Water Fund - The Water Fund reflects the operations of the County's water treatment and distribution system and is reported as a major fund.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Wastewater Fund - The Wastewater Fund reflects the operations of the County's wastewater system and is reported as a major fund.

Economic Development Authority - The EDA is a blended component unit of the County whose economic development operations are reported as a non-major fund.

Airport Fund - The Airport Fund reflects the operation of the County's Airport and is reported as a non-major fund.

Internal Service Funds - Internal service funds are used to account for the operations of the vehicles and communications maintenance functions, general self-insurance functions and capital projects management. Resources to meet the cost of operations are derived from interfund charges on a cost-reimbursement basis.

Additionally, the County reports the following fund category:

Fiduciary Funds - Fiduciary funds are used to account for the supplemental retirement pension trust, the other postemployment benefits trusts and agency funds. Agency funds are custodial in nature and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for program-related services such as water and wastewater usage, inspections and permit issuances. Elimination of these program-related services would distort the direct costs and program revenues reported. Income and losses of internal service funds are allocated to governmental activities.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided, operating grants and contributions and capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs and other revenues not meeting the definition of program revenues.

Operating revenues and expenses in the proprietary funds result from the provision of goods and services in connection with their principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the enterprise and internal service funds include the cost of services, administrative expenses, contractual services and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Charges for water and wastewater services provided but not yet billed are recognized as revenues at year-end to the extent they can be estimated.

The connection fee charged to connect to the County's water and wastewater system consists of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation. In accordance with industry practice, capital recovery charges of \$7,095,477 and \$5,799,449 in fiscal year 2015 have been recorded as capital contributions in the Water and Wastewater Enterprise Funds, respectively, and the meter installation fees have been classified as charges for services in the Water Enterprise Fund.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the County considers cash and all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, as cash and cash equivalents.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

2. Investment Policy

The reporting entity follows a deposit and investment policy in accordance with the Commonwealth's statutes. Investments with a maturity date of more than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost. Deposit and investment instruments include certificates of deposit, savings accounts, money market funds, Virginia State Non-Arbitrage Program (SNAP), bankers' acceptances, the Commonwealth of Virginia Local Government Investment Pool (LGIP) and United States (U. S.) government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Investment income is reported in the same fund that reports the investment.

3. Allowances for Uncollectibles

The reporting entity determines allowances for uncollectibles using historical collection data, specific account analysis and management's judgment.

4. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market for the Enterprise and Internal Service Funds of the primary government. In the School Board, textbook and furniture inventories are valued at the lower of cost (moving average) or market and are considered expended when used (consumption method). School Board instructional and custodial supplies inventories held for use are recorded as expenditures when acquired (purchases method).

5. Restricted Assets - Enterprise Funds

Certain assets of the Water, Wastewater, EDA and Airport Funds are classified as restricted assets on the Statement of Net Position - Proprietary Funds because their use is limited by revenue bond covenants.

6. Capacity Rights - Enterprise Funds

Capacity rights are recorded in the Water and Wastewater Funds. The County has entered into agreements with the City of Richmond, Virginia (City) and the Appomattox River Water Authority (ARWA) to purchase capacity rights to meet future water needs. The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, created the South Central Wastewater Authority to maintain wastewater treatment facilities and provide capacity for purchase by the participating jurisdictions.

Water and Wastewater capacity rights are amortized using the straight-line method over 50 years and are included in the net investment in capital assets category of net position.

7. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems and similar items). Generally, the standard for capitalization of tangible property is \$5,000 or more per unit with an expected useful life of greater than one year. The standard for capitalization of computer software is \$50,000 with an expected useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets acquired for general governmental purposes are recorded as expenditures in the fund financial statements and reported at cost, net of accumulated depreciation, in the government-wide financial statements. Contributed capital assets are recorded at estimated fair market value at the time of receipt. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

respective accounts and any resulting gain or loss is reflected in the results of operations in the government-wide financial statements.

Capital assets are reported in the business-type activities and proprietary funds at cost, net of accumulated depreciation. Contributed assets are valued at estimated fair market value at the date of receipt. When capital assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the results of operations.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives of capital assets are as follows:

Buildings	20-60 years
Improvements other than buildings	8-25 years
Machinery and equipment:	
Transmission lines and mains	35-50 years
Other	3-20 years
Infrastructure:	
Drainage systems	25-100 years

Depreciation of all exhaustible capital assets used by the County is charged as an expense in the Statement of Activities and accumulated depreciation is reported in the Statement of Net Position. The Proprietary Funds also record depreciation and accumulated depreciation in their fund based statements and capitalize interest when material in amount.

Interest costs of \$375,460 in the business-type activities of the primary government were capitalized during fiscal year 2015.

8. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions in the government-wide statement of net position in this category. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions result from changes in actuarial assumptions, pension investment returns that exceed projected earnings and pension contributions made subsequent to the measurement date. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions in the government-wide statement of net position. Actuarial losses resulting from a difference in actual experience and actuarial assumptions and changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants. Deferred inflows resulting from pension investment returns lower than projected earnings are also deferred and amortized over a closed five-year period.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

9. Compensated Absences

County and School Board employees are granted vacation pay, based on length of service, in varying amounts, as the services are provided. School Board employees are also granted personal leave. Employees may accumulate unused vacation and/or personal leave earned, subject to certain limitations. Upon retirement, termination or death, employees may be compensated for certain amounts at their current rates of pay. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by retirement. Upon retirement, County employees enrolled in the traditional leave plan who retire with five or more years of full-time service and who are eligible for Virginia Retirement System (VRS) benefits upon retirement, will receive cash compensation for any unused sick leave balance at a rate of \$2 per hour. Upon retirement, County employees enrolled in the paid time off (PTO) plan who retire with five or more years of full-time service and who are eligible for VRS benefits upon retirement, will receive cash compensation for any unused sick leave reserve balance carried over from the traditional leave plan at a rate of \$4 per hour.

Upon retirement, School Board employees receive compensation for unused sick days based on years of consecutive employment with Chesterfield County Schools per the following schedule:

<u>Years of Employment</u>	<u>Daily Compensation</u>	<u>Maximum</u>
0-14	\$30	\$4,000
15-24	30	-
25-29	40	-
30+	50	-

The cost of accumulated vacation and sick leave pay is accounted for as a liability in the government-wide financial statements and proprietary fund type statements.

10. Retirement Plans

For purposes of measuring retirement plan net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS agent multiple-employer (VRS Local Plans) and teachers' cost-sharing plan (VRS Teachers' Pool) and the additions to or deductions from the VRS Plan's net fiduciary position are determined on the same basis as reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Retirement plan contributions are actuarially determined for the County and School Board component unit supplemental retirement plans.

11. Other Postemployment Benefits Plans - Retiree Healthcare and Line of Duty

Other postemployment benefits plan contributions are actuarially determined for the retiree healthcare and line of duty plans. The County and School Board component unit's policies are to pay premiums and make contributions to irrevocable trusts that, in total, are at least equal to actuarially determined contributions for the retiree healthcare plans. The County's policy is to pay premiums and make contributions to an irrevocable trust that, in total, are at least equal to actuarially determined contributions for the line of duty plan.

12. Long-term Obligations

The reporting entity has no legal debt margin requirement and there are no jurisdictions with overlapping general obligation debt incurring powers. Any issue of general obligation bonded debt must be approved by a voting majority of the qualified voters. Virginia Public School Authority (VPSA) bonds and other forms of capital lease debt may be issued by the adoption of a resolution by the County

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Board. Revenue bonds issued by a community development authority shall not be deemed to constitute a debt, liability or obligation of the County.

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

E. New Accounting Pronouncements

In fiscal year 2015, the County implemented GASB Statement No. 68 (GASB 68), "Accounting and Financial Reporting for Pensions, an amendment of GASB 27" and GASB Statement No. 71 (GASB 71), "Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB 68". GASB 68 establishes standards of accounting and reporting for defined benefit contribution pension plans administered through a trust or equivalent arrangement.

GASB 68 requires the County and School Board component unit to report net pension liabilities and pension expense for the VRS agent multiple-employer and cost-sharing plans and the supplemental retirement plans for County and School Board on the government-wide financial statements. For the VRS plans, the measurement date for net pension liabilities is June 30, 2014. Therefore, contributions made during fiscal year 2015 are reported as deferred outflows of resources in accordance with Statement No. 71. GASB 68 also requires additional disclosures and new supplementary schedules.

To implement GASB 68, total net position at the beginning of the year was restated to reflect beginning net pension liabilities and deferred outflows and inflows of resources as follows:

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Government-wide restatement:				
Net position - July 1, 2014	\$ 911,200,108	\$ 991,481,384	\$ 1,902,681,492	\$ 34,800,417
Supplemental retirement plan:				
Retirement plan asset	(560,519)	-	(560,519)	(3,127,877)
Net pension liabilities	(3,552,527)	(327,405)	(3,879,932)	(65,019,208)
VRS agent multiple employer plan:				
Retirement plan obligations	2,708,076	249,684	2,957,760	643,863
Deferred outflow - contributions subsequent to measurement date	24,941,721	1,142,982	26,084,703	3,168,042
Net pension liabilities	(217,754,839)	(9,978,857)	(227,733,696)	(24,144,017)
VRS statewide teacher cost sharing pool:				
Deferred outflow - contributions subsequent to measurement date	-	-	-	31,191,014
Net pension liabilities	-	-	-	(497,641,000)
Net position - July 1, 2014, restated	<u>\$ 716,982,020</u>	<u>\$ 982,567,788</u>	<u>\$ 1,699,549,808</u>	<u>\$ (520,128,766)</u>
Enterprise funds:	Water	Wastewater	Non-major Airport	Total
Net position - July 1, 2014	\$ 458,341,485	\$ 493,890,177	\$ 18,627,303	\$ 970,858,965
Supplemental retirement plan:				
Net pension liabilities	(196,443)	(130,962)	-	(327,405)
VRS agent multiple employer plan:				
Retirement plan obligations	156,431	88,663	4,590	249,684
Deferred outflow - contributions subsequent to measurement date	574,729	550,577	17,676	1,142,982
Net pension liabilities	(5,017,699)	(4,806,836)	(154,322)	(9,978,857)
Net position - July 1, 2014, restated	<u>\$ 453,858,503</u>	<u>\$ 489,591,619</u>	<u>\$ 18,495,247</u>	961,945,369
Economic Development Authority - not requiring restatement				20,622,419
Total net position - July 1, 2014, restated				<u>\$ 982,567,788</u>
Internal service funds:	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Total
Net position - July 1, 2014	\$ 15,099,303	\$ 14,002,956	\$ 32,618	\$ 29,134,877
Supplemental retirement plan:				
Net pension liabilities	(3,127)	(1,587)	(9,225)	(13,939)
VRS agent multiple employer plan:				
Retirement plan obligations	62,623	9,173	8,244	80,040
Deferred outflow - contributions subsequent to measurement date	431,521	59,948	53,159	544,628
Net pension liabilities	(3,767,411)	(523,380)	(464,106)	(4,754,897)
Net position - July 1, 2014, restated	<u>\$ 11,822,909</u>	<u>\$ 13,547,110</u>	<u>\$ (379,310)</u>	24,990,709
Healthcare Fund - not requiring restatement				(278,834)
Total net position - July 1, 2014, restated				<u>\$ 24,711,875</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

2. Stewardship, Compliance, and Accountability

A. Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- ◆ Prior to budget submission, department directors develop departmental performance plans, which include objectives, performance measures, initiatives and work plans for the coming year.
- ◆ In early fall, the School Board and County departments receive an expenditure target. Budgets are prepared with work plans consistent with the resources available.
- ◆ Departments submit budgets and work plans to the County Administrator for review in December and January. The County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to inform them on details of the budget.
- ◆ No later than March 1, the School Board submits its proposed budget to the County Administrator.
- ◆ Prior to March 15, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenues for financing them.
- ◆ A public hearing is conducted in March obtain taxpayer comments on the proposed budget. Constituent meetings are also held around the County to provide information to citizens and to receive community input on the County Administrator's proposed budget.
- ◆ Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated generally at the function level for the General Fund, at the fund level for the Comprehensive Services Fund, and at the major expenditure category for the School Operating Fund of the School Board component unit, through passage of an appropriation resolution. The resolution establishes the levels of control at which expenditures may not legally exceed appropriation. The expenditure categories for the School Operating Fund are: instruction, administration, pupil transportation, operations and maintenance, technology, food service and debt service.
- ◆ Appropriations for the General Fund, School Operating Fund, Internal Service Funds, and Enterprise funds lapse at fiscal year end. Appropriations for Capital Project funds and Grant funds are continued until the completion of the applicable project or grant, even when the project or grant extends beyond the end of the fiscal year.
- ◆ Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are legally adopted annually for the County's General Fund, the Comprehensive Services Fund and the School Operating Fund. The appropriations resolution specifies that Trust and Agency disbursements must be for the purpose for which the fund was established.
- ◆ A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the School Capital Projects Fund, projects are appropriated in total when funds become available. The appropriations resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the Grants Fund and County Capital Projects Fund and at the total appropriation level in the School Capital Projects Fund.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

- ◆ Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by the County Board, School Board, County Administrator or the School Superintendent. The statements include an explanation of differences between actual amounts on the budgetary basis and GAAP basis.
- ◆ The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, and up to \$50,000 between appropriation categories. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, refunds or reimbursements made to the County for which the County has expended funds directly related to that refund or reimbursement and other revenues not to exceed \$50,000; (2) appropriate funds from asset forfeiture accounts consistent with spending requirements; (3) increase the General Fund appropriation to the School Board, contingent upon available funds and consideration of other expenditures up to \$9.0 million; (4) transfer funds to departments for workers' compensation, supplemental retirement, healthcare for retirees and other compensation related costs as well as for transfers to cover energy/fuel costs, and; (5) reallocate funding sources for specific programs. Otherwise, the County Board must approve amendments that increase the total appropriation of any function level. During the year, the County Board approved several amendments to the various appropriations. The County is required to hold a public hearing for any single amendment that exceeds 1% of the County's currently adopted budget.
- ◆ The Superintendent and/or School Board have the authority to make transfer amendments within major appropriation categories in the school budget. The Superintendent and/or School Board are authorized to approve amendments in the school budget that cross major appropriation categories up to \$499,999. Any amendment that crosses major appropriation categories in excess of \$499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries, reimbursements and other revenue of the School Board for amounts up to \$50,000.

B. Fund balances

1. Primary Government

The County Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance, and the County Board has not specified use of committed or unassigned resources, assigned fund balance is used when available within the same spending category.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

Nonspendable fund balance - Nonspendable funds are resources not in spendable form or that are legally required to remain intact.

Restricted fund balance - Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or imposed by law (constitutionally or enabling legislation).

Committed fund balance - The County's committed fund balance requires expressed formal action of the County Board by a resolution that identifies the specific circumstances under which resources can be expended. Only the County Board can modify the specified use of commitments.

Assigned fund balance - Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed but are constrained by the County's plans, or intent, to use amounts for specific purposes. Actions taken by a majority vote of the County Board provides the County Administrator with a specific level of administrative authority to fulfill the County Board's intent for each action.

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. Only the General Fund can report a positive unassigned fund balance. The County Board has established a minimum fund balance policy, which is the ratio of unassigned General Fund balance to General Fund expenditures. The County's minimum unassigned fund balance target is 8.0% with a floor of 6.0% for fiscal year 2015.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

The County had the following classifications of fund balances at June 30, 2015:

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Totals
Nonspendable:					
T. F. Jeffress Memorial Fund	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
Restricted for:					
General government	262,909	3,371,605	-	-	3,634,514
Personal property tax relief	2,300,000	-	-	-	2,300,000
Public, education and government access	2,962,724	-	-	-	2,962,724
Administration of justice	139,671	-	-	-	139,671
Public safety	77,950	3,032,727	-	797,850	3,908,527
Law enforcement	1,563,173	-	-	-	1,563,173
Public works	672,442	48,014,409	-	-	48,686,851
Stormwater management facility	1,046,408	-	-	-	1,046,408
Health and welfare	22,417	4,297,927	-	784,878	5,105,222
Mental health support services	1,168,921	-	-	-	1,168,921
Social services	194,661	-	-	-	194,661
Parks, recreation and cultural	11,453	7,524,688	-	233,849	7,769,990
Education - School Board	-	-	6,401,516	-	6,401,516
Economic development	2,630,320	533,169	-	68,771	3,232,260
Tax increment financing and special assessment	2,978,189	-	-	-	2,978,189
Debt service	-	3,347,008	179,774	-	3,526,782
Total restricted	16,031,238	70,121,533	6,581,290	1,885,348	94,619,409
Committed to:					
Community contracts	12,122	-	-	-	12,122
District improvement funds	205,418	-	-	-	205,418
Economic development	57,727	-	-	-	57,727
Public works	450,000	-	-	-	450,000
Total committed	725,267	-	-	-	725,267
Assigned to:					
General government	1,809,050	-	-	-	1,809,050
Employee benefits	5,762,435	-	-	-	5,762,435
Telecommunications	1,172,391	-	-	-	1,172,391
Workers compensation	2,400,000	-	-	-	2,400,000
Administration of justice	79,356	-	-	-	79,356
Public safety	2,277,017	-	-	4,626,532	6,903,549
Local match for grants	1,232,564	-	-	-	1,232,564
Police vehicles	1,677,200	-	-	-	1,677,200
Public works	812,874	-	-	-	812,874
Motor vehicle registration fees for transportation	3,661,818	-	-	-	3,661,818
Health and welfare	631,207	-	-	1,423,440	2,054,647
Parks, recreation and cultural	588,184	-	-	-	588,184
Economic development	5,935,501	-	-	-	5,935,501
Airport	170,039	-	-	-	170,039
Construction	70,487,513	-	-	-	70,487,513
Critical capital and one-time needs	125,567	-	-	-	125,567
Debt service	6,723,484	-	-	-	6,723,484
Fiscal year 2016 adopted budget	13,300,000	-	-	-	13,300,000
Future capital projects	7,348,850	-	-	-	7,348,850
Future revenue shortfall - County	63,690,403	-	-	-	63,690,403
Future revenue shortfall - Schools	5,991,398	-	-	-	5,991,398
Registrar and economic development	1,600,000	-	-	-	1,600,000
Education - School Board	22	-	228,029	-	228,051
Total assigned	197,476,873	-	228,029	6,049,972	203,754,874
Unassigned	58,000,000	-	-	-	58,000,000
Total fund balances	\$ 272,233,378	\$ 70,121,533	\$ 6,809,319	\$ 7,940,320	\$ 357,104,550

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

2. Component Unit - School Board

The School Board has adopted policies that provide a framework for the school system's overall fiscal planning and management in order to ensure its ability to provide ongoing services. Since the School Board relies primarily on funds from other governments, fluctuations in these revenue sources are offset by County resources. It is the School Board's policy to fund current expenditures with current revenues. Therefore, the School Board has no unassigned fund balance since it is fiscally dependent on County resources.

The School Board, in accordance with GAAP, categorizes its fund balances using the following guidance:

Nonspendable fund balance - Nonspendable funds are resources not in spendable form or are legally required to remain intact.

Restricted fund balance - Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or are imposed by law (constitutionally or enabling legislation).

Committed fund balance - Committed fund balance requires expressed formal action of the School Board and then by the County Board by a resolution that identifies the specific circumstances under which resources can be expended. Only the School Board can modify the specified use of commitments with County approval. At June 30, 2015, the School Board had no committed fund balance.

Assigned fund balance - Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed, but are constrained by the School Board's plans, or intent, to use amounts for specific purposes. Intent is stipulated by either adoption or consent actions taken by a majority vote of the County Board whereby the School Board is then provided with various levels of administrative authority by each Board action.

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. At June 30, 2015, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2015:

<u>School Operating Fund</u>	
Nonspendable:	
Inventories	\$ 693,100
Restricted for:	
Instruction	298,501
Food service	<u>5,547,003</u>
Total restricted	<u>5,845,504</u>
Assigned to:	
Instruction	5,643,769
Administration, attendance and health	1,349,525
Transportation	2,255,907
Operations and maintenance	24,419,866
Technology	2,657,585
Food service	10,186,015
Future capital projects	3,271,566
Other	<u>1,000,000</u>
Total assigned	<u>50,784,233</u>
Total fund balances	<u>\$ 57,322,837</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

C. Deficit net position

The Healthcare Fund, an internal service fund, had a deficit total net position at June 30, 2015. The Healthcare Fund is funded with a combination of employer and employee contributions using Board approved rates which are sufficient to provide the cash flow required to pay medical claims and administrative fees as they become due. Over time, positive claims experience is intended to fully fund claims incurred but not reported (IBNR) at fiscal year end. At June 30, 2015 IBNR was approximately 40% funded after the first full year of operations.

The Capital Projects Management Fund, an internal service fund, had a deficit total net position at June 30, 2015. This deficit was caused by the implementation of GASB 68 and GASB 71. Net pension liabilities and the related deferred inflows and deferred outflows of resources will be funded on a prospective basis as these amounts become due.

3. Significant Transactions of the County and Component Units

A. School Board

There are some transactions between the County and School Board component unit that are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements:

- 1) The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. Proceeds from general obligation debt issued "on behalf" of the School Board are recorded in the School Capital Projects Fund, a major fund of the primary government, and used to pay for school capital expenditures. Proceeds from lease purchase debt for equipment owned by the School Board is debt of the School Board and recorded in the School Operating Fund.
- 2) The County's charter states that title to all real property of the school system shall be vested in the County. The purchase and/or construction of School Board real property is accounted for in the School Capital Projects Fund, which is reported as a major fund of the primary government. The capital assets are reported in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property are reported in the County's governmental activities within the appropriate government-wide statement.
- 3) The primary government's budgeting process provides funding to the School Board component unit for debt service payments. The School Board is responsible for appropriating debt service payments for debt issued by the primary government on its behalf. These transactions are reported as transfers on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and as transfers and debt service payments on the School Board's Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. GAAP requires that debt issued "on behalf" of the School Board and related debt service payments be reported by the primary government for financial reporting purposes. Therefore, School Board debt service payments for "on behalf" debt are eliminated in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund. The primary government eliminates budgetary transfers for these debt service payments for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

B. Economic Development Authority

On October 18, 2004, the EDA sold its Taxable Redevelopment Facility Note, Series 2004 (the Note), on behalf of the County in an amount not to exceed \$10,000,000 to acquire the former Cloverleaf Mall property ("Mall Property") for redevelopment by the County. On August 1, 2008, the principal amount of the Note was increased by \$7,371,199 for the purchase of the ground lease interest in the Mall Property. On July 25, 2013, the principal amount of the Note was decreased by \$3,453,705 due to the sale of a

County of Chesterfield, Virginia
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portion of the redevelopment asset. On December 19, 2014, the principal amount of the Note was decreased by \$5,657,548 and Taxable Redevelopment Facility Note, Series 2014A for \$7,484,947 was issued to refinance the 2004 Note. As of June 30, 2015, \$7,484,947 was outstanding on the Series 2014A Note. The County recorded interest expense related to the Note in the amount of \$52,583 during fiscal year 2015 and \$4,039 in accrued interest.

On January 27, 2005, the EDA issued Variable Rate Revenue Bonds, Series 2005A, and Variable Rate Revenue Bonds, Taxable Series 2005B, in the amounts of \$6,490,000 and \$11,630,000, respectively. As of June 30, 2015, \$9,645,000 remained outstanding on the 2005 Revenue Bonds. These bonds were issued to finance the acquisition of real property for the development of the Meadowville Technology Park and to finance certain infrastructure improvements within the Park. Debt service related to these revenue bonds is payable solely from support payments made by the County, pursuant to an Amended and Restated Development Agreement, dated January 1, 2005, between the EDA and the County. The County made support payments of \$895,000 for principal and \$24,284 for interest during fiscal year 2015. In connection with issuing the revenue bonds, the EDA entered into a standby bond purchase agreement with a liquidity facility to purchase, from time to time, an aggregate principal amount of bonds and related interest. Due to the terms of the standby bond purchase agreement, which matures on July 1, 2016, principal payments due after fiscal year 2015 are classified as non-current liabilities due in more than one year.

On October 14, 2010, the EDA issued \$8,345,000 in Taxable Recovery Zone Economic Development Bonds, Series 2010B, to finance a portion of the costs of the acquisition of real property for an interchange with Interstate I-295 and the construction of such interchange connecting Meadowville Technology Park with Interstate I-295. The Series 2010B Bonds were issued as Taxable Recovery Zone Economic Development Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, which was added by the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). Pursuant to ARRA, the EDA qualifies to receive a cash subsidy payment from the U. S. Treasury equal to 45% of the interest payable on the Series 2010B Bonds on each interest payment date. The cash payment does not constitute a guarantee by the U. S. Treasury or a pledge of the faith and credit of the U. S., but is required to be paid by the U. S. Treasury under ARRA. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the subsidy is subject to a 7.2% reduction. The County made support payments of \$420,000 for principal and \$162,126 for interest during the fiscal year. As of June 30, 2015, \$6,245,000 remained outstanding on the Series 2010B Bonds.

The primary government's budgeting process provides funding to the EDA component unit for debt service payments. These transactions are reported as transfers on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund. GAAP requires that component units where the primary government pays substantially all of the debt service on behalf of the component unit be reported as a blended component unit. Therefore, the primary government eliminates budgetary transfers for these debt service payments for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. Payments received by the EDA for debt service are eliminated in the Combining Statement of Revenues, Expenditures and Changes Net Position - Non-major Enterprise Funds.

County of Chesterfield, Virginia
Notes to Financial Statements
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4. Deposits and Investments

A. Primary Government:

As of June 30, 2015, the carrying value of the County's deposits and investments, other than that of the Trust Funds, with their respective credit ratings, was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$432,456,660	N/A
LGIP	47,930,189	AAAm
SNAP	37,356,902	AAAm
Federal Home Loan Bank	63,430,443	AA+
Federal Home Loan Mortgage Corporation	58,901,931	AA+
Federal Farm Credit Bank	24,001,871	AA+
Federal National Mortgage Association	4,994,830	AA+
Total deposits and investments	<u>\$669,072,826</u>	

Credit Risk:

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U. S. Government obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, and the LGIP.

The Virginia Security for Public Deposits Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool." Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares.

To ensure compliance with the restrictions and requirements created by the Federal Tax Reform Act of 1986 for general obligation tax-exempt bonds issued, the bond proceeds are invested with SNAP. SNAP is a professionally managed money market/mutual fund program which provides local governments with a method of pooling general obligation and note proceeds for temporary investment. SNAP assists issuing officials in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986 and the pool invests only in those investments permitted by Virginia statutes. SNAP is registered with the Securities and Exchange Commission. The fair value of the County's position in the pool is the same as the value of the pool shares.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

The Policy establishes limitations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

Bankers' acceptances	40% maximum
Commercial paper	35% maximum
LGIP	75% maximum
Money market funds	75% maximum
Negotiable certificates of deposit - commercial banks	100% maximum
Negotiable certificates of deposit - savings & loan associations	10% maximum
Repurchase agreements	25% maximum
U. S. Treasury obligations	80% maximum
U. S. Government agency securities and instruments of government sponsored organizations	80% maximum

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's, Fitch Investor's Service and Duff and Phelps, Inc. Corporate notes, negotiable certificates of deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. All credit ratings in the above table are ratings by Standard and Poor's. Deposits and investments not exposed to credit quality risk, as defined by GASB 40, are designated as "N/A" in the credit rating column in the above table.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2015, \$9,322,749 of the \$432,456,660 in demand deposits was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$6,782,946
Uninsured and partially collateralized with securities held by the pledging financial institution but not in the government's name	<u>2,539,803</u>
Total	<u>\$9,322,749</u>

Concentration of Credit Risk:

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk as follows:

Bankers' acceptances	25% maximum
Certificate of deposit - commercial banks	45% maximum
Certificate of deposit - savings and loan associations	\$100,000
Commercial paper	25% maximum
LGIP	\$200 million
Each federal agency	No maximum
Each repurchase agreement counterparty	10% maximum
U. S. Treasury	No maximum

County of Chesterfield, Virginia
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June 30, 2015

As of June 30, 2015, the portion of the County's portfolio, excluding demand deposits, LGIP and SNAP that represents 5% or more of the total portfolio is as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Federal Home Loan Bank	41.9%
Federal Home Loan Mortgage Corporation	38.9%
Federal Farm Credit Bank	15.9%
Federal National Mortgage Association	3.3%

Interest Rate Risk:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than 2.5 years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

As of June 30, 2015, the County had the following pooled deposits and investments:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>		
		<u>0 - 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 5 Years</u>
LGIP	\$ 47,930,189	\$ 47,930,189	\$ -	\$ -
SNAP	37,356,902	37,356,902	-	-
Federal Home Loan Bank	63,430,443	8,003,442 (a)	51,428,289 (b)	3,998,712 (c)
Federal Home Loan Mortgage Corporation	58,901,931	2,652,941 (d)	50,000,100 (e)	6,248,890 (f)
Federal Farm Credit Bank	24,001,871	22,000,795 (g)	2,001,076 (h)	-
Federal National Mortgage Association	4,994,830	-	4,994,830 (i)	-
Total	<u>\$ 236,616,166</u>	<u>\$ 117,944,269</u>	<u>\$ 108,424,295</u>	<u>\$ 10,247,602</u>

(a) These bonds have call dates ranging from July 1, 2015 to November 25, 2015

(b) These bonds have call dates ranging from August 12, 2015 to December 29, 2015

(c) This bond has a call date of July 1, 2015

(d) This bond has a call date of September 27, 2015

(e) These bonds have call dates ranging from July 1, 2015 to June 16, 2016

(f) These bonds have call dates ranging from September 30, 2015 to December 27, 2015

(g) These bonds have call dates of July 1, 2015

(h) This bond has a call date of November 4, 2015

(i) This bond has a call date of August 14, 2015

Chesterfield County Supplemental Retirement Plan:

As of June 30, 2015, the carrying value of the County Supplemental Retirement Plan Pension Trust Fund's (Plan) deposits and investments, with their respective credit ratings, was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 3,142,003	N/A
Mutual funds	3,453,269	N/A
Common and preferred stocks	12,742,727	N/A
Corporate bonds	1,928,055	N/A
Fund of funds	4,315,636	N/A
Exchange traded funds	5,252,002	N/A
Collateralized mortgage obligations	89,217	N/A
U. S. Treasuries	303,651	AA+
Federal National Mortgage Association Pool	902,608	Not Rated
Federal Home Loan Mortgage Corporation Pool	327,779	Not Rated
Government National Mortgage Association Pool	171,028	Not Rated
Total deposits and investments	<u>\$32,627,975</u>	

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The Plan's investments include a fund of funds, which is an investment fund that uses an investment strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities, resulting in greater portfolio diversification. At June 30, 2015, the underlying investments in the Plan's fund of funds consisted primarily of equities and fixed income securities.

Credit Risk:

Investments in the Plan are managed in accordance with an Investment Policy Statement (Statement). The Statement permits investments in cash equivalents, fixed income securities, equity securities, mutual funds, U. S. Government obligations, hedge funds and commodities and sets minimum, maximum and preferred allocations by asset class and maximum average and individual bond maturities. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. The Board of Trustees, which is the governing board established to administer the Plan, meets quarterly to review the portfolio, assures adherence to policy guidelines and monitors investment objective progress.

All credit ratings in the above table are ratings by Standard and Poor's except for U. S. Treasuries, which is rated by Moody's. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as "N/A" in the credit rating column in the above table.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the Plan's \$3,142,003 of demand deposits, \$2,892,003 is invested in money market funds that are uninsured and uncollateralized.

Concentration of Credit Risk:

The Statement limits portfolio composition by security and industry in order to control concentration of credit risk as follows:

Security (except U. S. Treasuries and Agencies)	Not to exceed 5% of the Total Fund
Industry	Not to exceed 25% of the Total Fund
U. S. Treasuries and Agencies	No limit

As defined by GAAP, there were no investments in any one issuer that represented 5% or more of total investments as of June 30, 2015.

Interest Rate Risk:

As a means of limiting its exposure to fair value losses resulting from rising interest rates (interest rate risk), the Statement sets bond duration ranges of 75% - 125% of LB Aggregate Bond Index and limits the maximum maturity for any single security to 45 years and the weighted average portfolio maturity may not exceed 15 years.

At June 30, 2015, the Plan had investments of \$89,217 (0.3% of total portfolio excluding demand deposits) in collateralized mortgage obligations. These securities are based on cash flows from interest and principal payments on underlying mortgages and therefore are sensitive to interest rate changes.

County of Chesterfield, Virginia
Notes to Financial Statements
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As of June 30, 2015, the Plan had the following investments and maturities:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>		
		<u>0 - 5 Years</u>	<u>5 - 10 Years</u>	<u>10 - 30 Years</u>
Corporate bonds	\$ 1,928,055	\$ 997,686	\$ 528,890	\$ 401,479
U. S. Treasuries	303,651	-	112,359	191,292
Federal National Mortgage Association Pool	902,608	99,286	-	803,322
Federal Home Loan Mortgage Corporation Pool	327,779	-	73,654	254,125
Government National Mortgage Association Pool	171,028	131	-	170,897
Total	\$ 3,633,121	\$ 1,097,103	\$ 714,903	\$ 1,821,115

County and School Board Retiree Healthcare OPEB Funds and County Line of Duty OPEB Fund:

As of June 30, 2015, the carrying value of the County Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Investment in pooled funds	\$23,136,896	N/A

As of June 30, 2015, the carrying value of the School Board Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Investment in pooled funds	\$11,163,869	N/A

As of June 30, 2015, the carrying value of the County Line of Duty OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Investment in pooled funds	\$6,422,709	N/A

In response to the change in accounting standards related to postemployment benefits other than pensions (OPEB), the Virginia General Assembly passed legislation effective July 1, 2007 allowing local governments, authorities and school divisions to establish an irrevocable trust for the purpose of accumulating and investing assets to fund OPEB liabilities.

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

As of June 30, 2015, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral

County of Chesterfield, Virginia
Notes to Financial Statements
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securities that are in the possession of an outside party. The entire balance of the pooled funds in the County and School Board Retiree Healthcare OPEB Funds and the County Line of Duty OPEB Fund are uninsured and uncollateralized.

B. Component Unit - School Board:

As of June 30, 2015, the carrying value of the School Board operating and agency fund's deposits with their respective credit rating were as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$44,517,380	N/A

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2015, excluding the demand deposits, there were no investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk.

School Board Supplemental Retirement Program:

As of June 30, 2015, the carrying value of the School Board Supplemental Retirement Program Pension Trust Fund's (Program) deposits and investments, with their respective credit ratings, was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 1,216,831	N/A
Mutual funds - equity	5,943,273	Not Rated
Mutual funds - fixed income	3,802,024	Not Rated
Exchange traded funds	9,814,504	Not Rated
Total deposits and investments	<u>\$ 20,776,632</u>	

Credit Risk:

Investments in the Program are managed in accordance with a Statement of Investment Policy (Statement). This Statement authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds and sets target allocations of 40% to 60% for equities, 30% to 60% for fixed income, and 0% to 10% for cash and cash equivalents.

The Statement establishes limitations for certain cash equivalent instruments. The maximum percentage of the cash and cash equivalent portfolio permitted in each security is as follows:

Commercial paper	35% maximum
Corporate bonds	35% maximum

The Statement specifically addresses the credit quality rating requirements of the portfolio. Equity securities should be institutional quality issues, publicly traded with a market capitalization of \$20 million or more. The fixed income portfolio is required to have an average credit quality of at least AA and up to 15% of the fixed income portfolio can be invested in investment grade securities rated below Baa or BBB (Moody's and Standard & Poor's quality ratings, respectively). Cash equivalents, defined as debt securities of any U. S. entity with a maximum average maturity of one year, should have minimum quality ratings as follows: Asset Backed Securities - A, Certificates of Deposit and Bankers' Acceptances - Thompson Bankwatch B or better, Commercial Paper - A1/P1, Corporate Bonds - AA-, Aa3 and Repurchase Agreements - U. S. Government or agency secured.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the

County of Chesterfield, Virginia
Notes to Financial Statements
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possession of outside party. The entire amount of the Program's \$1,216,831 of demand deposits is invested in a money market fund that is uninsured and uncollateralized.

Concentration of Credit Risk:

The Statement establishes limitations on portfolio composition by issuer in order to control concentration of credit risk as follows:

Equities - cost and market not to exceed 5% and 8%, respectively, of each equity portfolio

Fixed Income - with the exception of the U. S. Government and its agencies, cost and market not to exceed 10% and 15% of each fixed income portfolio

Cash Equivalents - no more than 10% of the cash portfolio in Certificates of Deposit or Bankers' Acceptances issued by any single bank, no more than 5% in commercial paper with a single issuer, and no more than 5% in corporate bonds with a single issuer

As of June 30, 2015, excluding mutual funds and exchange traded funds, the Program had no investments and, therefore, accordingly had no concentration of credit risk.

Interest Rate Risk:

The Statement places no maturity limits on the portfolio. However, as a means of limiting its exposure to fair value losses resulting from rising interest rates (interest rate risk), the Statement sets the expectation that the average effective duration of the fixed income portfolio will not exceed 6.5 years.

As of June 30, 2015, excluding mutual funds and exchange traded funds, the Program had no investments and, therefore, accordingly had no interest rate risk.

5. Receivables

A. Real and Personal Property Taxes

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to setting the current tax rate. The tax rate is set by the County Board in March or April and is applied to the assessed value as of January 1 of the calendar year. The assessed value of all classes of property approximates market value. January 1 is also the date an enforceable legal claim to the asset applies. Real property taxes are due June 5th and December 5th in two equal installments. Installments due on June 5, 2015, are levied for fiscal year 2015 and unavailable in the current period are reported as deferred inflows of resources. Installments due on December 5, 2015, are levied for fiscal year 2016 and are unearned and reported as deferred inflows of resources.

Personal property taxes, which do not create a lien on property, are due on June 5th and levied for fiscal year 2015 on property with situs in the County as of January 1st. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs after January 1.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$41,092,048, which the County received during the year ended June 30, 2015. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

B. Receivables

Receivables at June 30, 2015, were as follows:

Governmental Activities

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Taxes	\$ 177,087,552	\$ -	\$ -	\$ -	\$ -	\$ 177,087,552
Accounts	17,968,771	103,295	51,316	9,686,013	272,368	28,081,763
Interest	14,675	20,439	-	-	-	35,114
Special assessments	774,743	-	-	-	-	774,743
Commonwealth of Virginia	47,559,695	4,875,192	-	1,414,493	25,185	53,874,565
Federal government	283,641	508,560	-	1,421,752	118,054	2,332,007
Gross receivables	243,689,077	5,507,486	51,316	12,522,258	415,607	262,185,744
Less: Allowance for uncollectibles	(8,855,829)	-	-	(8,099,762)	-	(16,955,591)
Net receivables	<u>\$ 234,833,248</u>	<u>\$ 5,507,486</u>	<u>\$ 51,316</u>	<u>\$ 4,422,496</u>	<u>\$ 415,607</u>	<u>\$ 245,230,153</u>

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Enterprise Funds	Total
Accounts	\$ 8,330,201	\$ 7,411,105	\$ 59,229	\$ 15,800,535
Interest	20,489	223,130	-	243,619
Special assessments	128,583	268,261	-	396,844
Commonwealth of Virginia	-	-	5,094	5,094
Federal government	-	-	3,526	3,526
Gross receivables	8,479,273	7,902,496	67,849	16,449,618
Less: Allowance for uncollectibles	(422,581)	(380,087)	-	(802,668)
Net receivables	<u>\$ 8,056,692</u>	<u>\$ 7,522,409</u>	<u>\$ 67,849</u>	<u>\$ 15,646,950</u>

Component Unit

	School Board
Accounts	\$ 959,412
Commonwealth of Virginia	1,054,977
Federal government	5,033,000
Gross receivables	<u>\$ 7,047,389</u>

Special assessments of \$116,253 and \$242,066, respectively, in the Water and Wastewater funds, in addition to \$161,148 of accrued interest on those special assessments in the Wastewater fund, are not expected to be collected within one year.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

6. Payables

Payables at June 30, 2015, were as follows:

Governmental Activities

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Vendors	\$ 7,336,995	\$ 7,151,112	\$ 1,000,355	\$ 2,130,343	\$ 1,288,025	\$ 18,906,830
Wages and benefits	10,527,927	15,795	-	221,583	337,858	11,103,163
Retainages	-	931,771	333,212	17,514	-	1,282,497
Deposits	312,888	1,790,466	-	-	-	2,103,354
Total	<u>\$ 18,177,810</u>	<u>\$ 9,889,144</u>	<u>\$ 1,333,567</u>	<u>\$ 2,369,440</u>	<u>\$ 1,625,883</u>	<u>33,395,844</u>
					Accrued interest	<u>8,247,356</u>
					Total per government-wide	<u>\$ 41,643,200</u>

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Enterprise Funds	Total
Vendors	\$ 4,515,494	\$ 1,206,765	\$ 58,722	\$ 5,780,981
Wages and benefits	480,161	407,674	11,014	898,849
Accrued interest	239,605	245,550	6,031	491,186
Retainages	566,625	67,702	56,307	690,634
Other	510,565	31,661	381,874	924,100
Total	<u>\$ 6,312,450</u>	<u>\$ 1,959,352</u>	<u>\$ 513,948</u>	<u>\$ 8,785,750</u>

Component Unit

	School Board
Vendors	\$ 4,772,758
Wages and benefits	39,270,181
Retainages	7,644
Accrued interest	24,710
Total	<u>\$ 44,075,293</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

7. Reporting Entity - Internal Transactions

Internal receivable and payable balances at June 30, 2015, were as follows:

Fund	Receivables	Payables
Internal Receivables/Payables Other Funds		
Governmental Activities:		
General Fund	\$ 26,000	\$ 370,799
Business-type Activities:		
Non-major Economic Development Authority	370,799	-
Non-major Airport Fund	<u>-</u>	<u>26,000</u>
Total primary government	<u>\$ 396,799</u>	<u>\$ 396,799</u>
Receivables/Payables Primary Government and Component Units		
Primary Government:		
General Fund	\$ -	\$ 55,585,752
Discretely Presented Component Units:		
School Board	<u>55,585,752</u>	<u>-</u>
Total	<u>\$ 55,585,752</u>	<u>\$ 55,585,752</u>

Balances resulted from a timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

County of Chesterfield, Virginia
Notes to Financial Statements
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Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to use revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization and (3) to provide funding for capital expenditures or budgeted subsidies for operations. Interfund transfers in the fund financial statements during fiscal year 2015 were as follows:

Transfers In:

Governmental Funds

General Fund - County Capital Projects Fund	\$	1,165,000	
Grants Fund		1,297,100	
Water Fund		593,100	
Wastewater Fund		2,300	
Vehicle and Communications Maintenance Fund		<u>13,200</u>	\$ 3,070,700
County Capital Projects Fund - General Fund		19,930,269	
Water Fund		<u>80,300</u>	20,010,569
School Capital Projects Fund - General Fund		3,418,953	
County Capital Projects Fund		<u>6,596</u>	3,425,549
Grants Fund - General Fund			1,263,325
Comprehensive Services Fund - General Fund			2,459,777

Proprietary Funds

Water Fund - County Capital Projects Fund			7,870
Economic Development Authority - General Fund			1,650,528
Airport Fund - General Fund			<u>15,099</u>
Total transfers in			<u>\$ 31,903,417</u>

Transfers Out:

Governmental Funds

General Fund - County Capital Projects Fund	\$	19,930,269	
School Capital Projects Fund		3,418,953	
Grants Fund		1,263,325	
Comprehensive Services Fund		2,459,777	
Economic Development Authority		1,650,528	
Airport Fund		<u>15,099</u>	\$ 28,737,951
County Capital Projects Fund - General Fund		1,165,000	
School Capital Projects Fund		6,596	
Water Fund		<u>7,870</u>	1,179,466
Grants Fund - General Fund			1,297,100

Proprietary Funds

Water Fund - General Fund		593,100	
County Capital Projects Fund		<u>80,300</u>	673,400
Wastewater Fund - General Fund			2,300
Vehicle and Communications Maintenance Fund - General Fund			<u>13,200</u>
Total transfers out			<u>\$ 31,903,417</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

8. Capital and Intangible Assets

A. Governmental Activities

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 61,077,632	\$ 3,856,286	\$ 1,101,800	\$ 63,832,118
Revelopment asset	12,473,327	-	5,105,223	7,368,104
Construction in progress	40,329,010	24,630,586	41,781,085	23,178,511
Total assets, not being depreciated	113,879,969	28,486,872	47,988,108	94,378,733
Capital assets, being depreciated:				
Buildings	1,170,114,848	36,064,335	61,500	1,206,117,683
Improvements other than buildings	74,473,587	2,466,643	-	76,940,230
Machinery and equipment	161,887,775	11,126,603	8,225,873	164,788,505
Infrastructure	36,681,876	615,602	-	37,297,478
Total at historical cost	1,443,158,086	50,273,183	8,287,373	1,485,143,896
Less accumulated depreciation for:				
Buildings	376,279,715	24,034,834	61,500	400,253,049
Improvements other than buildings	41,354,757	2,623,871	-	43,978,628
Machinery and equipment	105,671,253	12,728,105	7,962,489	110,436,869
Infrastructure	9,268,911	528,424	-	9,797,335
Total accumulated depreciation	532,574,636	39,915,234	8,023,989	564,465,881
Total capital assets, being depreciated, net	910,583,450	10,357,949	263,384	920,678,015
Governmental activities capital assets, net	\$ 1,024,463,419	\$ 38,844,821	\$ 48,251,492	\$ 1,015,056,748

In accordance with the County's charter, land, buildings, improvements other than buildings, construction in progress and accumulated depreciation associated with School assets are reported as capital assets in the governmental net position of the County. Depreciation on those assets is reported as an expense of the education function in the governmental activities of the County.

Governmental activities capital assets, net of accumulated depreciation at June 30, 2015, are comprised of the following:

General capital assets, net	\$ 1,008,986,967
Internal Service Funds capital assets, net	6,069,781
Total	<u>\$ 1,015,056,748</u>

Depreciation expense was charged to the following functions:

General government	\$ 2,651,051
Administration of justice	1,177,648
Public safety	10,657,868
Public works	1,552,613
Health and welfare	502,960
Education - School Board	18,519,549
Parks, recreation and cultural	3,073,314
Community development	395,965
Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>1,384,266</u>
Total depreciation expense	<u>\$ 39,915,234</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Construction in progress commitments for governmental operations is composed of the following:

Function	Committed at June 30, 2015
General government	\$ 7,358,798
Public safety	20,665,189
Public works	5,166,816
Health and welfare	18,898,442
Parks, recreation and cultural	13,587,746
Education - School Board	71,246,055
Total construction in progress commitments	<u>\$ 136,923,046</u>

B. Business-type Activities

Intangible and capital asset activity for the year ended June 30, 2015, was as follows:

Water Fund	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Intangible assets:				
Capacity rights, net of amortization	\$ 69,186,449	\$ 2,026,172	\$ 2,005,052	\$ 69,207,569
Capital assets, not being depreciated:				
Land	4,489,101	686,153	-	5,175,254
Construction in progress	8,208,601	12,661,470	14,800,751	6,069,320
Total assets, not being depreciated	<u>12,697,702</u>	<u>13,347,623</u>	<u>14,800,751</u>	<u>11,244,574</u>
Capital assets, being depreciated:				
Buildings	51,339,461	5,671,868	-	57,011,329
Improvements other than buildings	8,854,082	118,015	-	8,972,097
Machinery and equipment	419,799,645	16,179,820	306,529	435,672,936
Totals at historical cost	<u>479,993,188</u>	<u>21,969,703</u>	<u>306,529</u>	<u>501,656,362</u>
Less accumulated depreciation for:				
Buildings	18,395,156	1,334,547	-	19,729,703
Improvements other than buildings	4,507,617	329,224	-	4,836,841
Machinery and equipment	139,385,686	9,429,757	298,292	148,517,151
Total accumulated depreciation	<u>162,288,459</u>	<u>11,093,528</u>	<u>298,292</u>	<u>173,083,695</u>
Total capital assets, being depreciated, net	<u>317,704,729</u>	<u>10,876,175</u>	<u>8,237</u>	<u>328,572,667</u>
Water capital and intangible assets, net	<u>\$ 399,588,880</u>	<u>\$ 26,249,970</u>	<u>\$ 16,814,040</u>	<u>\$ 409,024,810</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Wastewater Fund	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Intangible assets:				
Capacity rights, net of amortization	\$ 2,615,290	\$ -	\$ 118,877	\$ 2,496,413
Capital assets, not being depreciated:				
Land	1,717,316	243,993	-	1,961,309
Construction in progress	3,154,938	3,871,335	4,167,933	2,858,340
Total assets, not being depreciated	4,872,254	4,115,328	4,167,933	4,819,649
Capital assets, being depreciated:				
Buildings	146,022,793	1,109,484	189,705	146,942,572
Improvements other than buildings	18,807,293	951,129	689,361	19,069,061
Machinery and equipment	494,767,477	9,827,836	214,218	504,381,095
Totals at historical cost	659,597,563	11,888,449	1,093,284	670,392,728
Less accumulated depreciation for:				
Buildings	46,852,885	3,404,309	154,125	50,103,069
Improvements other than buildings	7,527,522	505,950	689,361	7,344,111
Machinery and equipment	181,686,518	13,253,640	192,186	194,747,972
Total accumulated depreciation	236,066,925	17,163,899	1,035,672	252,195,152
Total capital assets, being depreciated, net	423,530,638	(5,275,450)	57,612	418,197,576
Wastewater capital and intangible assets, net	\$ 431,018,182	\$ (1,160,122)	\$ 4,344,422	\$ 425,513,638

Non-major	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land and improvements	\$ 13,577,041	\$ -	\$ 205,899	\$ 13,371,142
Construction in progress	2,435,979	1,086,127	1,859,817	1,662,289
Total assets, not being depreciated	16,013,020	1,086,127	2,065,716	15,033,431
Capital assets, being depreciated:				
Buildings	7,143,405	-	-	7,143,405
Improvements other than buildings	27,289,013	1,849,265	-	29,138,278
Machinery and equipment	1,613,478	101,513	20,671	1,694,320
Infrastructure	1,171,221	-	-	1,171,221
Totals at historical cost	37,217,117	1,950,778	20,671	39,147,224
Less accumulated depreciation for:				
Buildings	2,795,587	145,362	-	2,940,949
Improvements other than buildings	14,974,957	1,138,747	-	16,113,704
Machinery and equipment	1,109,642	145,162	20,671	1,234,133
Infrastructure	265,477	9,863	(36,986)	312,326
Total accumulated depreciation	19,145,663	1,439,134	(16,315)	20,601,112
Total capital assets, being depreciated, net	18,071,454	511,644	36,986	18,546,112
Non-major business-type activities capital and intangible assets, net	\$ 34,084,474	\$ 1,597,771	\$ 2,102,702	\$ 33,579,543

County of Chesterfield, Virginia
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June 30, 2015

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Total Business-type Activities				
Intangible assets:				
Capacity rights, net of amortization	\$ 71,801,739	\$ 2,026,172	\$ 2,123,929	\$ 71,703,982
Capital assets, not being depreciated:				
Land	19,783,458	930,146	205,899	20,507,705
Construction in progress	13,799,518	17,618,932	20,828,501	10,589,949
Total assets, not being depreciated	<u>33,582,976</u>	<u>18,549,078</u>	<u>21,034,400</u>	<u>31,097,654</u>
Capital assets, being depreciated:				
Buildings	204,505,659	6,781,352	189,705	211,097,306
Improvements other than buildings	54,950,388	2,918,409	689,361	57,179,436
Machinery and equipment	916,180,600	26,109,169	541,418	941,748,351
Infrastructure	1,171,221	-	-	1,171,221
Totals at historical cost	<u>1,176,807,868</u>	<u>35,808,930</u>	<u>1,420,484</u>	<u>1,211,196,314</u>
Less accumulated depreciation for:				
Buildings	68,043,628	4,884,218	154,125	72,773,721
Improvements other than buildings	27,010,096	1,973,921	689,361	28,294,656
Machinery and equipment	322,181,846	22,828,559	511,149	344,499,256
Infrastructure	265,477	9,863	(36,986)	312,326
Total accumulated depreciation	<u>417,501,047</u>	<u>29,696,561</u>	<u>1,317,649</u>	<u>445,879,959</u>
Total capital assets, being depreciated, net	<u>759,306,821</u>	<u>6,112,369</u>	<u>102,835</u>	<u>765,316,355</u>
Total business-type activities capital and intangible assets, net	<u>\$ 864,691,536</u>	<u>\$ 26,687,619</u>	<u>\$ 23,261,164</u>	<u>\$ 868,117,991</u>

Amortization and depreciation were charged to the various activities as follows:

Water	\$ 2,005,052
Wastewater	118,877
Total amortization expense	<u>\$ 2,123,929</u>
Water	\$ 11,093,528
Wastewater	17,163,899
Non-major funds	1,439,134
Total depreciation expense	<u>\$ 29,696,561</u>

C. Component Unit - School Board

Capital asset activity for the year ended June 30, 2015, for the School Board component unit was as follows:

	<u>Balance July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital assets, being depreciated:				
Machinery and equipment				
Historical cost	\$ 69,107,150	\$ 16,094,553	\$ 757,317	\$ 84,444,386
Less accumulated depreciation	54,645,231	5,583,148	559,505	59,668,874
School Board capital assets, net	<u>\$ 14,461,919</u>	<u>\$ 10,511,405</u>	<u>\$ 197,812</u>	<u>\$ 24,775,512</u>

Current year depreciation on capital assets of the School Board was \$5,583,148.

County of Chesterfield, Virginia
Notes to Financial Statements
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9. Long-term Obligations

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and including those used by the School Board component unit. The 2013 voter-approved bond referendum authorized \$353,000,000 in bonds to be issued in two major project categories. \$345,500,000 of this authorization remained at June 30, 2015. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The general obligation bonds are payable from the General Fund. At June 30, 2015, general obligation bonds outstanding were as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
General Obligation Bonds				
1995A School, due 2016	\$ 15,160,000	5.975 %	\$ 755,000	\$ 755,000
1995C School, due 2016	26,175,000	5.10	1,305,000	1,305,000
2002B School, due 2023	23,950,000	4.60 - 5.10	1,195,000	9,560,000
2005 General Improvement Refunding, due 2018	36,775,000	4.00 - 5.00	3,120,000 - 4,595,000	10,840,000
2006 General Improvement, due 2026	64,305,000	4.125 - 5.00	3,215,000	6,430,000
2007 General Improvement & Refunding, due 2027	96,215,000	4.00 - 5.00	3,630,000 - 9,125,000	56,115,000
2008 General Improvement, due 2028	73,920,000	4.00 - 5.00	3,750,000	48,750,000
2009 General Improvement & Refunding, due 2030	92,000,000	3.00 - 5.00	1,830,000 - 4,105,000	52,905,000
2011 School, due 2032	15,630,000	4.05 - 5.05	780,000 - 785,000	13,280,000
2012 General Improvement & Refunding, due 2032	67,495,000	2.50 - 5.00	895,000 - 7,735,000	60,515,000
2012B School, due 2033	18,595,000	3.05 - 5.05	925,000 - 930,000	16,735,000
2013A School, due 2034	18,305,000	3.05 - 5.05	915,000	17,385,000
2014 General Improvement & Refunding, due 2034	60,645,000	3.50 - 5.00	725,000 - 7,130,000	53,925,000
Total general obligation bonds				348,500,000
Add: Premium				23,151,300
Net general obligation bonds				<u>\$ 371,651,300</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	General Obligation Bonds		
	June 30	Principal	Interest
2016	\$	33,660,000	\$ 15,706,413
2017		31,980,000	14,222,145
2018		33,210,000	12,729,285
2019		30,355,000	11,124,675
2020		28,885,000	9,627,116
2021-2025		118,620,000	29,806,971
2026-2030		59,090,000	8,206,506
2031-2035		12,700,000	869,401
Total		<u>\$ 348,500,000</u>	<u>\$ 102,292,512</u>

B. Revenue Bonds and Support Agreement

The County issued bonds to finance construction projects for the Water and Wastewater enterprise funds. Revenue bonds outstanding at June 30, 2015, are as follows:

	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
Primary Government				
Major Enterprise Funds				
2007 Water and Sewer, due 2028	\$ 47,315,000	4.00 - 4.25%	\$2,080,000 - 3,400,000	\$ 34,915,000
2009 Water and Sewer, due 2030	47,900,000	2.50 - 4.125	2,000,000 - 3,335,000	38,780,000
Total revenue bonds				73,695,000
Add Premium				757,824
Net revenue bonds				<u>\$ 74,452,824</u>

The Water and Wastewater Funds are responsible for the following revenue bonds:

	Water	Wastewater	Total
Total revenue bonds	\$ 34,915,000	\$ 38,780,000	\$ 73,695,000
Net revenue bonds	35,020,778	39,432,046	74,452,824

Debt service requirements to maturity for the revenue bonds are as follows:

Year Ending	Primary Government Major Enterprise Funds		
	June 30	Principal	Interest
2016	\$	4,080,000	\$ 2,844,330
2017		4,215,000	2,703,680
2018		4,360,000	2,542,430
2019		4,540,000	2,364,430
2020		4,725,000	2,190,555
2021-2025		26,555,000	7,931,231
2026-2030		25,220,000	2,251,533
Total		<u>\$ 73,695,000</u>	<u>\$ 22,828,189</u>

County of Chesterfield, Virginia
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In accordance with the Support Agreement, the Economic Development Authority issued bonds to finance construction projects for the infrastructure improvements at the Meadowville Technology Park. The General Fund is responsible for the following Revenue Bonds outstanding at June 30, 2015:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Amount Outstanding</u>
Primary Government				
2005 Economic Development, due 2025	\$ 18,120,000	variable	\$910,000 - 1,020,000	\$ 9,645,000
2010 Taxable Recovery Zone, Economic Development due 2030	8,345,000	2.612 - 5.265%	\$415,000 - 420,000	<u>6,245,000</u>
Total revenue bonds				<u>\$ 15,890,000</u>

Debt service requirements to maturity for the revenue bonds are as follows:

Year Ending	<u>Primary Government</u>		
	<u>Non-major Enterprise fund</u>		
June 30	<u>Principal</u>	<u>Interest^{(1) (2)}</u>	<u>Total</u>
2016	\$ 1,330,000	\$ 294,031	\$ 1,624,031
2017	1,340,000	280,429	1,620,429
2018	1,355,000	265,236	1,620,236
2019	1,365,000	248,329	1,613,329
2020	1,370,000	230,545	1,600,545
2021-2025	7,055,000	862,752	7,917,752
2026-2030	<u>2,075,000</u>	<u>327,746</u>	<u>2,402,746</u>
Total	<u>\$ 15,890,000</u>	<u>\$ 2,509,068</u>	<u>\$ 18,399,068</u>

⁽¹⁾ Interest estimated using rate in effect as of June 30, 2015.

⁽²⁾ Interest for 2010B Recovery Zone Revenue Bonds has not been adjusted for 45% U. S. Treasury cash subsidy payment.

C. Public Facility Lease Revenue Bonds, Certificates of Participation and Taxable Revenue Note

The County is a party to several Real Property Lease/Purchase Agreements. These agreements are structured with Public Facility Lease Revenue Bonds, Certificates of Participation and a Taxable Redevelopment Facility Note. Obligations under these leases are to be liquidated by the General Fund and the non-major Airport Fund.

In the public facility lease revenue bonds transaction dated April 1, 1999, the County leases a new Juvenile and Domestic Relations Courts Building from the lessor for a lease term ending November 1, 2019. Public Facility Lease Revenue bonds evidencing owners' interest in the lease payments were issued to finance the new building and were advance refunded with Public Facility Revenue Refunding Bonds, Series 2010A.

Under an agreement dated January 1, 2001, the County leases the Juvenile Detention Home, the old Juvenile and Domestic Relations Courts Building, the Information Systems Technology Building and an Airport Hangar Building. Certificates of Participation Series 2001, 2003A and 2006A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance construction and renovation of these buildings, as well as a financial/human resources information system. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

County of Chesterfield, Virginia
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Under an agreement dated March 1, 2003, the County leases the real property together with the new County Jail and all other buildings, structures, improvements and equipment located thereon. Certificates of Participation Series 2003B and 2004A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance acquisition, construction, installation, furnishing and equipping the new jail. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated March 1, 2004, the County leases real property incorporating a new Community Development Building, a replacement Chester House Rehabilitative Facility, and an additional Airport Hangar. Certificates of Participation Series 2004B, 2005B and 2006B were issued to finance a portion of the cost of the acquisition, construction, installation, furnishing and equipping of these buildings, as well as an Emergency Systems Integration Project. In addition, Certificates of Participation Series 2005A and 2005B were used to finance the acquisition of a financial/human resources information management system. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated April 15, 2005, the County leases real property incorporating a new Police Property and Evidence Storage Facility. Certificates of Participation Series 2005C were issued to finance a portion of the acquisition, construction, installation, furnishing and equipping of the building.

Under an agreement dated June 1, 2007, the County leases real property incorporating the Smith Wagner Building, the Circuit Court and General District Court Courthouse, the Lane B. Ramsey Building and the off-site Public Safety Training Center. Certificates of Participation Series 2007 were issued to finance a portion of the cost to expand, renovate, construct, furnish and equip various portions of these facilities.

In the Taxable Revenue Note amended and restated December 19, 2014, the County leases real property incorporating the former Cloverleaf Mall property. The County is reporting a redevelopment asset in its government-wide statements.

In each of these leases, the County acts as the lessor's agent for the construction and furnishing of the capital acquisitions. The County is required, subject to annual appropriations by the Board of Supervisors, under the Real Property Lease/Purchase Agreements to make lease payments to a trustee, as assignee of the lessor. These payments will be sufficient for the trustee to pay debt service on the Public Facility Revenue Refunding Bonds, Series 2010A, the Certificates of Participation and the Taxable Redevelopment Facility Note as and when due. At the expiration of the lease terms, title to the assets will vest in the County if the County has made all lease payments required under the Agreements.

County of Chesterfield, Virginia
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Amounts outstanding as of June 30, 2015, on the Public Facility Lease, the Certificates of Participation and the Taxable Redevelopment Note are as follows:

Governmental Activities	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
2003B Certificates of Participation, due 2024	\$ 3,030,000	4.40 %	\$ 155,000	\$ 310,000
2004B Certificates of Participation, due 2016	5,982,795	3.50	299,568	299,568
2005A Certificates of Participation, due 2016	4,300,000	3.75	430,000	430,000
2005B Certificates of Participation, due 2025	8,500,000	3.75 - 4.25	445,000	1,335,000
2005C Certificates of Participation, due 2016	1,245,000	3.75	120,000	120,000
2006A Certificates of Participation, due 2016	3,565,000	4.25	355,000	355,000
2006B Certificates of Participation, due 2025	8,395,000	4.25 - 4.50	440,000	3,960,000
2007 Certificates of Participation, due 2028	22,220,000	4.50 - 5.00	950,000 - 1,165,000	14,050,000
2010A Public Facility Revenue Refunding Bonds, due 2020	7,185,000	2.00 - 4.00	800,000 - 855,000	4,110,000
2012 Certificates of Participation Refunding, due 2025	19,011,905	3.00 - 5.00	327,211 - 2,377,090	17,837,796
2014A Taxable Revenue Note	16,596,199	Variable*	7,484,947	7,484,947
Total governmental activities				50,292,311
Add: Premium				2,345,592
Net governmental activities				52,637,903
Business-type Activities				
2004B Certificates of Participation, due 2016	\$ 1,007,205	3.50%	\$ 50,432	50,432
2005B Certificates of Participation, due 2025	450,000	3.75 - 4.25	25,000	75,000
2012 Certificates of Participation - Refunding, due 2025	743,095	3.00 - 5.00	12,789 - 92,910	697,204
Total business-type activities				822,636
Add: Premium				79,028
Net business-type activities				901,664
Total certificates of participation				\$ 53,539,567

*The interest rate will be the LIBOR Market Index Rate plus 0.60%, as that rate may change from day to day. "LIBOR *Market Index Rate", for any day, is the rate for one month U. S. dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined by Bank from another recognized source or inter-bank quotation). At June 30, 2015, the one month LIBOR rate was 0.1859%.

County of Chesterfield, Virginia
Notes to Financial Statements
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Annual debt service requirements to maturity for the Public Facility Lease, the Certificates of Participation and the Taxable Redevelopment Note are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 12,046,835	\$ 1,818,650	\$ 13,865,485	\$ 93,112	\$ 34,571	\$ 127,683
2017	4,742,402	1,652,525	6,394,927	97,598	31,365	128,963
2018	4,729,723	1,471,744	6,201,467	90,277	27,971	118,248
2019	4,729,347	1,269,079	5,998,426	90,653	23,899	114,552
2020	4,733,782	1,049,538	5,783,320	91,218	19,532	110,750
2021-2025	16,460,222	2,433,534	18,893,756	359,778	34,373	394,151
2026-2030	<u>2,850,000</u>	<u>213,750</u>	<u>3,063,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 50,292,311</u>	<u>\$ 9,908,820</u>	<u>\$ 60,201,131</u>	<u>\$ 822,636</u>	<u>\$ 171,711</u>	<u>\$ 994,347</u>

The interest rate for the Taxable Redevelopment Note is estimated using the average of the fiscal year 2015 LIBOR Market Index Rate plus 0.60%.

D. Special Assessment Revenue Note

On October 1, 2011, the EDA entered into a Financial Agreement with the Chippenham Place CDA. In accordance with the Financing Agreement, the EDA issued a Tax-Exempt Revenue Note in an amount up to \$8 million and provided the proceeds of the Note to the Chippenham Place CDA to finance the infrastructure improvements at the former Cloverleaf Mall site. The outstanding amount of the Special Assessment Revenue Note, Series 2011, at December 1, 2014 was \$6,670,000. On December 1, 2014, the EDA entered into a new Financing Agreement with the CDA. In accordance with the new Financing Agreement, the EDA issued a Tax-Exempt Revenue Note, Series 2014B, in an amount of \$12,577,548, the proceeds of which were used to pay the outstanding balance of the Special Assessment Revenue Note, Series 2011; reimburse the County for infrastructure improvements; and pay the costs of issuing the Note. In accordance with the Financing Agreement, the CDA promises to pay the outstanding principal balance and interest on the EDA's Note solely from the revenues and other property pledged to the payment of this Note. The Note is a limited obligation secured by pledged revenues consisting of incremental tax and special assessment revenues collected by the County. The County intends to make annual appropriations sufficient to cover the required annual debt service. The Note will be repaid with the incremental tax revenues and, to the extent incremental tax revenues are not sufficient, special assessment revenues. As of June 30, 2015, the Chippenham Place CDA reported total accrued interest of \$87,208 related to the Note. The balance of the Note as of June 30, 2015, was \$12,437,912 and is included as a non-current liability on the Statement of Net Position - Non-major Discretely Presented Component Units.

County of Chesterfield, Virginia
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E. Capital Leases

1. Primary Government - Governmental Activities

The County acquired equipment under capital lease arrangements with an interest rate of 3.83%. Capital leases are liquidated by the General Fund. Future minimum lease payments at June 30, 2015, for these capital leases are as follows:

Year Ending	<u>Primary Government</u>		
	<u>Governmental Activities</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 160,462	\$ 14,750	\$ 175,212
2017	173,011	8,486	181,497
2018	90,613	1,735	92,348
Total	<u>\$ 424,086</u>	<u>\$ 24,971</u>	<u>\$ 449,057</u>

2. Component Unit - School Board

The School Board has acquired equipment under capital lease arrangements with an implicit interest rate of 2.0%. Capital leases are liquidated by the School Operating Fund. Future minimum lease payments at June 30, 2015, for these capital leases are as follows:

Year Ending	<u>Component Unit</u>		
	<u>School Board</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,223,275	\$ 49,420	\$ 1,272,695
2017	1,247,748	24,947	1,272,695
Total	<u>\$ 2,471,023</u>	<u>\$ 74,367</u>	<u>\$ 2,545,390</u>

F. Compensated Absences Payable

The County recorded a liability for compensated absences in the Statement of Net Position of the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The governmental activities of the primary government recorded \$19,657,896 and \$4,264,228 for accrued vacation and sick leave benefits, respectively, and the business-type activities of the primary government recorded \$1,175,500 and \$408,833 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded \$11,945,919 and \$8,694,546 for accrued vacation/personal leave and sick leave benefits, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

G. Judgments and Claims

The County recorded a liability for workers compensation claims in the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The workers compensation liability recorded is \$9,897,567 for the governmental activities of the primary government, \$1,472,824 for the business-type activities of the primary government and \$10,987,722 for the School Board component unit. A liability of \$5,421,614 has been recorded for judgment and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2015, and b) liabilities for claims incurred but not reported as of June 30, 2015. These liabilities have been estimated based upon a case-by-case review, investigation and historical experience. Payments for workers compensation liabilities are recorded as a charge to the fund that incurred the liability. Judgments and claims recorded in the Risk Management Fund are payable from the Risk Management Fund.

Effective January 1, 2014, the County and School Board began participating in a self-insured health care program covering medical and prescription drug costs. Medical and drug claims that exceed \$200,000

County of Chesterfield, Virginia
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per member are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of expected medical and drug claims are covered by aggregate excess risk insurance. A liability of \$11,214,284 has been recorded for health care claims in the Health Care Fund.

In October 1991, the U. S. Environmental Protection Agency (EPA) issued a rule establishing municipal solid waste landfills (MSWLF) closure requirements for all MSWLF's that accepted solid waste after October 9, 1991 and postclosure requirements for all MSWLF's that accepted solid waste after October 9, 1993. The County operated one landfill, which was closed on October 8, 1993, and completed the final cover during fiscal year 1995. The County has met the Commonwealth's ten-year requirement to perform maintenance and monitoring postclosure functions at the site and has applied for certification from the Commonwealth to release it from further maintenance and monitoring requirements. The County anticipates it will incur an additional postclosure care liability of \$1,280,379 at June 30, 2015. This amount represents the estimated total current cost of landfill postclosure care for an additional ten years, based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Actual costs may be lower if the County is released from postclosure maintenance and monitoring by the Commonwealth. Payments for this liability will be recorded as a charge to the General Fund. The County is not required by state and federal laws or regulations to make annual contributions to a trust to finance postclosure care. The County expects to pay additional postclosure care cost from the General Fund with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund assigned fund balance.

Beginning June 30, 2009, the County reported obligations to address the current or potential detrimental effects of existing pollution by participating in remediation activities. Site investigation, planning and design, cleanup and site monitoring are typical activities associated with pollution remediation. The U. S. Department of Interior - National Park Service (NPS) has named the County as a primary responsible party requiring the County to participate in cleanup efforts at a landfill site that was closed in 1972 and subsequently donated to the NPS by the County. The County estimates it will incur pollution remediation obligations of \$2,686,500 at this site as of June 30, 2015. This amount is based on reasonable and supportable assumptions measured at current value using the expected cash flow technique. Actual cost may be higher or lower due to changes in assumptions resulting from ongoing site assessments, inflation and changes in technology and/or regulations. Payments for this liability will be recorded as a charge to the County Capital Projects Fund.

H. Net Pension Liabilities

As required by GAAP, a long-term liability has been recorded for the VRS Plan, the County Supplemental Retirement Plan and the School Board Supplemental Retirement Program for the cumulative difference between the total pension liabilities and fiduciary net position as of the measurement date. The governmental activities of the primary government recorded net pension liabilities of \$165,229,105 for the VRS Local Plan and \$2,547,460 for the County Supplemental Retirement Plan. The business-type activities of the primary government recorded net pension liabilities of \$7,571,807 for the VRS Local Plan and \$234,777 for the County Supplemental Retirement Plan. The School Board component unit recorded net pension liabilities of \$16,935,342 and \$442,048,000 for the VRS Local and Teachers' Pool Plans, respectively, and \$58,056,381 for the School Board Supplemental Retirement Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

I. Other Postemployment Benefits Obligations - Retiree Healthcare and Line of Duty

For the fiscal year ended June 30, 2015, the County reported an actuarially determined liability for other postemployment health-care and line of duty benefits for retired, active and disabled employees in the financial statements. The County and School Board fully funded annual other postemployment benefits (OPEB) costs for retiree healthcare and Line of Duty benefits costs were partially funded. Net payments for these liabilities are recorded as charges to the fund that incurred the liability. Net OPEB assets of \$1,814,403 for retiree healthcare and \$2,198,168 for line of duty are recorded as prepaid assets in the government-wide statements. The School Board recorded a net OPEB asset of \$112,925 as a prepaid asset in the government-wide statements.

County of Chesterfield, Virginia
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J. Defeased Debt

In prior years, the County has defeased certain general obligation bonds and certificates of participation by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and the liability for the defeased debt are not included in the County's financial statements. At June 30, 2015, the outstanding balance of the defeased debt was \$39,825,000 for general obligation bonds and \$3,730,000 for certificates of participation.

K. Changes in Long-term Obligations

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
Governmental Activities					
General obligation bonds	\$ 385,075,000	\$ -	\$ 36,575,000	\$ 348,500,000	\$ 33,660,000
Add: Premium	26,798,615	-	3,647,315	23,151,300	3,407,307
Net bonds payable	411,873,615	-	40,222,315	371,651,300	37,067,307
Support agreements - EDA	17,205,000	-	1,315,000	15,890,000	1,330,000
Certificates of participation	43,591,431	-	4,894,067	38,697,364	3,706,888
Add: Premium	2,771,877	-	485,534	2,286,343	465,144
Net certificates of participation	46,363,308	-	5,379,601	40,983,707	4,172,032
Public facility lease	4,985,000	-	875,000	4,110,000	855,000
Add: Premium	85,833	-	26,584	59,249	21,527
Net public facility lease	5,070,833	-	901,584	4,169,249	876,527
Taxable revenue note	13,142,494	-	5,657,547	7,484,947	7,484,947
Capital lease obligations	573,493	-	149,407	424,086	160,462
Total bonds, leases and loans	494,228,743	-	53,625,454	440,603,289	51,091,275
Other liabilities:					
Compensated absences	22,355,279	15,195,824	13,628,979	23,922,124	14,073,080
Judgments and claims:					
Workers compensation and risk claims	15,494,242	1,162,856	1,337,917	15,319,181	7,694,335
Healthcare claims	8,721,180	2,493,104	-	11,214,284	11,214,284
Landfill	1,089,599	190,780	-	1,280,379	119,631
Pollution remediation	2,686,500	-	-	2,686,500	-
Total judgements and claims	27,991,521	3,846,740	1,337,917	30,500,344	19,028,250
Net pension liabilities**	221,307,366	-	53,530,801	167,776,565	-
Total other liabilities	271,654,166	19,042,564	68,497,697	222,199,033	33,101,330
Total long-term liabilities	\$ 765,882,909	\$ 19,042,564	\$ 122,123,151	\$ 662,802,322	\$ 84,192,605

** Net pension liabilities have been restated as of July 1, 2014 in accordance with GASB 68 requirements.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end, \$510,572 for compensated absences, \$16,678,419 for judgments and claims and \$3,617,941 for net pension liabilities for internal service funds are included in the above amounts. Except for the amounts for internal service funds, the long-term liabilities for governmental activities are generally liquidated by the General Fund.

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Business-type Activities	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
<u>Water Fund</u>					
Revenue bonds payable	\$ 36,910,000	\$ -	\$ 1,995,000.00	\$ 34,915,000	\$ 2,080,000
Add: Premium	121,383	-	15,605	105,778	14,707
Net bonds payable	37,031,383	-	2,010,605	35,020,778	2,094,707
Other liabilities:					
Compensated absences	728,112	586,377	482,733	831,756	418,837
Judgments and claims	1,248,621	-	354,203	894,418	298,870
Net pension liabilities**	5,214,142	-	1,265,921	3,948,221	-
Total other liabilities	7,190,875	586,377	2,102,857	5,674,395	717,707
Total long-term liabilities	44,222,258	586,377	4,113,462	40,695,173	2,812,414
<u>Wastewater Fund</u>					
Revenue bonds payable	40,720,000	-	1,940,000	38,780,000	2,000,000
Add: Premium	734,651	-	82,605	652,046	78,455
Net bonds payable	41,454,651	-	2,022,605	39,432,046	2,078,455
Other liabilities:					
Compensated absences	818,257	363,530	450,061	731,726	411,954
Judgments and claims	546,639	31,767	-	578,406	193,275
Net pension liabilities**	4,937,798	-	1,196,532	3,741,266	-
Total other liabilities	6,302,694	395,297	1,646,593	5,051,398	605,229
Total long-term liabilities	47,757,345	395,297	3,669,198	44,483,444	2,683,684
<u>Non-major</u>					
Certificates of participation	918,569	-	95,933	822,636	93,112
Add: Premium	96,019	-	16,991	79,028	16,534
Net certificates of participation	1,014,588	-	112,924	901,664	109,646
Revenue note payable	6,670,000	-	6,670,000	-	-
Total certificates of participation and revenue note payable	7,684,588	-	6,782,924	901,664	109,646
Other liabilities:					
Compensated absences	17,421	16,147	12,717	20,851	11,773
Net pension liabilities**	154,322	-	37,225	117,097	-
Total other liabilities	171,743	16,147	49,942	137,948	11,773
Total long-term liabilities	7,856,331	16,147	6,832,866	1,039,612	121,419
<u>Total Business-type Activities</u>					
Revenue bonds payable	77,630,000	-	3,935,000	73,695,000	4,080,000
Add: Premium	856,034	-	98,210	757,824	93,162
Net bonds payable	78,486,034	-	4,033,210	74,452,824	4,173,162
Certificates of participation	918,569	-	95,933	822,636	93,112
Add: Premium	96,019	-	16,991	79,028	16,534
Net certificates of participation	1,014,588	-	112,924	901,664	109,646
Revenue note payable	6,670,000	-	6,670,000	-	-
Total bonds, certificates of participation and revenue note payable	86,170,622	-	10,816,134	75,354,488	4,282,808
Other liabilities:					
Compensated absences	1,563,790	966,054	945,511	1,584,333	842,564
Judgments and claims	1,795,260	31,767	354,203	1,472,824	492,145
Net pension liabilities**	10,306,262	-	2,499,678	7,806,584	-
Total other liabilities	13,665,312	997,821	3,799,392	10,863,741	1,334,709
Total long-term liabilities	\$ 99,835,934	\$ 997,821	\$ 14,615,526	\$ 86,218,229	\$ 5,617,517

** Net pension liabilities have been restated as of July 1, 2014 in accordance with GASB 68 requirements.

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Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2015, are as follows:

School Board	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Amounts Due Within One Year
Capital leases	\$ -	\$ 4,146,000	\$ 1,674,977	\$ 2,471,023	\$ 1,223,275
Compensated absences	21,255,572	5,340,975	5,956,082	20,640,465	8,719,133
Judgments and claims	13,604,123	-	2,616,401	10,987,722	3,671,594
Net pension liabilities*	586,804,225	-	69,764,502	517,039,723	-
Total long-term liabilities	<u>\$ 621,663,920</u>	<u>\$ 9,486,975</u>	<u>\$ 80,011,962</u>	<u>\$ 551,138,933</u>	<u>\$ 13,614,002</u>

* Net pension liabilities have been restated as of July 1, 2014 in accordance with GASB 68 requirements.

L. Long-term Debt Issued on Behalf of the School Board Component Unit

According to State law, the School Board component unit is not allowed to issue general obligation debt and, therefore, is not legally obligated to repay general obligation debt issued on its behalf by the primary government. The amount of debt reported in the government-wide statements of the primary government on behalf of the School Board component unit is as follows:

General obligations bonds	\$ 270,243,172
Certificates of participation	<u>314,000</u>
Total	<u>\$ 270,557,172</u>

In addition to the general obligation debt and lease obligations, the primary government has also recorded accrued interest payable of \$6,084,093 in the government-wide financial statements on behalf of the School Board component unit. The School Board component unit has recorded accrued interest payable of \$24,710 in the government-wide financial statements.

10. Commitments and Contingent Liabilities

A. Lease Commitments

Rent expense for all operating leases was \$2,241,893 for the County and \$1,228,579 for the School Board.

The County leases various types of equipment under operating lease agreements. The County lease agreements are contingent on the County Board appropriating funds for each year's payments. As of June 30, 2015, future operating lease payments for the County totaled \$89,190 of which \$88,659 is due in 2016 and \$531 is due in 2017.

B. Other Commitments

The County has entered into various contracts for the purchase of water and the treatment of wastewater. The County, in establishing water and wastewater rates, considers these commitments which expire at various times through 2045 as disclosed in note 14A and 14F.

C. Contingent Liabilities

Various claims and lawsuits are pending against the County and School Board. In the opinion of County management, resolution of these cases would not involve a substantial liability.

The County and School Board have received a number of Federal and State grants. Although the County and School Board have been audited in accordance with the provisions of Office of Management and Budget Circular A-133, these grants are still subject to financial and compliance

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audits by the grantors or their representatives. Such audits could result in requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. The amount of expenditures, if any, which may be disallowed as a result of audits at some future date, cannot be determined at this time; however, the County and School Board expect such amounts, if any, to be immaterial to the financial statements.

D. Moral Obligations - Richmond Metropolitan Transportation Authority (RMTA) Baseball Stadium Facility

In connection with the RMA's responsibility for maintaining and operating the Richmond metropolitan area's baseball stadium facility (Diamond) which opened in April 1985, the Counties of Chesterfield and Henrico and the City of Richmond agreed to a nonbinding moral obligation under which each would pay one-third of any annual net operating loss. The County made no contributions during fiscal year 2015.

In March 2015, in accordance with a facility transfer agreement between the RMTA and the City of Richmond, the RMTA transferred the remaining assets of the Diamond to the City of Richmond and the Counties of Chesterfield and Henrico, in equal portions. The County was paid \$201,122 and the nonbinding moral obligation was terminated.

11. Risk Management - Claims Liability

The Risk Management Fund (an Internal Service Fund) accounts for property, casualty and liability claims for the County and School Board. Third party coverage is obtained for real and personal property and some liability risks. Third party property and casualty coverage is maintained for the Fire Department. The County does maintain a broad form Public Officials Liability insurance policy to provide catastrophe coverage for individual claims in excess of \$2,000,000 excluding property and workers' compensation. For property, the County maintains a deductible of \$250,000 per occurrence. Administration of claims impacting this coverage is reviewed routinely by the insurance company that provides the policies. There were no reductions in commercial insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the commercial insurance. Risk Management Fund revenues are generated by charges to the departments and School Board for management's estimate of the cost of predictable losses, the cost for administering these losses, a pro rata share of insurance premiums paid, actuarial estimates for incurred but not reported claims and the Risk Management Department's operational costs. Significant claims paid by the Risk Management Fund which exceed the premium charged will be covered by increased premiums in future years to the departments and School Board. Liabilities for unpaid claims are based upon the estimate of the ultimate cost of the claims, pursuant to known information. The estimate of the claims liability does not include amounts for non-incremental claims adjustment expenses. On disputed cases, where the chances of prevailing on the legal and medical issues are less than 50%, the claim is recorded at the full exposure amount. The confidence level estimated percentage used to determine the risk management liability is 65% for automobile, general, professional, medical and law enforcement liabilities.

The County is a significant property owner and, as such, has potential exposure to environmental liabilities. In 2002, the County began the development of a comprehensive environmental management program. The County also continues to expand its countywide Environmental Management System (EMS) based on the International Organization for Standardization (ISO) 14001 requirements. The emphasis of the EMS is to manage and control the County's services and activities in a manner that reduces adverse impacts to the environment, to promote pollution prevention and to help ensure compliance with environmental laws and regulations.

Workers' compensation claims are funded annually by appropriations in the various funds. The County maintains an excess insurance policy for claims greater than self-insured retention. The self-insured retention as of January 1, 2014 was \$800,000 for non-public safety county employees, \$1,250,000 for public safety employees and \$850,000 for public school employees. Claims are administered by Risk Management staff with an independent claims audit conducted periodically.

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Safety professionals and representatives of the third party insurance companies provide loss prevention consultation.

The changes in the workers' compensation claims liability amounts are as follows:

	<u>County</u>		<u>School Board</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Workers' Compensation:				
Liability, July 1	\$ 13,030,745	\$ 13,608,593	\$ 13,604,123	\$ 14,131,773
Current year claims	3,411,000	4,624,000	3,194,000	4,100,000
Changes in estimates	(1,528,963)	(1,448,530)	(2,931,540)	(738,146)
Claim payments	<u>(3,542,391)</u>	<u>(3,753,318)</u>	<u>(2,878,861)</u>	<u>(3,889,504)</u>
Liability, June 30	<u>\$ 11,370,391</u>	<u>\$ 13,030,745</u>	<u>\$ 10,987,722</u>	<u>\$ 13,604,123</u>

The changes in the liability amounts for other claims are as follows:

	<u>2015</u>	<u>2014</u>
Risk Management Fund:		
Liability, July 1	\$ 4,258,757	\$ 4,415,451
Current year claims	4,034,065	2,063,656
Changes in estimates	303,605	(1,173,122)
Claim payments	<u>(3,174,813)</u>	<u>(1,047,228)</u>
Liability, June 30	<u>\$ 5,421,614</u>	<u>\$ 4,258,757</u>

12. Retirement Plans

A. Virginia Retirement System - Local Plans and Teachers' Pool

1. Plan Description and Membership

The County and School Board participate in agent multiple employer plans (VRS Local Plans) administered by the Virginia Retirement System (VRS). In addition, certain School Board employees participate in the VRS statewide teachers' cost-sharing pool plan (VRS Teachers' Pool). All full-time, salaried permanent employees are automatically covered by VRS upon employment. Benefits vest after five years of service credits. Members earn one month of service credit for each month they are employed and they and the County or School Board, as employers, pay contributions to 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 different benefit structures for local government employees - Plan 1, Plan 2 and Hybrid.

- a. Employees hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1, a defined benefit (pension) plan. Non-hazardous duty employees 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. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- b. Employees hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2, a defined benefit (pension) plan. Non-hazardous duty employees 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. Non-hazardous duty employees

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may retire with a reduced benefit as early as age 60 with at least five years of service credit.

- c. Non-hazardous duty employees hired after January 1, 2014 are covered by a combination of a defined benefit (pension) plan and a contribution (retirement savings) plan. Employees covered by this hybrid plan are eligible for full retirement benefits when the normal social security retirement age is reached, and with at least five years of creditable service, or when age and years of service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least five years of service credit. For the defined benefit component, members are eligible to receive distributions upon leaving employment, subject to restrictions.
- d. Eligible hazardous duty employees (law enforcement officers, firefighters and sheriffs) 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. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least ten years of service credit or at age 55 with five years of service credit.

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees and 1.85% for hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier for non-hazardous duty employees is 1.65% and 1.85% for hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.0%.

Retirees are eligible for annual cost-of-living adjustment (COLA) beginning July 1 after one full 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, there is no COLA. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees covered by the benefit terms of the VRS Local Plans are as follows:

	Primary Government	Component Unit - School Board
Inactive members or their beneficiaries		
currently receiving benefits	1,741	721
Inactive members:		
Vested	524	104
Non-vested	733	320
Active elsewhere in VRS	<u>858</u>	<u>206</u>
Total inactive members	2,115	630
Active members	<u>3,327</u>	<u>1,133</u>
Total	<u><u>7,183</u></u>	<u><u>2,484</u></u>

VRS issues a publicly available comprehensive annual financial report that includes financial statements, required supplementary information and detailed information about the fiduciary net position of the VRS plans. A copy of that report may be downloaded from their web site at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

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2. Contributions

Plan members are required by Title 51.1-145 of the Code of Virginia, as amended, to contribute 5% of their annual salary to the VRS. In addition, the County and School Board make separate actuarially determined contributions to fund participation using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

a. VRS Local Plans

Including the 5% member contribution for fiscal year 2015, the County's and School Board's actual contributions of \$35,366,385 and \$4,134,389, representing contribution rates of 20.29% and 15.90% of covered employee compensation, respectively, were equal to contractually required contributions. The contractually required contribution rates were determined as part of the June 30, 2013, actuarial valuation. This rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

b. VRS Teachers' Pool

The School Board's actual contribution, including member contributions to the VRS Teachers' Pool for fiscal year 2015 was \$53,082,736. The contractually required contribution rate for the year ended June 30, 2015, excluding the 5% member rate, was 14.50% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2013, actuarial valuation. The actuarially determined rate for the VRS Teachers' Pool was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Title 51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015.

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

a. VRS Local Plans

Primary Government

At June 30, 2015, the County reported a net pension liability of \$172,800,912, measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. There were no changes in assumptions or benefit terms since the prior measurement period. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2015, the County recognized pension expense of \$17,292,420. Deferred outflows of resources and deferred inflows of resources related to the VRS Local Plan was reported from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 46,140,501
Contributions subsequent to the measurement date	<u>26,687,165</u>	<u>-</u>
Total	<u>\$ 26,687,165</u>	<u>\$ 46,140,501</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Deferred Inflows of Resources</u>	
<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 11,535,125
2017	11,535,125
2018	11,535,125
2019	<u>11,535,126</u>
	<u>\$ 46,140,501</u>

The following represents net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate.

	<u>1% decrease 6%</u>	<u>Current rate 7%</u>	<u>1% increase 8%</u>
Net pension liability	\$298,840,942	\$172,800,912	\$68,379,154

Component Unit - School Board

At June 30, 2015, the School Board reported a net pension liability of \$16,935,342. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. There were no changes in assumptions or benefit terms since the prior measurement period.

For the year ended June 30, 2015, the School Board recognized pension expense of \$1,723,245. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 5,763,878
Contributions subsequent to the measurement date	<u>2,839,118</u>	<u>-</u>
Total	<u>\$ 2,839,118</u>	<u>\$ 5,763,878</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the

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year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred Inflows of Resources	
<u>Year ending June 30:</u>	<u>Amount</u>
2016	\$ 1,440,969
2017	1,440,969
2018	1,440,969
2019	1,440,971
	<u>\$ 5,763,878</u>

The following represents net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate.

	<u>1% decrease 6%</u>	<u>Current rate 7%</u>	<u>1% increase 8%</u>
Net pension liability	\$30,662,524	\$16,935,342	\$5,450,698

b. VRS Teachers' Pool

At June 30, 2015, the School Board reported a net pension liability of \$442,048,000 for its proportionate share of the net pension liability in the VRS Teachers' Pool. The net pension liability was measured as of June 30, 2014, based on the annual actuarial valuation performed on June 30, 2013, which was actuarially rolled forward to the measurement date. The School Board's proportionate share of net pension liability was based on actual contributions made to the plan during the measurement period. At the measurement date, the School Board's proportionate share was 3.65792%, which was an increase of 0.04552% from June 30, 2013. There were no changes in assumptions or benefit terms since the prior measurement period. There were no changes between the measurement date of the collective net pension liability and the School Board's reporting date.

For the year ended June 30, 2015, the School Board recognized pension expense of \$36,065,000. Deferred outflows of resources and deferred inflows of resources to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 65,604,000
Changes in proportionate share of contributions	5,137,000	-
Contributions subsequent to the measurement date	<u>39,521,472</u>	<u>-</u>
Total	<u>\$ 44,658,472</u>	<u>\$ 65,604,000</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ending June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 1,134,000	\$ 16,401,000
2017	1,134,000	16,401,000
2018	1,134,000	16,401,000
2019	1,134,000	16,401,000
Thereafter	601,000	-
	<u>\$ 5,137,000</u>	<u>\$ 65,604,000</u>

The following represents the School Board's proportionate share of the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current rate.

	<u>1% decrease 6%</u>	<u>Current rate 7%</u>	<u>1% increase 8%</u>
Net Pension Liability	\$ 649,105,000	\$ 442,048,000	\$ 271,574,000

4. Actuarial Assumptions

Total pension liabilities in the VRS plans were based on an actuarial valuation as of June 30, 2013, using the entry age normal actuarial cost method. 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.

a. VRS Local Plans

Changes to the actuarial assumptions for the VRS Local Plans as a result of the experience study include updating mortality tables; decreasing rates of service retirement; decreasing rates of disability retirement; reducing rates of salary increases by 0.25% per year and increasing rates of withdrawals for 3 through 9 years of service.

1. Non-hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2014, applied to the total pension liabilities for non-hazardous employees in the County and School Board VRS Local Plans:

Inflation	2.50%
Salary increases, including inflation	1.50% - 5.35%
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	14% of deaths are assumed to be service related
Pre-retirement.....	RP-2000 Employee Mortality Table with Scale AA 2020 with males set forward 4 years and females set back 2 years
Post-retirement	RP-2000 Combined Mortality Table with Scale AA to 2020 with males set forward 1 year

*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, a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded

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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.

2. Hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2014, applied to the total pension liability for hazardous duty employees in the County VRS Local Plan:

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	60% of deaths are assumed to be service related
Pre-retirement.....	RP-2000 Employee Mortality Table with Scale AA 2020 with males set forward 4 years and females set back 2 years
Post-retirement	RP-2000 Combined Mortality Table with Scale AA to 2020 with males set forward 1 year
Post-disablement.....	RP-2000 Disability Life Mortality Table projected to 2020 with males set back 3 years and no provision for future mortality improvement

*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, 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.

b. VRS Teachers' Pool

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2014, applied to the total pension liability for employees in the School Board VRS Teachers' Pool Plan:

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-retirement.....	RP-2000 Employee Mortality Table with Scale AA 2020 with males set back 3 years and females set back 5 years
Post-retirement	RP-2000 Combined Mortality Table with Scale AA to 2020 with males set back 2 years and females set back 3 years
Post-disablement.....	RP-2000 Disability Life Mortality Table projected to 2020 with males set back 1 year and no provision for future mortality improvement

*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

County of Chesterfield, Virginia
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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, 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.

The long-term expected rate of return on pension 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 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 arithmetic real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Weighted Average Long-term Expected Real 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	<u>1.00%</u>	-1.50%	<u>-0.02%</u>
Total	<u>100.00%</u>		5.83%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>8.33%</u>

*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 rate of 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%

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of Chesterfield, Virginia
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5. Changes in Net Pension Liabilities

a. VRS Local Plan - Primary Government

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2013	\$ 883,621,959	\$ 655,888,263	\$ 227,733,696
Changes:			
Service Cost	22,359,979	-	22,359,979
Interest	60,537,206	-	60,537,206
Contributions - employer	-	26,084,703	(26,084,703)
Contributions - employee	-	8,820,383	(8,820,383)
Net investment income	-	103,473,934	(103,473,934)
Benefit payments, including refunds of employee contributions	(37,609,453)	(37,609,453)	-
Administrative expense	-	(554,506)	554,506
Other changes	-	5,455	(5,455)
Net changes	<u>45,287,732</u>	<u>100,220,516</u>	<u>(54,932,784)</u>
Balance at June 30, 2014	<u>\$ 928,909,691</u>	<u>\$ 756,108,779</u>	<u>\$ 172,800,912</u>

b. VRS Local Plan - School Board Component Unit

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2013	\$ 107,107,506	\$ 82,963,489	\$ 24,144,017
Changes:			
Service cost	2,949,849	-	2,949,849
Interest	7,295,839	-	7,295,839
Contributions - employer	-	3,168,042	(3,168,042)
Contributions - employee	-	1,388,336	(1,388,336)
Net investment income	-	12,967,640	(12,967,640)
Benefit payments, including refunds of employee contributions	(5,762,476)	(5,762,476)	-
Administrative expense	-	(70,338)	70,338
Other changes	-	683	(683)
Net Changes	<u>4,483,212</u>	<u>11,691,887</u>	<u>(7,208,675)</u>
Balance at June 30, 2014	<u>\$ 111,590,718</u>	<u>\$ 94,655,376</u>	<u>\$ 16,935,342</u>

6. Payables to the VRS Plans

At June 30, 2015, the County and the School Board component units owed the following amounts to the VRS plans due to the timing of when contractually required contributions payments become due.

VRS Local plan - Primary Government	\$2,218,312
VRS Local plan - School Board	245,396
VRS Teachers' Pool - School Board	3,572,490

County of Chesterfield, Virginia
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B. Supplemental Retirement Plan - Primary Government

The Chesterfield County Supplemental Retirement Plan (Plan) is a single-employer defined benefit pension plan that covers certain qualified employees in addition to any benefits to be received under the VRS Local Plan or Social Security. The Board of Trustees, appointed by the Board of Supervisors, administers this Plan. The Plan is included within the financial reporting entity as a Pension Trust. The Plan does not issue separately audited financial reports.

1. Summary of Significant Accounting Policies

- a) Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.
- b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The Plan's assets do not include any securities issued by the County.

2. Plan Description and Membership

- a) Plan Description: The Plan provides retirement benefits as well as disability benefits for certain qualified full-time County employees. The County pays the entire cost of the Plan. The Plan was closed to new employees effective July 1, 2012.

Benefits begin to vest after five years of service. Employees with ten years of credited service may retire at or after age 55 and receive an unreduced retirement benefit. Employees who retire at or after age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.875% of final average compensation in excess of covered compensation, multiplied by years of service credited to the member at retirement. Covered compensation is the average of taxable wage bases over the 35 calendar years ending with the calendar year in which the participant attains age 64. Covered compensation shall not change after a participant reaches normal retirement age. With respect to calendar years on or after 2013, the taxable wage base is the prior year's taxable wage base increased by an adjustment factor equal to the smaller of 5% and a ratio, the numerator of which is the consumer price index for urban workers (CPI-U) for the month of September immediately preceding the current January 1 and the denominator of which is the CPI-U for the month of September preceding the previous January 1, with the ratio so determined, reduced by 1.00.

The amount of benefits payable to a retired participant whose benefits have been in pay status for a full twelve months as of July 1 shall be increased by the lesser of 5% or the excess over 1.00 of a ratio, the numerator of which is the CPI-U for the month of April preceding the current July 1 and the denominator of which is the CPI-U for the month of April preceding the previous July 1.

- b) Membership: Membership of the Plan consisted of the following at June 30, 2015:

Active members	2,563
Terminated members with vested rights	69
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	<u>302</u>
Total	<u>2,934</u>

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3. Contributions

The Plan provides for annual employer contributions at actuarially determined amounts, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The actuarially determined contribution for the fiscal year ended June 30, 2015 was determined as part of the June 30, 2014 actuarial valuation. The County contributed \$2,200,000, which was greater than the actuarially determined contribution.

4. Rate of Return

As of June 30, 2015, the annual money-weighted rate of return on cash flows on the plan investments, net of pension plan investment expense, was 3.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: The County reported a net pension liability of \$2,782,237, measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2015. There were no changes in assumptions or benefit terms since the prior measurement period. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.
- b) Pension expense: For the year ended June 30, 2015, the County recognized pension expense of \$791,694.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions: Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 913,613	\$ -
Economic gains	-	603,002
Total	\$ 913,613	\$ 603,002

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 228,403	\$ 168,908
2017	228,403	168,908
2018	228,403	168,908
2019	228,404	96,278
	\$ 913,613	\$ 603,002

County of Chesterfield, Virginia
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6. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 35,022,181	\$ 31,142,249	\$ 3,879,932
Service cost	403,634	-	403,634
Interest	2,230,938	-	2,230,938
Contributions - employer	-	2,200,000	(2,200,000)
Net investment income	-	860,388	(860,388)
Administrative expenses	-	(100,031)	100,031
Economic loss	(771,910)	-	(771,910)
Benefit payments	(1,467,615)	(1,467,615)	-
Net changes	395,047	1,492,742	(1,097,695)
Balance at June 30, 2015	\$ 35,417,228	\$ 32,634,991	\$ 2,782,237

7. Actuarial Methods and Significant Assumptions

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date.....	July 1, 2015
Investment rate of return.....	6.5%
Projected salary increases	3.5%
Inflation rate	3.0%
Mortality	1994 Group Annuity Mortality Tables for males and females, setback 1 year, with no projection scale

- b) Discount Rate: Based upon projections and the history of the County's contributions, the Plan's projected fiduciary net position is sufficient to cover all projected future benefit payments for both current active and inactive employees. Thus, the discount rate used for calculating the total pension liability is equal to the long-term expected rate of return of 6.5% and a municipal bond rate was not required.

Sensitivity analysis: The following represents net pension liability calculated using the stated discount rate of 1.0% lower or 1.0% higher than the current rate.

	1% decrease 5.5%	Current rate 6.5%	1% increase 7.5%
Net pension liability (asset)	\$ 7,244,819	\$ 2,782,237	\$ (960,768)

County of Chesterfield, Virginia
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8. Fiduciary Net Position

As of June 30, 2015, the Plan fiduciary net position of \$32,634,991, as a percentage of the total pension liability, was 92.1%.

Chesterfield County, Virginia	
Supplemental Retirement	
Pension Trust	
Assets	
Cash and cash equivalents	\$ 3,142,003
Accounts receivable	30,100
Investments	<u>29,485,972</u>
Total assets	<u>32,658,075</u>
Liabilities	
Due to broker	<u>23,084</u>
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 32,634,991</u>
Additions:	
Contributions	\$ 2,200,000
Investment earnings	1,046,283
Less investment expenses	<u>(185,895)</u>
Net investment income	<u>860,388</u>
Total additions, net	<u>3,060,388</u>
Deductions	
Benefit payments	1,467,615
Administrative expenses	<u>100,031</u>
Total deductions	<u>1,567,646</u>
Increase in net position restricted for pension benefits	1,492,742
Fiduciary net position - July 1, 2014	<u>31,142,249</u>
Fiduciary net position - June 30, 2015	<u>\$ 32,634,991</u>

C. Supplemental Retirement Program - Component Unit - School Board

The School Board contributes to the Supplemental Retirement Program (Program), a single-employer, defined benefit pension plan established in 1996 and administered by the School Board to provide pension benefits for certain qualified School Board employees in addition to any benefits which may be received under the VRS Local and VRS Teachers' Pool Plans or Social Security. The Program was closed to employees hired or re-hired after June 30, 2013.

1. Summary of Significant Accounting Policies

- a) Basis of Accounting: The Program's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the Program. It is included in the School Board Component Unit reporting entity as a Pension Trust Fund. The Program does not issue separately audited financial statements.
- b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or

County of Chesterfield, Virginia
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international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The Program's assets do not include any securities issued by the County.

2. Program Description and Membership

- a) Program Description: The School Board's Program is provided for full-time employees covered by the VRS plans with at least ten years employment by Chesterfield County Public Schools, including the five years immediately preceding retirement. Employees must have at least twenty years in VRS and/or education, be at least age of 50, and not be retired on disability. An employee is vested under the Program when he reaches his normal retirement age defined as the time when services have been rendered in the part-time position classification selected by the employee. During the period the employee is providing services to the School Board in the part-time position, the employee's benefit is paid from the general assets of the School Board. If the employee does not complete the service required, the employee's benefits are forfeited. Benefit payments made after the first year shall be made from the Program's assets.

Upon becoming eligible for benefits from the Program, the employee shall select a part-time option to provide supplemental service to the School Board in the same or equivalent position as when the employee was permanently employed. The employee shall receive a monthly retirement benefit, beginning as of the date the employee commenced part-time employment under the provisions of the Program, equal to one twelfth (1/12) of one percent (1%) of the employee's final annual compensation; multiplied times the number of obligated days; divided by the duration of the payout period. The number of obligated days and amount of the monthly retirement benefit shall be determined and paid based on one of the part-time employment options selected by the employee and on the employee's employment classification. The minimum monthly benefit payable is \$50. Benefits under the Program cease upon completion of the elected payout installment period. In the event of the death or total disability of the employee during the first year of receipt of benefits, the employee will only receive payment for the time actually worked.

- b) Membership: Membership of the Program consisted of the following at July 1, 2014:

Active participants	6,068
Retirees (vested)	782
Retirees (non-vested)	170
Total	<u>7,020</u>

3. Contributions

The Program provides for annual employer contributions based on actuarially determined rates. The actuarially determined contribution for the fiscal year ended June 30, 2015, was determined as part of the June 30, 2014 valuation. Actual contributions are based upon savings derived from employees electing to retire under the Program along with a supplement from the School Operating Fund. For a particular Program year, the actual contribution may not equal the recommended level of contribution; however, it is expected that the contribution will be sufficient to meet funding requirements over the longer term. The Program is funded from available budget allocations and interest earned from the Program. The School Board contributed \$11,161,699, which was less than the actuarially determined contribution, to the Program.

County of Chesterfield, Virginia
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4. Rate of Return

As of June 30, 2015, the annual money-weighted rate of return on cash flows on the Program investments, net of investment expense, was 2.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: As of June 30, 2015, the School Board reported a net pension liability of \$58,056,381. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by the June 30, 2014 actuarial valuation date rolled forward to June 30, 2015, with a measurement date and reporting date of June 30, 2015. There were no changes in assumptions or benefit terms since the prior measurement period.
- b) Pension expense: For the year ended June 30, 2015, the School Board recognized pension expense of \$5,414,080.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions:
Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 683,353	\$ -
Change in discount rate	-	1,898,561
Total	<u>\$ 683,353</u>	<u>\$ 1,898,561</u>

Amounts reported as deferred outflows of resources deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016	\$ 170,839	\$ 189,856
2017	170,838	189,856
2018	170,838	189,856
2019	170,838	189,856
2020	-	189,856
2021-2025	-	949,281
	<u>\$ 683,353</u>	<u>\$ 1,898,561</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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6. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2014	\$ 86,475,216	\$ 21,456,008	\$ 65,019,208
Service cost	1,668,165	-	1,668,165
Interest	5,057,421	-	5,057,421
Change in discount rate	(2,088,417)	-	(2,088,417)
Net investment income	-	522,611	(522,611)
Administrative expenses	-	(84,314)	84,314
Employer contribution	-	11,161,699	(11,161,699)
Benefit payments	(12,268,111)	(12,268,111)	-
Net changes	(7,630,942)	(668,115)	(6,962,827)
Balance at June 30, 2015	<u>\$ 78,844,274</u>	<u>\$ 20,787,893</u>	<u>\$ 58,056,381</u>

7. Actuarial Method and Significant Assumptions

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at June 30, 2014, rolled forward to June 30, 2015, with a measurement date and reporting date of June 30, 2015.

Projected salary increase	3.5%
Inflation rate	No inflation rate assumed
Mortality	RP-2000 Mortality Table for males and females projected to 2020 with Scale AA

- b) Discount Rate: The projection of cash flows used to determine the discount rate assumed that School Board contributions will be made at the current contribution rates. Based on this assumption, the Program's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2040. The long-term expected rate of return on Program investments was applied to periods of projected benefit payments through this date and a municipal bond rate (3.8%) was used for the period thereafter to determine the total pension liability. This is equivalent to an average assumed rate of return of approximately 6.6%.

Sensitivity analysis: The following represents net pension liability calculated using the stated discount rate of 1.0% lower or 1.0% higher than the current rate.

	1% decrease 5.6%	Current rate 6.6%	1% increase 7.6%
Net pension liability	\$ 62,936,681	\$ 58,056,381	\$ 53,634,467

8. Fiduciary Net Position

As of June 30, 2015, the Plan fiduciary net position of \$ 20,787,893 as a percentage of the pension total liability was 26.4%.

County of Chesterfield, Virginia
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Chesterfield County, Virginia
Discretely Presented Component-Unit
Supplemental Retirement Program
Pension Trust

Assets	
Cash, cash equivalents and investments	
with trustees	\$ 20,776,632
Interest Receivable	<u>11,261</u>
Total assets	<u>20,787,893</u>
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 20,787,893</u>
Additions:	
Contributions	\$ 11,161,699
Investment earnings	<u>522,611</u>
Total additions	<u>11,684,310</u>
Deductions:	
Benefit payments	12,268,111
Administrative expenses	<u>84,314</u>
Total deductions	<u>12,352,425</u>
Decrease in net position	
restricted for pension benefits	(668,115)
Fiduciary net position - July 1, 2014	<u>21,456,008</u>
Fiduciary net position - June 30, 2015	<u>\$ 20,787,893</u>

13. Other Postemployment Benefits Plans

A. Postemployment Retiree Healthcare Benefits - Primary Government

1. Plan Description

The Other Postemployment Benefit (OPEB) Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County of Chesterfield's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and full-time service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or older with at least 15 years of service. Employees retiring before age 55 will be allowed to purchase retiree healthcare at the County's group rate with no County contribution from the time of retirement until age 55. At age 55, they will begin to receive the County contribution indicated below for a 25+ year employee.

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County contributions for pre-65 health and dental benefits at July 1, 2014, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	50%	\$179 per month
15 to 19	100%*	\$269 per month
20 to 24	100%*	\$269 per month
25+	100%*	\$358 per month

**as a percentage of the County's contribution, not the total premium*

Non-grandfathered County contributions are subject to an annual 3% increase based on inflation but will never exceed the contribution for an active employee.

All retired employees, active employees who are age 65 and over, public safety employees with 25 or more years of service and non-public safety employees with 30 or more years of service (all as of January 1, 2009), will receive a County contribution toward their post-Medicare coverage no greater than \$190 per month indexed at 3% per year plus \$40 reimbursement for prescription coverage. For all other employees, the County limits its contribution toward post-Medicare coverage based on years of service. The County will contribute \$4 per month for each year of service plus a static \$40 per month for a Medicare Part D plan cost reimbursement.

Employees hired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time service, will be permitted to purchase retiree health benefits for themselves and their dependents at the County's group rate, but will receive no County contribution toward the cost.

2. Funding Policy

As of June 30, 2015, the County has \$22,433,763 in net plan assets accumulated for payment of future benefits. The County made contributions and paid premiums to the trust in amounts greater than the annual required contribution (ARC) for the fiscal year ended June 30, 2015, and intends to fund at least the ARC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

3. Annual OPEB cost and Net OPEB (Asset)

The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GAAP. 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 over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB asset.

**Net Other Postemployment Benefits Obligation
(NOPEBO) (ASSET)**

Annual required contribution (ARC)	\$ 8,477,169
Interest on NOPEBO	(99,923)
Adjustment to the ARC	<u>111,298</u>
Annual OPEB Cost	8,488,544
Contributions made	<u>(8,875,474)</u>
Increase in NOPEBO (asset)	(386,930)
NOPEBO (asset) beginning of year	<u>(1,427,473)</u>
NOPEBO (asset) end of year	<u>\$ (1,814,403)</u>

County of Chesterfield, Virginia
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Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 8,488,544	104.56 %	\$ (1,814,403)
6/30/2014	8,292,480	100.00	(1,427,473)
6/30/2013	9,742,108	100.00	(1,327,473)

4. Funded Status and Funding Progress

As of June 30, 2015, the plan was 20.67% funded. The actuarial accrued liability for benefits was \$108,533,051 and the actuarial value of assets was \$22,433,763 leaving \$86,099,288 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$174,662,020 was 49.29%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at June 30, 2015 included (a) 7.0% discount rate (b) medical benefit cost trend increases of 7.0% in plan year 2013 reduced by decrements to a rate of 5.0% after 5 years (c) dental cost trend of 5.0% annually (d) payroll growth rate of 2.5% and (e) inflation rate of return of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis for a period of 20 years.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Chesterfield County, Virginia
Postemployment Retiree Healthcare
Benefits Trust - County

Assets	
Investments	\$ 23,136,896
Liabilities	
Due to broker	<u>703,133</u>
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 22,433,763</u>
Additions:	
Contributions	\$ 10,199,361
Investment earnings	476,146
Less investment expenses	<u>(22,977)</u>
Net investment income	<u>453,169</u>
Total additions, net	<u>10,652,530</u>
Deductions	
Benefit payments	9,496,228
Administrative expenses	<u>500</u>
Total deductions	<u>9,496,728</u>
Increase in net position restricted for other postemployment benefits	1,155,802
Fiduciary net position - July 1, 2014	<u>21,277,961</u>
Fiduciary net position - June 30, 2015	<u>\$ 22,433,763</u>

B. Postemployment Retiree Healthcare Benefits - Component Unit - School Board

1. Plan Description

The Other Postemployment Benefit (OPEB) Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County of Chesterfield's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and fulltime service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or older with at least 15 years of service. Employees retiring before age 55 will be allowed to purchase retiree healthcare at the School Board's group rate with no School Board contribution from the time of retirement until age 55. At age 55, they will begin to receive the School Board contribution based on years of service. School Board contributions for pre-65 health and dental benefits at July 1, 2013, are:

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

County contributions for pre-65 health and dental benefits at July 1, 2014, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	50%	\$179 per month
15 to 19	100%*	\$269 per month
20 to 24	100%*	\$269 per month
25+	100%*	\$358 per month

**as a percentage of the County's contribution, not the total premium*

Non-grandfathered School Board contributions are subject to an annual 3% increase based on inflation but will never exceed the contribution for an active employee.

All retired employees and active employees who are age 65 and over and with 30 or more years of service (all as of January 1, 2009), will receive a School Board contribution toward their post-Medicare coverage no greater than \$190 per month indexed at 3% per year plus \$40 reimbursement for prescription coverage. For all other employees, the School Board limits its contribution toward post-Medicare coverage based on years of service. The School Board will contribute \$4 per month for each year of service plus a static \$40 per month for a Medicare Part D plan cost reimbursement.

Employees hired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time service, will be permitted to purchase retiree health benefits for themselves and their dependents at the School Board's group rate, but will receive no School Board contribution toward the cost.

2. Funding Policy

As of July 1, 2014, the School Board has \$8,673,702 in plan assets accumulated for payment of future benefits. The School Board made contributions and paid premiums to the trust in amounts approximately equal to the annual required contribution (ARC) for the fiscal year ended June 30, 2015, and intends to fund at least the ARC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

3. Annual OPEB cost and Net OPEB (Asset)

The School Board's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance GAAP. 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 over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount contributed to the plan, and changes in the School Board's net OPEB asset.

Net Other Postemployment Benefits Obligation (NOPEBO) (ASSET)	
Annual required contribution (ARC)	\$ 16,632,776
Interest on NOPEBO	(7,896)
Adjustment to the ARC	7,373
Annual OPEB Cost	16,632,253
Contributions made	(16,632,253)
Increase in NOPEBO (asset)	-
NOPEBO (asset) beginning of year	(112,925)
NOPEBO (asset) end of year	<u>\$ (112,925)</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 16,632,253	100.00 %	\$ (112,925)
6/30/2014	17,756,563	100.00	(112,925)
6/30/2013	18,719,363	100.00	(112,925)

4. Funded Status and Funding Progress

As of July 1, 2014, the plan was 4.22% funded. The actuarial accrued liability for benefits was \$205,546,119 and the actuarial value of assets was \$8,673,702 leaving \$196,872,417 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$296,226,450 was 66.46%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at June 30, 2015, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 5.7% in plan year 2015 (c) dental cost trend of 5.7% annually (d) payroll growth rate of 2.5% and (e) inflation rate of return of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 24 years.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

Chesterfield County, Virginia
Postemployment Retiree Healthcare
Benefits Trust - Schools

Assets	
Investments	\$ 11,163,869
Liabilities	
Due to broker	<u>1,152,889</u>
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 10,010,980</u>
Additions:	
Contributions	\$ 17,989,556
Investment earnings	194,094
Less investment expenses	<u>(9,205)</u>
Net investment income	<u>184,889</u>
Total additions, net	<u>18,174,445</u>
Deductions	
Benefit payments	16,836,667
Administrative expenses	<u>500</u>
Total deductions	<u>16,837,167</u>
Increase in net position restricted for other postemployment benefits	1,337,278
Fiduciary net position - July 1, 2014	<u>8,673,702</u>
Fiduciary net position - June 30, 2015	<u>\$ 10,010,980</u>

C. Postemployment Line of Duty Benefits - Primary Government

1. Plan Description

The Other Postemployment Benefit (OPEB) - Line of Duty Trust, created during fiscal year 2012, is a single employer defined benefit plan that provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. There were approximately 1,544 participants in the program in fiscal year 2015. A Board of Trustees, appointed by the County Board, administers the plan. The OPEB - Line of Duty Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

2. Funding Policy

As of June 30, 2015, the County has \$5,724,957 in net plan assets accumulated for payment of future benefits. The County made contributions of \$1,035,562 for the fiscal year ended June 30, 2015, which was more than the ARC, and intends to fund at least the ARC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

3. Annual OPEB cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GAAP. 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 over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB asset.

Net Other Postemployment Benefits Obligation (NOPEBO) (ASSET)	
Annual required contribution (ARC)	\$ 1,021,499
Interest on NOPEBO	(150,892)
Adjustment to the ARC	122,380
Annual OPEB Cost	992,987
Contributions made	(1,035,562)
Increase in NOPEBO (asset)	(42,575)
NOPEBO (asset) beginning of year	(2,155,593)
NOPEBO (asset) end of year	<u>\$ (2,198,168)</u>

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2015	\$ 992,987	104.29 %	\$ (2,198,168)
6/30/2014	950,043	87.74	(2,155,593)
6/30/2013	803,477	113.44	(2,272,075)

4. Funded Status and Funding Progress

As of June 30, 2015, the plan was 42.98% funded. The actuarial accrued liability for benefits was \$13,319,050 and the actuarial value of assets was \$5,724,957 leaving \$7,594,093 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$60,439,854 was 12.56%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan 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 the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at June 30, 2015, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 6.5% in plan year 2015, reduced by decrements to a rate of 5.0% after 3 years

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

(c) dental cost trend of 5.0% annually and (d) implicit inflation rate of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method with attribution to the event that caused the death or disability. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 30 years.

Chesterfield County, Virginia	
Postemployment Line of Duty	
Benefits Trust - County	
Assets	
Investments	\$ 6,422,709
Liabilities	
Due to broker	<u>697,752</u>
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 5,724,957</u>
Additions:	
Contributions	\$ 1,035,562
Investment earnings	110,153
Less investment expenses	<u>(5,223)</u>
Net investment income	<u>104,930</u>
Total additions, net	<u>1,140,492</u>
Deductions	
Benefit payments	337,810
Administrative expenses	<u>500</u>
Total deductions	<u>338,310</u>
Increase in net position restricted for other postemployment benefits	802,182
Fiduciary net position - July 1, 2014	<u>4,922,775</u>
Fiduciary net position - June 30, 2015	<u>\$ 5,724,957</u>

14. Joint Ventures

A. Appomattox River Water Authority

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority.

The Water Authority is responsible for improvements and expansion to meet the current and future demands of the participating jurisdictions. On August 28, 2002, a Memorandum of Understanding between the Water Authority, SunTrust Bank and the County was signed to describe the procedure to be followed in connection with the County's election to finance its share of the treatment plant expansion costs from available funds up to \$31,300,000 and to deposit those funds in the escrow fund as required by the agreement. As of June 30, 2007, all those funds including interest earnings were used for the expansion project. The Water Authority issued additional bonds in December 2002 of \$12,375,000 to cover the remaining cost of the project to be allocated to the other participating jurisdictions.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

The County retains an ongoing financial responsibility for the joint venture due to the requirement to purchase water and the capacity rights, (note 1.D.6), received in connection with the expansion of the treatment plant. The County's purchases of water for the year ended June 30, 2015, were \$5,918,960. Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, Petersburg, Virginia 23803.

B. Capital Region Airport Commission

The County, together with the City of Richmond and the Counties of Henrico and Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. The Commission's budget submittal must identify any deficits and the proportion of the deficit to be borne by, or requested of each participating locality's governing body. Allocation of the Commission's deficit among the participating localities shall be proportionate to their respective populations. If a participating locality's governing body approves the Commission's operating and capital budgets with deficits, the locality shall appropriate to the Commission its share of the deficit. If during any fiscal year the Commission shall receive general fund revenues in excess of those estimated in its approved operating budget, the budgeted deficit shall be reduced and so shall the proportionate appropriation of the participating localities unless otherwise agreed upon by the parties. No contribution was made by the County in fiscal year 2015.

Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, 1 Richard E. Byrd Terminal Dr., Suite C, Richmond, VA 23250.

C. Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

Each participating jurisdiction is authorized to levy an 8% transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of \$4,463,850 for transient occupancy tax to the Convention Authority during the year ended June 30, 2015.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Interlocal Agreement. The County received \$2,322,626 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2015.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting and financial advisory

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of \$111,100 to the County during the year ended June 30, 2015. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement.

Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, VA 23832.

D. Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

A Board of Directors comprised of six members, with three members each being appointed by the respective governing bodies, manages GRTC. The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2015, there were two fixed GRTC routes in the County and a \$316,882 contribution was made by the County in fiscal year 2015. Complete financial statements for GRTC can be obtained from GRTC at 301 East Belt Blvd., Richmond, VA, 23224.

E. Riverside Regional Jail Authority

The Riverside Regional Jail Authority (Jail Authority) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Jail Authority is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs the Jail Authority. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2015, were \$10,850,640. Complete financial statements for the Jail Authority can be obtained from the Riverside Regional Jail Authority's office at 500 Folar Trail, North Prince George, VA 23860.

F. South Central Wastewater Authority

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Authorities Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

The County paid \$4,786,709 on July 2, 1996, representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement. The County's purchases of wastewater services for the year ended June 30, 2015 were \$609,483. Complete financial statements

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2015

for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

15. Related Organizations and Jointly Governed Organizations

A. Health Center Commission for the County of Chesterfield

The Health Center Commission for the County of Chesterfield (Health Center Commission) was created on January 13, 1993 by the County Board, pursuant to Chapter 37, Title 15.1 of the Code of Virginia, for the purpose of operating a long-term care facility and independent living campus (Lucy Corr Village). The seven members of the Health Center Commission are appointed by the Board; however there is no ability of the Board to direct the members of the Health Center Commission with respect to carrying out the Health Center Commission's fiscal and management functions and the Health Center Commission has no significant financial benefit or financial burden relationship with the County. The County provides support services to the Health Center Commission on a cost basis. For fiscal year 2015, the County received \$109,455 from the Health Center Commission for providing support services.

B. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg, Hopewell and Richmond and the Town of Ashland. The twenty-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2015, were \$2,636,976.

C. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has one representative serving on the Greater Richmond Partnership's eight-member Board of Directors and contributed \$370,000 for the year ended June 30, 2015.

D. Petersburg Area Regional Tourism Corporation

The Petersburg Area Regional Tourism Corporation (PART) is comprised of sixteen members from the Counties of Chesterfield, Dinwiddie, Prince George, the Cities of Colonial Heights, Hopewell and Petersburg. The major function of the PART is to develop a regional tourism marketing initiative that will result in increased tourism visitation and spending. In addition, the PART will assist member localities in strategic product development planning. The County has two representatives serving on the PART, and paid a contribution of \$100,000 for the year ended June 30, 2015.

E. Richmond Region Tourism

Richmond Region Tourism (RRT), formerly the Richmond Metropolitan Convention and Visitors Bureau, serves the City of Richmond and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The RRT has twenty-two members and the County has two representatives serving on RRT's Board of Directors and contributed \$815,300 for the year ended June 30, 2015.

County of Chesterfield, Virginia
Notes to Financial Statements
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F. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (RRPDC) is comprised of thirty-three members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major objectives of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has seven representatives serving on the RRPDC and paid total dues of \$194,055 for the year ended June 30, 2015.

G. Virginia's Gateway Region Board

Virginia's Gateway Region Board (VGRB), formerly named Appomattox Basin Industrial Development Corporation (ABIDCO), serves the Counties of Chesterfield, Dinwiddie, Prince George, Surry and Sussex, as well as the Cities of Colonial Heights, Hopewell and Petersburg in their efforts to provide balanced industrialization to commission members. The County has two representatives serving on VGRB's twenty-five member board and contributed \$63,574 to VGRB for the year ended June 30, 2015.

16. Subsequent events

On August 18, 2015, the County issued \$34,690,000 of General Obligation Public Improvement Bonds, Series A of 2015 and \$57,420,000 of General Obligation Public Improvement Refunding Bonds, Series B of 2015. General Obligation Public Improvement Bonds, Series A of 2015 are due January 1 in each of the years 2016 through 2035. General Obligation Public Improvement Refunding Bonds, Series B of 2015 are due January 1 in each of the years 2017 through 2018 and 2021 through 2028. Interest on these bonds is due semi-annually on January 1 and July 1, commencing January 1, 2016.

On August 26, 2015, the County authorized execution of a seven-year lease purchase agreement with Banc of America Public Capital Corporation for the financing of 100 school buses for approximately \$8,650,000. Principal and interest payments are due semi-annually in March and September, commencing March, 2016.



REQUIRED SUPPLEMENTARY INFORMATION

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan
Schedule of Changes in Net Pension Liability and Related Ratios*

Total pension liability	<u>2014</u>
Service cost	\$ 22,359,979
Interest	60,537,206
Benefit payments, including refunds of member contributions	<u>(37,609,453)</u>
Net change in total pension liability	45,287,732
Plan total pension liability - beginning	<u>883,621,959</u>
Plan total pension liability - ending	<u><u>\$ 928,909,691</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 26,084,703
Contributions - employee	8,820,383
Net investment income	103,473,934
Benefit payments, including refunds of member contributions	(37,609,453)
Administrative expense	(554,506)
Other changes	<u>5,455</u>
Net change in Plan fiduciary net position	100,220,516
Plan fiduciary net position - beginning	<u>655,888,263</u>
Plan fiduciary net position - ending	<u><u>\$ 756,108,779</u></u>
Plan net pension liability - ending	<u><u>\$ 172,800,912</u></u>
Plan fiduciary net position as a percentage of the total pension liability	81.40%
Covered-employee payroll	\$ 146,058,394
Plan net position liability as a percentage of covered-employee payroll	118.31%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Schedule of County Contributions*

	<u>2014</u>
Contractually required contribution	\$ 26,687,165
Contributions in relation to contractually required contribution	26,687,165
Contribution excess	<u>\$ -</u>
Covered-employee payroll	\$ 146,058,394
Contributions as a percentage of covered-employee payroll	18.27%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

	<u>Non-Hazardous</u>	<u>Hazardous Duty</u>
Actuarial cost method	Entry age normal cost method	Entry Age Actuarial Cost
Amortization method	Level percent closed	Level percent closed
Amortization period	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation rate	2.5%	2.5%
Projected salary increases	3.5% - 5.35 %per annum, compounded annually	3.5% - 4.75 % per annum, compounded annually
Investment rate of return	7.0% per annum, compounded annually	7.0% per annum, compounded annually

* Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Plan (Plan)

Schedule of Changes in Net Pension Liability and Related Ratios*

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 436,406	\$ 403,634
Interest	2,175,203	2,230,938
Difference between expected and actual experience	(326,029)	(771,910)
Benefit payments, including refunds of member contributions	(1,380,465)	(1,467,615)
Net change in total pension liability	905,115	395,047
Plan total pension liability - beginning	34,117,066	35,022,181
Plan total pension liability - ending	<u>\$ 35,022,181</u>	<u>\$ 35,417,228</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,400,000	\$ 2,200,000
Net investment income	3,988,515	836,727
Benefit payments, including refunds of member contributions	(1,292,402)	(1,467,615)
Administrative expense	(88,063)	(76,370)
Net change in Plan fiduciary net position	5,008,050	1,492,742
Plan fiduciary net position - beginning	26,134,199	31,142,249
Plan fiduciary net position - ending	<u>\$ 31,142,249</u>	<u>\$ 32,634,991</u>
Plan net pension liability - ending	<u>\$ 3,879,932</u>	<u>\$ 2,782,237</u>
Plan fiduciary net position as a percentage of the total pension liability	88.92%	92.14%
Covered-employee payroll	\$ 152,639,449	\$ 146,058,394
Plan net position liability as a percentage of covered-employee payroll	2.54%	1.90%

Notes to Schedule:

There were no benefit changes or changes to actuarial assumptions or methods for the 2014-2015 Plan year.

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return	16.08%	3.37%

Schedule of County Contributions*

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,850,332	\$ 1,703,209
Contributions in relation to the actuarially determined contribution	2,400,000	2,200,000
Contribution excess	<u>\$ (549,668)</u>	<u>\$ (496,791)</u>
Covered-employee payroll	\$ 152,639,449	\$ 146,058,394
Contributions as a percentage of covered-employee payroll	1.57%	1.51%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost
Amortization method	Level Dollar
Amortization period	20 years closed - actuarial gains and losses; 40 years closed-other
Asset valuation method	Adjusted Market Value
Inflation rate	3.0%
Projected salary increases	3.5% per annum, compounded annually
Investment rate of return	6.5% per annum, compounded annually
Retirement age	65
Mortality	1994 Group Annuity Mortality Tables for males and females, setback one year, with no projection scale

Other information:

The Plan was closed to all employees hired or rehired with an effective date on or after July 1, 2012.

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
 Required Supplementary Information (Unaudited)
 Primary Government and School Board Component Unit
 (See Accompanying Report of the Independent Auditor)

Primary Government
Other Postemployment Benefits Plan - Retiree Healthcare

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 22,433,763	\$ 108,533,051	\$ 86,099,288	20.67 %	\$ 174,662,020	49.29 %
7/1/2014	21,277,961	107,592,178	86,314,217	19.78	174,662,020	49.42
7/1/2013	18,235,054	116,627,914	98,392,860	15.64	173,533,265	56.70
7/1/2012	15,207,379	113,027,051	97,819,672	13.45	173,533,265	56.37
7/1/2011	13,697,793	98,574,753	84,876,960	13.90	167,420,404	50.70
7/1/2010	10,084,694	95,540,251	85,455,557	10.56	167,420,404	51.04

Primary Government
Other Postemployment Benefits Plan - Line of Duty

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2015	\$ 5,724,957	\$ 13,319,050	\$ 7,594,093	42.98 %	\$ 60,439,854	12.56 %
7/1/2014	4,922,775	12,165,779	7,243,004	40.46	60,439,854	11.98
7/1/2013	3,899,867	9,929,322	6,029,455	39.28	59,044,641	10.21
7/1/2012	2,979,062	9,221,148	6,242,086	32.31	59,044,641	10.57

School Board Component Unit
Other Postemployment Benefits Plan - Retiree Healthcare

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 8,673,702	\$ 205,546,119	\$ 196,872,417	4.22 %	\$ 296,226,450	66.46 %
7/1/2013	6,877,165	218,951,407	212,074,242	3.14	289,001,415	73.38
7/1/2012	5,423,624	231,569,855	226,146,231	2.34	277,171,421	81.59
7/1/2011	5,494,060	204,508,430	199,014,370	2.69	301,795,172	65.94
7/1/2010	3,872,059	201,829,878	197,957,819	1.92	301,795,172	65.59
7/1/2009	2,039,951	191,377,548	189,337,597	1.07	298,721,192	63.38

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

Total pension liability	2014
Service cost	\$ 2,949,849
Interest	7,295,839
Benefit payments, including refunds of member contributions	<u>(5,762,476)</u>
Net change in total pension liability	4,483,212
Plan total pension liability - beginning	<u>107,107,506</u>
Plan total pension liability - ending	<u><u>\$ 111,590,718</u></u>
Plan fiduciary net position	
Contributions - employer	\$ 3,168,042
Contributions - employee	1,388,336
Net investment income	12,967,640
Benefit payments, including refunds of member contributions	(5,762,476)
Administrative expense	(70,338)
Other changes	<u>683</u>
Net change in Plan fiduciary net position	11,691,887
Plan fiduciary net position - beginning	<u>82,963,489</u>
Plan fiduciary net position - ending	<u><u>\$ 94,655,376</u></u>
Plan net pension liability - ending	<u><u>\$ 16,935,342</u></u>
Plan fiduciary net position as a percentage of the total pension liability	84.82%
Covered-employee payroll	\$ 27,081,974
Plan net position liability as a percentage of covered-employee payroll	62.53%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Schedule of School Board Contributions*

	2014
Contractually required contribution	\$ 2,839,118
Contributions in relation to contractually required contribution	<u>2,839,118</u>
Contribution excess	<u><u>\$ -</u></u>
Covered-employee payroll	\$ 27,081,974
Contributions as a percentage of covered-employee payroll	10.48%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal cost method
Amortization method	Level percent closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation rate	2.5%
Projected salary increases	3.5% - 5.35 %per annum, compounded annually
Investment rate of return	7.0% per annum, compounded annually

* Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teachers' Pool

Schedule of School Board's Proportionate Share of the Net Pension Liability*

	2014
Proportionate of the Net Pension Liability	3.65792%
Proportionate Share of the Net Pension Liability	\$ 442,048,000
Covered employee payroll	<u>267,847,464</u>
Proportionate Share of the Net Pension Liability as a percentage of covered employee payroll	165.04%
Plan Fiduciary Net Position as percentage of the Total Pension Liability	70.88%

Schedule of School Board Contributions*

	2014
Contractually required contribution	\$ 39,521,472
Contributions in relation to contractually required contribution	<u>39,521,472</u>
Contribution excess	<u>\$ -</u>
Covered-employee payroll	\$ 267,847,464
Contributions as a percentage of covered-employee payroll	14.76%

Notes to Schedule:

Actuarially determined contributions are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Actuarial Cost
Amortization method	Level percent closed
Amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation rate	2.5%
Projected salary increases	3.5% - 5.95 %per annum, compounded annually
Investment rate of return	7.0% - net of pension plan investment expense, including inflation

* Schedules are intended to show information for 10 years. Since 2015 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Program (Program)

Schedule of Changes in Net Pension Liability and Related Ratios*

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 1,938,164	\$ 1,668,165
Interest	6,885,837	5,057,421
Difference between expected and actual experience	(5,862,476)	-
Changes of assumptions	3,954,534	(2,088,417)
Benefit payments, including refunds of member contributions	(12,252,008)	-
Benefits paid	-	(12,268,111)
Net change in total pension liability	(5,335,949)	(7,630,942)
Program total pension liability - beginning	91,811,165	86,475,216
Program total pension liability - ending	<u>\$ 86,475,216</u>	<u>\$ 78,844,274</u>
Program fiduciary net position		
Contributions - employer	\$ 9,386,241	\$ 11,161,699
Net investment income	3,277,353	522,611
Benefit payments, including refunds of member contributions	(12,252,008)	(12,268,111)
Administrative expense	(63,582)	(84,314)
Net change in Program fiduciary net position	348,004	(668,115)
Program fiduciary net position - beginning	21,108,004	21,456,008
Program fiduciary net position - ending	<u>\$ 21,456,008</u>	<u>\$ 20,787,893</u>
Program net pension liability - ending	<u>\$ 65,019,208</u>	<u>\$ 58,056,381</u>
Program fiduciary net position as a percentage of the total pension liability	24.81%	26.37%
Covered-employee payroll	\$ 258,789,820	\$ 267,847,464
Program net position liability as a percentage of covered-employee payroll	25.12%	21.68%

Notes to Schedule:

Benefit changes: No changes were made to the actuarial assumptions and methods effective June 30, 2015.

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return	15.75%	2.36%

Schedule of School Board Contributions*

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 14,424,056	\$ 13,306,271
Contributions in relation to the actuarially determined contribution	9,386,241	11,161,699
Contribution deficiency	<u>\$ 5,037,815</u>	<u>\$ 2,144,572</u>
Covered-employee payroll	\$ 258,789,820	\$ 267,847,464
Contributions as a percentage of covered-employee payroll	3.63%	4.17%

Notes to Schedule:

The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	20 years rolling for actives, 3 year layered for retirees
Asset valuation method	Fair Market Value
Inflation rate	No inflation rate assumed
Projected salary increases	3.5% per annum, compounded annually
Investment rate of return	7.5% per annum, compounded annually
Retirement age	65
Mortality	Based on the RP-2000 Mortality Table for males and females projected to 2020 with Scale AA

Other information:

The Program was closed to all employees hired or rehired with an effective date on or after July 1, 2013. The discount rate for GASB changed from 6.16% in 2014 to 6.60% in 2015. The increase in assumed contribution as a percentage of the recommended contribution is based on the actual experience over the last 5 years.

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.



SUPPLEMENTARY INFORMATION



Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of revenue sources that are legally restricted to expenditure for specified purposes.

Grants Fund - This fund reflects revenues and expenditures related to various federal and state programs such as the federal government's Department of Housing and Urban Development grants, Community Corrections and Supervision grants and Virginia Juvenile Community Crime Control Act.

Comprehensive Services Fund - This fund reflects the revenues and expenditures of providing child-centered, family focused and locally based services for at-risk youth.

Permanent Fund

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

T. F. Jeffress Memorial Fund - This fund reflects activity related to trust assets designated to assist in the maintenance of Camp Baker, a camp for mentally disabled individuals.

County of Chesterfield, Virginia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Grants</u>	<u>Comprehensive Services</u>	<u>T. F. Jeffress Memorial</u>	
ASSETS				
Cash and cash equivalents	\$ 5,411,315	\$ 1,239,179	\$ 14,527	\$ 6,665,021
Accounts receivable, net	1,409,820	176,431	-	1,586,251
Due from other governments	1,530,493	1,305,752	-	2,836,245
Total assets	<u>\$ 8,351,628</u>	<u>\$ 2,721,362</u>	<u>\$ 14,527</u>	<u>\$ 11,087,517</u>
LIABILITIES				
Accounts payable	\$ 935,349	\$ 1,194,994	\$ -	\$ 2,130,343
Accrued liabilities	204,192	17,391	-	221,583
Retainages payable	17,514	-	-	17,514
Unearned revenues	18,904	-	-	18,904
Total liabilities	<u>1,175,959</u>	<u>1,212,385</u>	<u>-</u>	<u>2,388,344</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	670,736	88,117	-	758,853
FUND BALANCES				
Nonspendable	-	-	5,000	5,000
Restricted	1,875,821	-	9,527	1,885,348
Assigned	4,629,112	1,420,860	-	6,049,972
Total fund balances	<u>6,504,933</u>	<u>1,420,860</u>	<u>14,527</u>	<u>7,940,320</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,351,628</u>	<u>\$ 2,721,362</u>	<u>\$ 14,527</u>	<u>\$ 11,087,517</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2015

	<u>Special Revenue Funds</u>		<u>Permanent Fund</u>	<u>Total Non-major Governmental Funds</u>
	<u>Grants</u>	<u>Comprehensive Services</u>	<u>T. F. Jeffress Memorial Fund</u>	
Revenues				
From local sources:				
Use of money and property	\$ 246	\$ -	\$ 16	\$ 262
Charges for services	7,054,160	119,653	-	7,173,813
Miscellaneous	86,478	-	-	86,478
Recovered costs	82,090	259,982	-	342,072
Donations and contributions	119,568	-	-	119,568
From component unit - School Board	-	1,981,077	-	1,981,077
From other governments	6,027,557	6,137,195	-	12,164,752
Total revenues	<u>13,370,099</u>	<u>8,497,907</u>	<u>16</u>	<u>21,868,022</u>
Expenses				
Administration of justice	604,512	-	-	604,512
Public safety	7,354,546	-	-	7,354,546
Health and welfare	1,911,044	10,515,696	-	12,426,740
Parks, recreation and cultural	118,968	-	-	118,968
Community development	2,276,250	-	-	2,276,250
Total expenditures	<u>12,265,320</u>	<u>10,515,696</u>	<u>-</u>	<u>22,781,016</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,104,779</u>	<u>(2,017,789)</u>	<u>16</u>	<u>(912,994)</u>
Other financing sources (uses)				
Transfers in	1,263,325	2,459,777	-	3,723,102
Transfers out	(1,297,100)	-	-	(1,297,100)
Total other financing sources (uses), net	<u>(33,775)</u>	<u>2,459,777</u>	<u>-</u>	<u>2,426,002</u>
Net change in fund balances	1,071,004	441,988	16	1,513,008
Total fund balances, July 1, 2014	<u>5,433,929</u>	<u>978,872</u>	<u>14,511</u>	<u>6,427,312</u>
Total fund balances, June 30, 2015	<u>\$ 6,504,933</u>	<u>\$ 1,420,860</u>	<u>\$ 14,527</u>	<u>\$ 7,940,320</u>

See accompanying independent auditors' report.



Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

General Fund

This fund reflects the general operations of the government and is used to account for all financial resources except those required to be accounted for in another fund.

Comprehensive Services Fund

This fund reflects the revenues and expenditures of providing child-centered, family focused and locally based services for at-risk youth.

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
From local sources:				
General property taxes:				
Real property taxes	\$ 298,174,600	\$ 298,174,600	\$ 302,662,551	\$ 4,487,951
Real and personal public service corporation taxes	13,125,000	13,125,000	12,681,584	(443,416)
Personal property taxes	57,302,100	57,302,100	61,171,729	3,869,629
Machinery and tools taxes	5,010,500	5,010,500	4,912,750	(97,750)
Penalties and interest	3,500,000	3,500,000	3,220,183	(279,817)
Special assessments and service districts	2,731,400	2,852,220	3,331,972	479,752
Total general property taxes	<u>379,843,600</u>	<u>379,964,420</u>	<u>387,980,769</u>	<u>8,016,349</u>
Other local taxes:				
Bank stock tax	1,573,100	1,573,100	1,713,434	140,334
Business license taxes	18,126,500	18,126,500	19,756,323	1,629,823
Consumer utility taxes	7,741,500	7,741,500	7,927,826	186,326
Local sales and use taxes	44,217,400	44,297,400	44,938,389	640,989
Motor vehicle licenses	13,675,200	13,675,200	14,167,545	492,345
Recordation tax	5,094,700	5,094,700	4,715,219	(379,481)
Short-term rental tax	300,500	300,500	422,743	122,243
Telecommunications tax	15,055,400	15,055,400	14,846,452	(208,948)
Transient occupancy tax	4,179,800	4,464,800	4,463,850	(950)
Incremental sales tax	250,000	467,468	475,029	7,561
Total other local taxes	<u>110,214,100</u>	<u>110,796,568</u>	<u>113,426,810</u>	<u>2,630,242</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	80,000	81,995	75,643	(6,352)
Building permits	3,938,700	3,940,280	5,208,676	1,268,396
DMV stop fees	550,000	550,000	573,820	23,820
Erosion control fees	85,000	85,000	86,700	1,700
Permits and other licenses	299,200	299,200	450,943	151,743
Plan review fees	200,200	200,200	255,133	54,933
Planning fees	627,600	627,600	744,068	116,468
Total permits, privilege fees and regulatory licenses	<u>5,780,700</u>	<u>5,784,275</u>	<u>7,394,983</u>	<u>1,610,708</u>
Fines and forfeitures	<u>1,957,200</u>	<u>2,235,467</u>	<u>2,496,443</u>	<u>260,976</u>
Use of money and property:				
Use of money	504,600	505,817	110,801	(395,016)
Use of property	623,600	623,600	568,442	(55,158)
Total use of money and property	<u>1,128,200</u>	<u>1,129,417</u>	<u>679,243</u>	<u>(450,174)</u>
Charges for services:				
Annual recycling fees	1,963,800	1,963,800	2,003,581	39,781
Building inspection administrative fee	40,000	40,000	41,460	1,460
Building rental	158,700	158,700	158,680	(20)
Courthouse maintenance fees	95,000	95,000	87,005	(7,995)
Employee Medical Center	587,500	587,500	810,245	222,745
False alarm charges	120,000	120,000	91,098	(28,902)
Juvenile Detention Home fees	175,000	175,000	181,125	6,125
Landfill fees	1,390,000	1,390,000	1,367,422	(22,578)
Law Library	111,400	111,400	106,311	(5,089)
Library fines and services	311,700	311,700	195,666	(116,034)
Med-flight services	174,100	174,100	150,445	(23,655)

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Charges for services: (continued)				
Mental Health Support Services	\$ 19,570,500	\$ 19,570,500	\$ 18,171,034	\$ (1,399,466)
Parks and Recreation fees	386,400	448,175	476,017	27,842
Police miscellaneous fees	128,000	128,000	106,484	(21,516)
Police officers fees	1,000,000	1,000,000	1,047,377	47,377
Recycling proceeds	146,700	146,700	109,880	(36,820)
Sale of publications and maps	9,700	9,700	11,054	1,354
Sheriff fees	886,500	886,500	802,939	(83,561)
Traffic offenses	350,000	350,000	392,125	42,125
Treasurer's administrative fees	1,210,000	1,210,000	1,339,325	129,325
Other	3,682,700	3,700,098	3,529,106	(170,992)
Total charges for services	32,497,700	32,576,873	31,178,379	(1,398,494)
Miscellaneous:				
Public phone commission	75,000	75,000	63,915	(11,085)
Other miscellaneous	1,300,700	2,155,792	3,373,313	1,217,521
Total miscellaneous	1,375,700	2,230,792	3,437,228	1,206,436
Recovered costs:				
Interfund reimbursements	1,279,500	7,162,386	6,994,776	(167,610)
Reimbursed by other localities	763,700	763,700	764,440	740
Reimbursement from Schools	7,620,800	7,620,800	7,656,800	36,000
Other	2,022,400	2,022,400	2,340,222	317,822
Total recovered costs	11,686,400	17,569,286	17,756,238	186,952
Donations and contributions	27,600	76,658	120,170	43,512
Total revenues from local sources	544,511,200	552,363,756	564,470,263	12,106,507
From other governments:				
From the Commonwealth:				
Non-categorical aid:				
Clerk's excess fees	399,000	399,000	342,570	(56,430)
DMV Select program commission	56,500	56,500	750	(55,750)
Mobile home sales tax	50,000	50,000	50,867	867
Personal property tax relief	41,092,000	41,092,000	41,092,048	48
Rolling stock tax	125,000	125,000	123,191	(1,809)
State recordation tax	1,436,500	1,436,500	1,332,146	(104,354)
Vehicle rental tax	1,010,700	1,010,700	1,056,227	45,527
Total non-categorical aid	44,169,700	44,169,700	43,997,799	(171,901)
Shared expenditures:				
Clerk of Circuit Court	1,027,600	1,059,190	1,111,198	52,008
Commissioner of the Revenue	443,300	443,300	488,434	45,134
Commonwealth's Attorney	1,796,400	1,796,400	2,036,309	239,909
Sheriff	2,830,700	2,830,700	2,670,867	(159,833)
Treasurer	405,900	405,900	453,841	47,941
Other	75,000	75,000	71,362	(3,638)
Total shared expenditures	6,578,900	6,610,490	6,832,011	221,521
From other governments:				
From the Commonwealth:				
Categorical aid:				
Annexation House Bill 599	7,458,800	7,458,800	7,458,784	(16)
Chesterfield County Jail	494,000	494,000	484,293	(9,707)
Education-state sales tax	58,248,300	58,248,300	58,539,698	291,398
Emergency medical services	314,000	314,000	304,471	(9,529)

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
From other governments: (continued)				
From the Commonwealth:				
Categorical aid:				
Fire programs	\$ 850,000	\$ 850,000	\$ 1,001,880	\$ 151,880
Juvenile Detention Home	1,800,000	1,800,000	1,809,806	9,806
Library	196,200	196,200	185,609	(10,591)
Mental Health Support Services	4,664,100	4,689,100	4,567,245	(121,855)
Sheriff programs	2,098,700	2,098,700	2,169,256	70,556
Welfare	4,678,200	4,678,200	4,173,296	(504,904)
Other	2,156,100	2,200,445	2,358,494	158,049
Total categorical aid	82,958,400	83,027,745	83,052,832	25,087
Total from the Commonwealth	133,707,000	133,807,935	133,882,642	74,707
From the federal government:				
Categorical aid:				
Mental Health Block Grant	953,600	953,600	904,724	(48,876)
Public safety	76,400	76,400	82,669	6,269
Welfare	7,015,500	7,020,500	7,908,827	888,327
Other	121,100	121,100	222,154	101,054
Total from the federal government	8,166,600	8,171,600	9,118,374	946,774
Total revenues from other governments	141,873,600	141,979,535	143,001,016	1,021,481
Total revenues	686,384,800	694,343,291	707,471,279	13,127,988
Expenditures				
General government:				
Accounting	3,694,100	3,702,100	3,596,046	106,054
Board of Supervisors	363,200	357,300	323,564	33,736
Budget and Management	1,066,100	1,017,100	990,500	26,600
Center for Organizational Excellence	1,182,037	1,145,537	1,114,126	31,411
Clerk to the Board	260,200	247,700	234,845	12,855
Commissioner of the Revenue	3,088,900	3,113,900	3,094,055	19,845
County Administration	1,034,253	1,008,253	973,140	35,113
County Attorney	1,592,219	1,699,219	1,690,441	8,778
Document Services	871,483	949,483	915,640	33,843
Employee benefits	7,011,500	5,405,075	3,727,324	1,677,751
General Services	575,662	688,162	667,286	20,876
Human Resource Management	3,130,768	3,547,153	3,496,187	50,966
Information Systems Technology	13,313,211	13,745,935	13,404,476	341,459
Interest paid on tax refunds	58,000	58,000	32,575	25,425
Intergovernmental Relations	177,500	177,500	170,321	7,179
Internal Audit	853,300	804,300	732,494	71,806
License Inspector	512,100	528,600	514,663	13,937
Management Services Administration	307,400	322,400	309,896	12,504
Non-departmental	117,000	28,750	3,864	24,886
Public Affairs	752,099	778,099	764,643	13,456
Purchasing	1,616,782	1,612,382	1,581,142	31,240
Real Estate Assessments	2,813,100	2,793,100	2,719,194	73,906
Registrar	986,757	1,035,757	990,547	45,210
Treasurer	3,766,915	3,741,915	3,700,286	41,629
Total general government	49,144,586	48,507,720	45,747,255	2,760,465

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Administration of justice:				
Circuit Court Clerk	\$ 3,265,600	\$ 3,448,290	\$ 3,363,283	\$ 85,007
Circuit Court Judges	984,600	844,500	799,877	44,623
Commonwealth's Attorney	4,116,800	4,361,300	4,282,120	79,180
General District Court	183,694	319,194	310,508	8,686
Juvenile and Domestic Relations Court	99,950	111,950	96,263	15,687
Law Library	112,851	112,851	103,040	9,811
Magistrate	6,400	8,400	7,700	700
Total administration of justice	<u>8,769,895</u>	<u>9,206,485</u>	<u>8,962,791</u>	<u>243,694</u>
Public safety:				
Building Inspections	4,979,641	4,976,641	4,905,990	70,651
Community Corrections	2,828,505	2,779,505	2,642,868	136,637
Emergency Communications Center	6,776,480	6,681,480	6,534,199	147,281
Fire and EMS	55,019,295	56,022,607	55,693,745	328,862
Juvenile Detention Home	4,404,899	4,654,899	4,612,133	42,766
Juvenile Probation	105,324	105,324	94,750	10,574
Police	62,586,720	63,487,341	61,326,812	2,160,529
Regional Jail	10,574,000	11,324,000	10,850,640	473,360
Sheriff and Jail	20,975,027	20,968,527	20,536,760	431,767
Total public safety	<u>168,249,891</u>	<u>171,000,324</u>	<u>167,197,897</u>	<u>3,802,427</u>
Public works:				
Buildings and Grounds	6,337,652	6,337,652	6,025,413	312,239
Environmental Engineering	4,776,957	4,787,620	4,493,380	294,240
Hydrant rental and right of way	644,600	644,600	638,574	6,026
Street lights and road improvements	782,841	843,537	839,542	3,995
Waste and Resource Recovery	4,811,093	4,846,938	4,711,280	135,658
Total public works	<u>17,353,143</u>	<u>17,460,347</u>	<u>16,708,189</u>	<u>752,158</u>
Health and welfare:				
Health	5,468,397	5,713,397	5,604,354	109,043
Human Services Administration	582,664	580,164	561,671	18,493
Mental Health Support Services	38,449,390	38,242,890	35,763,177	2,479,713
Social Services	17,046,264	17,051,264	16,543,530	507,734
Tax relief for the elderly	5,200,000	5,560,000	5,553,077	6,923
Youth Planning and Development	321,300	321,300	305,508	15,792
Total health and welfare	<u>67,068,015</u>	<u>67,469,015</u>	<u>64,331,317</u>	<u>3,137,698</u>
Parks, recreation and cultural:				
Community Contracts	585,100	585,100	557,800	27,300
District Improvements Funds	167,500	38,229	-	38,229
Library	7,382,668	7,442,887	7,354,436	88,451
Parks and Recreation	10,401,521	10,828,009	10,321,503	506,506
Total parks, recreation and cultural	<u>18,536,789</u>	<u>18,894,225</u>	<u>18,233,739</u>	<u>660,486</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community development:				
Community Development Administration	\$ 965,800	\$ 1,058,589	\$ 1,058,023	\$ 566
Convention Center	4,179,800	4,464,800	4,463,850	950
Cooperative Extension	412,678	415,070	410,987	4,083
Economic Development	2,787,805	3,118,805	3,100,660	18,145
Economic development incentives	335,000	1,520,000	1,484,529	35,471
Planning	4,030,100	4,203,611	4,173,836	29,775
Tax increment financing payments	2,746,400	3,695,263	3,530,057	165,206
Transportation	1,352,790	1,293,900	1,257,323	36,577
Total community development	16,810,373	19,770,038	19,479,265	290,773
Non-departmental	3,356,300	2,410,953	-	2,410,953
Debt service:				
Retirement of principal	14,465,600	21,288,165	20,135,225	1,152,940
Interest	7,507,100	5,750,165	5,584,031	166,134
Other	899,800	106,000	106,642	(642)
Total debt service	22,872,500	27,144,330	25,825,898	1,318,432
Total expenditures	372,161,492	381,863,437	366,486,351	15,377,086
Excess of revenues over expenditures	314,223,308	312,479,854	340,984,928	28,505,074
Other financing sources (uses)				
Transfers in:				
County Capital Projects Fund	-	1,165,000	1,165,000	-
Grant Funds	1,297,100	1,297,100	1,297,100	-
Water Fund	593,100	593,100	593,100	-
Wastewater Fund	2,300	2,300	2,300	-
Vehicle and Communications Maintenance Fund	13,200	13,200	13,200	-
Total transfers in	1,905,700	3,070,700	3,070,700	-
Transfers out:				
County Capital Projects Fund	(21,619,100)	(90,417,782)	(19,930,269)	70,487,513
School Capital Projects Fund	-	(3,418,953)	(3,418,953)	-
Grants Fund	(855,600)	(2,300,490)	(933,915)	1,366,575
Comprehensive Services Fund	(1,254,600)	(2,014,577)	(2,014,577)	-
Airport Fund	-	(185,138)	(15,099)	170,039
School Operating Fund	(317,794,400)	(319,589,797)	(313,889,797)	5,700,000
Total transfers out	(341,523,700)	(417,926,737)	(340,202,610)	77,724,127
Total other financing uses, net	(339,618,000)	(414,856,037)	(337,131,910)	77,724,127
Net change in fund balance	(25,394,692)	(102,376,183)	3,853,018	106,229,201
Fund balance, July 1, 2014	268,380,360	268,380,360	268,380,360	-
Fund balance, June 30, 2015	\$ 242,985,668	\$ 166,004,177	\$ 272,233,378	\$ 106,229,201

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Comprehensive Services Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
Charges for services	\$ -	\$ -	\$ 119,653	\$ 119,653
Recovered costs	334,600	334,600	259,982	(74,618)
From the Commonwealth	3,885,500	5,508,279	5,960,047	451,768
From the federal government	-	-	177,148	177,148
Total revenues	4,220,100	5,842,879	6,516,830	673,951
Expenditures				
Health and welfare	7,411,000	10,553,733	10,515,696	38,037
(Deficiency) excess of revenues (under) over expenditures	(3,190,900)	(4,710,854)	(3,998,866)	711,988
Other financing sources				
Transfers in	1,699,800	2,459,777	2,459,777	-
Transfers from component unit - School Board	1,221,100	1,981,077	1,981,077	-
Total other financing sources, net	2,920,900	4,440,854	4,440,854	-
Net change in fund balance	(270,000)	(270,000)	441,988	711,988
Fund balance, July 1, 2014	978,872	978,872	978,872	-
Fund balance, June 30, 2015	\$ 708,872	\$ 708,872	\$ 1,420,860	\$ 711,988

Explanation of differences between actual amounts on the budgetary basis and GAAP basis:

Revenues

Total revenues on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 6,516,830
Transfers from the School Board component unit are revenues for financial reporting purposes.	1,981,077
Total revenues on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds.	\$ 8,497,907

Other financing sources

Total other financing sources, net, on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 4,440,854
Transfers from the School Board component unit are revenues for financial reporting purposes.	(1,981,077)
Total other financing sources, net, on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds.	\$ 2,459,777

See accompanying independent auditors' report.



Non-major Enterprise Funds

Enterprise Funds are used to account for the County's ongoing organizations and activities similar to those often found in the private sector.

Economic Development Authority of the County of Chesterfield (EDA) - This fund reflects the operations of the EDA, a blended component unit of the County. The EDA was created to, among other activities, issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth of Virginia.

Airport Fund - This fund reflects the operations of the County's Airport.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2015

	Enterprise Funds		
	Economic Development Authority	Airport	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,264,823	\$ 223,821	\$ 4,488,644
Restricted cash equivalents with trustees	325,013	-	325,013
Receivables	-	59,229	59,229
Due from other funds	370,799	-	370,799
Due from other governments	-	8,620	8,620
Total current assets	<u>4,960,635</u>	<u>291,670</u>	<u>5,252,305</u>
Non-current assets:			
Capital assets:			
Land and land improvements	11,707,207	1,663,935	13,371,142
Buildings	-	7,143,405	7,143,405
Improvements other than buildings	1,936,873	27,201,405	29,138,278
Infrastructure	1,171,221	-	1,171,221
Machinery and equipment	-	1,694,320	1,694,320
Construction in progress	957,990	704,299	1,662,289
Total capital assets	<u>15,773,291</u>	<u>38,407,364</u>	<u>54,180,655</u>
Less accumulated depreciation	<u>(424,252)</u>	<u>(20,176,860)</u>	<u>(20,601,112)</u>
Net capital assets	<u>15,349,039</u>	<u>18,230,504</u>	<u>33,579,543</u>
Total assets	<u>20,309,674</u>	<u>18,522,174</u>	<u>38,831,848</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	37,202	37,202
Deferred pension contributions	-	18,280	18,280
Total deferred outflows of resources	<u>-</u>	<u>55,482</u>	<u>55,482</u>
LIABILITIES			
Current liabilities:			
Accounts payable	44,793	13,929	58,722
Due to other funds	-	26,000	26,000
Accrued liabilities	381,874	17,045	398,919
Compensated absences	-	11,773	11,773
Certificates of participation, net	-	109,646	109,646
Total current liabilities	<u>426,667</u>	<u>178,393</u>	<u>605,060</u>
Non-current liabilities:			
Deposits and advances	-	6,645	6,645
Retainages payable	56,307	-	56,307
Compensated absences	-	9,078	9,078
Net pension liabilities	-	117,097	117,097
Certificates of participation, net	-	792,018	792,018
Total non-current liabilities	<u>56,307</u>	<u>924,838</u>	<u>981,145</u>
Total liabilities	<u>482,974</u>	<u>1,103,231</u>	<u>1,586,205</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension investment experience	-	31,267	31,267
NET POSITION			
Net investment in capital assets	15,349,039	17,366,042	32,715,081
Unrestricted	<u>4,477,661</u>	<u>77,116</u>	<u>4,554,777</u>
Total net position	<u>\$ 19,826,700</u>	<u>\$ 17,443,158</u>	<u>\$ 37,269,858</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	<u>Economic Development Authority</u>	<u>Airport</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 359,308	\$ 757,035	\$ 1,116,343
From the Commonwealth	5,500,000	38,596	5,538,596
Other	63,168	92,616	155,784
Total operating revenues	<u>5,922,476</u>	<u>888,247</u>	<u>6,810,723</u>
Operating expenses			
Salaries and wages	-	239,473	239,473
Contractual services	60,336	125,685	186,021
Materials and supplies	-	23,413	23,413
Heat, light and power	-	103,022	103,022
Depreciation	132,493	1,306,641	1,439,134
Repairs and maintenance	-	124,172	124,172
Other	7,412,188	12,985	7,425,173
Total operating expenses	<u>7,605,017</u>	<u>1,935,391</u>	<u>9,540,408</u>
Operating loss	<u>(1,682,541)</u>	<u>(1,047,144)</u>	<u>(2,729,685)</u>
Non-operating revenues (expenses)			
Interest and dividend income	2,831	-	2,831
Interest expense	-	(28,533)	(28,533)
Other	(766,537)	-	(766,537)
Total non-operating expenses, net	<u>(763,706)</u>	<u>(28,533)</u>	<u>(792,239)</u>
Loss before capital contributions and transfers	(2,446,247)	(1,075,677)	(3,521,924)
Capital contributions	-	8,489	8,489
Transfers in	1,650,528	15,099	1,665,627
Change in net position	(795,719)	(1,052,089)	(1,847,808)
Total net position - July 1, 2014, restated	<u>20,622,419</u>	<u>18,495,247</u>	<u>39,117,666</u>
Total net position - June 30, 2015	<u>\$ 19,826,700</u>	<u>\$ 17,443,158</u>	<u>\$ 37,269,858</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2015

	Enterprise Funds		
	Economic Development Authority	Airport	Total
Cash flows from operating activities			
Receipts from customers	\$ 5,955,582	\$ 869,024	\$ 6,824,606
Payments to suppliers	(7,166,498)	(395,912)	(7,562,410)
Payments to employees	-	(243,708)	(243,708)
Net cash provided by (used in) operating activities	(1,210,916)	229,404	(981,512)
Cash flows from non-capital financing activities			
Transfers in	1,297,859	15,099	1,312,958
Cash flows from capital and related financing activities			
Advance from General Fund	-	(249,000)	(249,000)
Purchase of capital assets	(1,873,816)	(82,885)	(1,956,701)
Interest paid on certificates of participation	-	(38,078)	(38,078)
Principal paid on certificates of participation	-	(95,933)	(95,933)
Net cash used in capital and related financing activities	(1,873,816)	(465,896)	(2,339,712)
Cash flows from investing activities			
Interest received	2,831	-	2,831
Net decrease in cash and cash equivalents	(1,784,042)	(221,393)	(2,005,435)
Cash and cash equivalents, July 1, 2014	6,373,878	445,214	6,819,092
Cash and cash equivalents, June 30, 2015	\$ 4,589,836	\$ 223,821	\$ 4,813,657
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,682,541)	\$ (1,047,144)	\$ (2,729,685)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	132,493	1,306,641	1,439,134
Changes in assets and liabilities:			
Receivables, net	33,105	(19,223)	13,882
Accounts and other payables	306,027	(10,870)	295,157
Net cash provided by (used in) operating activities	\$ (1,210,916)	\$ 229,404	\$ (981,512)

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one County department to other County departments and to other governmental units, on a cost-reimbursement basis.

Vehicle and Communications Maintenance Fund - This fund reflects operations of the County's garage and radio shop, which maintains County vehicles and communication equipment. Revenues are derived from interfund charges and charges to the School Board on a cost-reimbursement basis. Major expenses consist primarily of salaries and wages and materials and supplies.

Risk Management Fund - This fund reflects operations of the County's risk management function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services for providing risk financing and recoveries. Major expenses consist of reinsurance costs and claims.

Capital Projects Management Fund - This fund reflects the operations of the County's capital projects management function. This fund's major source of revenue is charges for services provided in coordinating and supervising all County building construction projects. Major expenses consist primarily of salaries and wages.

Healthcare Fund - This fund reflects operations of the County's self-insured healthcare function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services used to pay medical claims and administrative fees.

County of Chesterfield, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Healthcare	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 11,741,929	\$ 17,816,609	\$ 128,230	\$ 5,826,768	\$ 35,513,536
Receivables	266,289	6,079	-	-	272,368
Due from other governments	-	143,239	-	-	143,239
Inventories	661,081	-	-	-	661,081
Total current assets	12,669,299	17,965,927	128,230	5,826,768	36,590,224
Non-current assets:					
Capital assets:					
Land	-	193,685	-	-	193,685
Buildings	2,085,906	123,832	14,992	-	2,224,730
Improvements other than buildings	311,805	-	-	-	311,805
Machinery and equipment	14,552,056	82,424	15,447	-	14,649,927
Construction in progress	34,787	-	-	-	34,787
Total capital assets	16,984,554	399,941	30,439	-	17,414,934
Less accumulated depreciation	(11,182,365)	(139,467)	(23,321)	-	(11,345,153)
Net capital assets	5,802,189	260,474	7,118	-	6,069,781
Total assets	18,471,488	18,226,401	135,348	5,826,768	42,660,005
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension contributions	398,965	68,920	53,625	-	521,510
Deferred pension investment experience	736	374	2,172	-	3,282
Total deferred outflows of resources	399,701	69,294	55,797	-	524,792
LIABILITIES					
Current liabilities:					
Accounts payable	1,000,393	251,983	1,778	33,871	1,288,025
Accrued liabilities	255,347	51,756	30,755	-	337,858
Compensated absences	207,598	40,931	37,732	-	286,261
Judgments and claims	13,283	4,387,967	-	11,214,284	15,615,534
Total current liabilities	1,476,621	4,732,637	70,265	11,248,155	17,527,678
Non-current liabilities:					
Compensated absences	170,630	23,311	30,370	-	224,311
Judgments and claims	26,467	1,036,418	-	-	1,062,885
Net pension liabilities	2,860,897	398,272	358,772	-	3,617,941
Total non-current liabilities	3,057,994	1,458,001	389,142	-	4,905,137
Total liabilities	4,534,615	6,190,638	459,407	11,248,155	22,432,815
DEFERRED INFLOWS OF RESOURCES					
Deferred pension investment experience	763,305	106,041	94,031	-	963,377
Deferred pension economic experience	486	247	1,433	-	2,166
Total deferred inflows of resources	763,791	106,288	95,464	-	965,543
NET POSITION					
Investment in capital assets	5,802,189	260,474	7,118	-	6,069,781
Unrestricted	7,770,594	11,738,295	(370,844)	(5,421,387)	13,716,658
Total net position	\$ 13,572,783	\$ 11,998,769	\$ (363,726)	\$ (5,421,387)	\$ 19,786,439

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Healthcare	Total
Operating revenues					
Charges for services	\$ 18,870,739	\$ 7,465,800	\$ 709,353	\$ 97,590,109	\$ 124,636,001
Other	220,034	313,293	-	-	533,327
Total operating revenues	<u>19,090,773</u>	<u>7,779,093</u>	<u>709,353</u>	<u>97,590,109</u>	<u>125,169,328</u>
Operating expenses					
Salaries and wages	5,381,388	978,304	644,500	-	7,004,192
Contractual services	674,350	876,923	26,688	-	1,577,961
Materials and supplies	9,286,088	30,000	6,965	-	9,323,053
Heat, light and power	58,802	4,322	-	-	63,124
Depreciation	1,379,493	2,477	2,296	-	1,384,266
Repairs and maintenance	943,432	71,060	10,461	-	1,024,953
Insurance	-	2,770,874	-	-	2,770,874
Claims	-	4,610,939	-	102,732,662	107,343,601
Other	21,662	6,579	2,859	-	31,100
Total operating expenses	<u>17,745,215</u>	<u>9,351,478</u>	<u>693,769</u>	<u>102,732,662</u>	<u>130,523,124</u>
Operating income (loss)	<u>1,345,558</u>	<u>(1,572,385)</u>	<u>15,584</u>	<u>(5,142,553)</u>	<u>(5,353,796)</u>
Non-operating revenues					
Interest and dividend income	-	24,044	-	-	24,044
Gain on disposal of capital assets	114,074	-	-	-	114,074
Total non-operating revenues	<u>114,074</u>	<u>24,044</u>	<u>-</u>	<u>-</u>	<u>138,118</u>
Income (loss) before capital contributions and transfers	1,459,632	(1,548,341)	15,584	(5,142,553)	(5,215,678)
Capital contributions	303,442	-	-	-	303,442
Transfers out	(13,200)	-	-	-	(13,200)
Change in net position	1,749,874	(1,548,341)	15,584	(5,142,553)	(4,925,436)
Total net position - July 1, 2014, restated	11,822,909	13,547,110	(379,310)	(278,834)	24,711,875
Total net position - June 30, 2015	<u>\$ 13,572,783</u>	<u>\$ 11,998,769</u>	<u>\$ (363,726)</u>	<u>\$ (5,421,387)</u>	<u>\$ 19,786,439</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Healthcare	Total
Cash flows from operating activities					
Receipts from customers	\$ 18,932,138	\$ 7,779,093	\$ 709,353	\$ 97,590,109	\$ 125,010,693
Payments to suppliers	(10,968,846)	(3,635,000)	(48,365)	-	(14,652,211)
Payments to employees	(5,534,687)	(969,062)	(668,877)	-	(7,172,626)
Claims paid	-	(3,395,423)	-	(100,205,687)	(103,601,110)
Net cash provided by (used in) operating activities	2,428,605	(220,392)	(7,889)	(2,615,578)	(415,254)
Cash flows from non-capital financing activities					
Transfers out	(13,200)	-	-	-	(13,200)
Cash flows from capital and related financing activities					
Purchase of capital assets	(982,098)	-	-	-	(982,098)
Proceeds from sale of capital assets	209,085	-	-	-	209,085
Net cash used in capital and related financing activities	(773,013)	-	-	-	(773,013)
Cash flows from investing activities					
Interest received	-	24,044	-	-	24,044
Net increase (decrease) in cash and cash equivalents	1,642,392	(196,348)	(7,889)	(2,615,578)	(1,177,423)
Cash and cash equivalents, July 1, 2014	10,099,537	18,012,957	136,119	8,442,346	36,690,959
Cash and cash equivalents, June 30, 2015	\$ 11,741,929	\$ 17,816,609	\$ 128,230	\$ 5,826,768	\$ 35,513,536
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,345,558	\$ (1,572,385)	\$ 15,584	\$ (5,142,553)	\$ (5,353,796)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,379,493	2,477	2,296	-	1,384,266
Changes in assets and liabilities:					
Receivables, net	(158,635)	47,460	-	-	(111,175)
Inventories	16,552	-	-	-	16,552
Accounts and other payables	(154,363)	1,302,056	(25,769)	2,526,975	3,648,899
Net cash provided by (used in) operating activities	\$ 2,428,605	\$ (220,392)	\$ (7,889)	\$ (2,615,578)	\$ (415,254)
Noncash transactions related to financing, capital and investing activities are as follows:					
Contributions of capital assets	\$ 303,442	\$ -	\$ -	\$ -	\$ 303,442

See accompanying independent auditors' report.

Fiduciary Funds

Trust Funds

Supplemental Retirement Plan Pension Trust - County - This fund reflects the funds held in trust to pay benefits for the County's Supplemental Retirement Plan.

Pooled Postemployment Retiree Healthcare Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for healthcare benefits.

Pooled Postemployment Retiree Healthcare Benefits Trust - Schools - This fund reflects the funds held in trust to pay benefits for the School's OPEB plan for healthcare benefits.

Pooled Postemployment Line of Duty Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for line of duty benefits.

Agency Funds

Greater Richmond Convention Center Authority - This fund reflects the funds held by the County as fiscal agent for the Greater Richmond Convention Center Authority.

Special Welfare Fund - This fund reflects the receipt and disbursement of monies maintained in individual agency accounts for certain County welfare recipients.

Mental Health Support Services Social Security Administration Fund (MHSS SSA) - This fund reflects the receipt and disbursement of monies maintained for mental health clients receiving Social Security benefits.

Police Safekeeping Fund - The fund reflects the receipt and disbursements of monies held temporarily by the County upon police department seizure.

Inmate Trust Fund - This fund reflects prisoner monies held for inmates while held in County Jail.

Jail Canteen Fund - This fund reflects monies held from sales of snacks and supplies to inmates for purchases of equipment on behalf of inmates.

Appomattox Regional Governor's School for the Arts and Technology - This fund reflects the funds held by the County as fiscal agent for the Appomattox Regional Governor's School for the Arts and Technology.

County of Chesterfield, Virginia
Combining Statement of Fiduciary Net Position
Trust Funds
June 30, 2015

	Supplemental Retirement Plan Pension Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust Schools	Pooled Postemployment Line of Duty Benefits Trust County	Total Trust Funds
ASSETS					
Cash and cash equivalents	\$ 3,142,003	\$ -	\$ -	\$ -	\$ 3,142,003
Accounts receivable	30,100	-	-	-	30,100
Investments:					
Mutual funds	3,453,269	-	-	-	3,453,269
Common and preferred stocks	12,742,727	-	-	-	12,742,727
Corporate bonds	1,928,055	-	-	-	1,928,055
U.S. government and agency securities	1,705,066	-	-	-	1,705,066
Exchange traded funds	5,252,002	-	-	-	5,252,002
Collateralized mortgage obligations	89,217	-	-	-	89,217
Fund of funds	4,315,636	-	-	-	4,315,636
Pooled funds	-	23,136,896	11,163,869	6,422,709	40,723,474
Total investments	29,485,972	23,136,896	11,163,869	6,422,709	70,209,446
Total assets	32,658,075	23,136,896	11,163,869	6,422,709	73,381,549
LIABILITIES					
Due to broker	23,084	703,133	1,152,889	697,752	2,576,858
Total liabilities	23,084	703,133	1,152,889	697,752	2,576,858
FIDUCIARY NET POSITION					
Restricted for pension/other postemployment benefits	\$ 32,634,991	\$ 22,433,763	\$ 10,010,980	\$ 5,724,957	\$ 70,804,691

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2015

	Supplemental Retirement Plan Pension Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust Schools	Pooled Postemployment Line of Duty Benefits Trust County	Total Trust Funds
Additions:					
Contributions - employer	\$ 2,200,000	\$ 10,199,361	\$ 17,989,556	\$ 1,035,562	\$ 31,424,479
Investment earnings:					
Interest and dividends	598,354	6,658	2,424	1,037	608,473
Accrued income	30,100	3	-	-	30,103
Net increase in the fair value of investments	<u>417,829</u>	<u>469,485</u>	<u>191,670</u>	<u>109,116</u>	<u>1,188,100</u>
Total investment income	1,046,283	476,146	194,094	110,153	1,826,676
Less investment expenses	<u>(185,895)</u>	<u>(22,977)</u>	<u>(9,205)</u>	<u>(5,223)</u>	<u>(223,300)</u>
Net investment income	<u>860,388</u>	<u>453,169</u>	<u>184,889</u>	<u>104,930</u>	<u>1,603,376</u>
Total additions, net	<u>3,060,388</u>	<u>10,652,530</u>	<u>18,174,445</u>	<u>1,140,492</u>	<u>33,027,855</u>
Deductions:					
Benefit payments	1,467,615	9,496,228	16,836,667	337,810	28,138,320
Administrative expenses	<u>100,031</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>101,531</u>
Total deductions	<u>1,567,646</u>	<u>9,496,728</u>	<u>16,837,167</u>	<u>338,310</u>	<u>28,239,851</u>
Increase in net position restricted for pensions/other postemployment benefits	1,492,742	1,155,802	1,337,278	802,182	4,788,004
Fiduciary net position - July 1, 2014	<u>31,142,249</u>	<u>21,277,961</u>	<u>8,673,702</u>	<u>4,922,775</u>	<u>66,016,687</u>
Fiduciary net position - June 30, 2015	<u>\$ 32,634,991</u>	<u>\$ 22,433,763</u>	<u>\$ 10,010,980</u>	<u>\$ 5,724,957</u>	<u>\$ 70,804,691</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2015

	Greater Richmond Convention Center Authority	Special Welfare	MHSS SSA	Police Safekeeping	Inmate Trust	Jail Canteen	Appomattox Regional Governor's School	Total
ASSETS								
Cash and cash equivalents	\$ 7,707,966	\$ 50,507	\$ 92,534	\$ 205,275	\$ 32,695	\$ 340,116	\$ 1,280,370	\$ 9,709,463
Accounts receivable	612,260	-	-	-	-	8,440	-	620,700
Due from other governments	704,572	-	-	-	-	-	29,428	734,000
Restricted assets:								
Cash and cash equivalents	8,416,614	-	-	-	-	-	-	8,416,614
Investments	13,847,131	-	-	-	-	-	-	13,847,131
Cash, cash equivalents	2,539,802	-	-	-	-	-	-	2,539,802
and investments with trustee	2,278,416	-	-	-	-	-	-	2,278,416
Due from other governments	49	-	-	-	-	-	-	49
Interest receivable								
Total restricted assets	27,082,012	-	-	-	-	-	-	27,082,012
Total assets	\$ 36,106,810	\$ 50,507	\$ 92,534	\$ 205,275	\$ 32,695	\$ 348,556	\$ 1,309,798	\$ 38,146,175
LIABILITIES								
Amounts held for others	\$ 36,106,810	\$ 50,507	\$ 92,534	\$ 205,275	\$ 32,695	\$ 348,556	\$ 1,309,798	\$ 38,146,175

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
GREATER RICHMOND CONVENTION CENTER AUTHORITY				
Assets				
Cash and cash equivalents	\$ 5,953,351	\$ 10,489,283	\$ 8,734,668	\$ 7,707,966
Accounts receivable	298,624	612,260	298,624	612,260
Due from other governments	1,349,636	704,572	1,349,636	704,572
Restricted assets:				
Cash and cash equivalents	6,500,069	4,943,285	3,026,740	8,416,614
Investments	15,862,421	3,004,479	5,019,769	13,847,131
Cash, cash equivalents and Investments with trustee	2,056,849	147,473,488	146,990,535	2,539,802
Due from other governments	2,336,084	2,278,416	2,336,084	2,278,416
Interest receivable	4,466	49	4,466	49
Total restricted assets	<u>26,759,889</u>	<u>157,699,717</u>	<u>157,377,594</u>	<u>27,082,012</u>
Total assets	<u>\$ 34,361,500</u>	<u>\$ 169,505,832</u>	<u>\$ 167,760,522</u>	<u>\$ 36,106,810</u>
Liabilities				
Amounts held for others	<u>\$ 34,361,500</u>	<u>\$ 169,505,832</u>	<u>\$ 167,760,522</u>	<u>\$ 36,106,810</u>
SPECIAL WELFARE				
Assets				
Cash and cash equivalents	\$ 37,645	\$ 86,961	\$ 74,099	\$ 50,507
Total assets	<u>\$ 37,645</u>	<u>\$ 86,961</u>	<u>\$ 74,099</u>	<u>\$ 50,507</u>
Liabilities				
Amounts held for others	<u>\$ 37,645</u>	<u>\$ 86,961</u>	<u>\$ 74,099</u>	<u>\$ 50,507</u>
MENTAL HEALTH SUPPORT SERVICES SOCIAL SECURITY ADMINISTRATION				
Assets				
Cash and cash equivalents	\$ 64,151	\$ 701,861	\$ 673,478	\$ 92,534
Due from other governments	721	-	721	-
Total assets	<u>\$ 64,872</u>	<u>\$ 701,861</u>	<u>\$ 674,199</u>	<u>\$ 92,534</u>
Liabilities				
Amounts held for others	<u>\$ 64,872</u>	<u>\$ 701,861</u>	<u>\$ 674,199</u>	<u>\$ 92,534</u>
POLICE SAFEKEEPING				
Assets				
Cash and cash equivalents	\$ 401,732	\$ 294,760	\$ 491,217	\$ 205,275
Liabilities				
Amounts held for others	<u>\$ 401,732</u>	<u>\$ 294,760</u>	<u>\$ 491,217</u>	<u>\$ 205,275</u>

(Continued)

County of Chesterfield, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
INMATE TRUST FUND				
Assets				
Cash and cash equivalents	\$ 33,748	\$ 658,520	\$ 659,573	\$ 32,695
Liabilities				
Amounts held for inmates	\$ 33,748	\$ 658,520	\$ 659,573	\$ 32,695
JAIL CANTEEN FUND				
Assets				
Cash and cash equivalents	\$ 340,714	\$ 69,739	\$ 70,337	\$ 340,116
Accounts receivable	18,622	8,440	18,622	8,440
Total assets	\$ 359,336	\$ 78,179	\$ 88,959	\$ 348,556
Liabilities				
Amounts held for others	\$ 359,336	\$ 78,179	\$ 88,959	\$ 348,556
APPOMATTOX REGIONAL GOVERNOR'S SCHOOL				
Assets				
Cash and cash equivalents	\$ 1,816,058	\$ 3,267,083	\$ 3,802,771	\$ 1,280,370
Due from other governments	22,396	29,428	22,396	29,428
Total assets	\$ 1,838,454	\$ 3,296,511	\$ 3,825,167	\$ 1,309,798
Liabilities				
Amounts held for others	\$ 1,838,454	\$ 3,296,511	\$ 3,825,167	\$ 1,309,798
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 8,647,399	\$ 15,568,207	\$ 14,506,143	\$ 9,709,463
Accounts receivable	317,246	620,700	317,246	620,700
Due from other governments	1,372,753	734,000	1,372,753	734,000
Restricted assets:				
Cash and cash equivalents	6,500,069	4,943,285	3,026,740	8,416,614
Investments	15,862,421	3,004,479	5,019,769	13,847,131
Cash, cash equivalents and investments with trustees	2,056,849	147,473,488	146,990,535	2,539,802
Due from other governments	2,336,084	2,278,416	2,336,084	2,278,416
Interest receivable	4,466	49	4,466	49
Total restricted assets	26,759,889	157,699,717	157,377,594	27,082,012
Total assets	\$ 37,097,287	\$ 174,622,624	\$ 173,573,736	\$ 38,146,175
Liabilities				
Amounts held for others	\$ 37,097,287	\$ 174,622,624	\$ 173,573,736	\$ 38,146,175

See accompanying independent auditors' report.

Non-major Discretely Presented Component Units

Watkins Centre Community Development Authority - The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District, a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County.

Chippenham Place Community Development Authority - The Chippenham Place CDA was created to fund public infrastructure improvements at the former Cloverleaf Mall site owned by the County.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Discretely Presented Component Units
June 30, 2015

	Watkins Centre Community Development <u>Authority</u>	Chippenham Place Community Development <u>Authority</u>	Total Non-major Component <u>Units</u>
ASSETS			
Cash and cash equivalents	\$ 260,080	\$ 1,048,052	\$ 1,308,132
Investments	1,800,000	-	1,800,000
Receivables	28,948	-	28,948
Prepays	1,012	-	1,012
Total assets	<u>2,090,040</u>	<u>1,048,052</u>	<u>3,138,092</u>
LIABILITIES			
Accounts payable and other liabilities	234,791	92,479	327,270
Non-current liabilities:			
Due within one year	2,108,766	321,863	2,430,629
Due in more than one year	<u>10,661,278</u>	<u>12,116,049</u>	<u>22,777,327</u>
Total liabilities	<u>13,004,835</u>	<u>12,530,391</u>	<u>25,535,226</u>
NET POSITION			
Restricted for debt service	-	708,744	708,744
Unrestricted (deficit)	<u>(10,914,795)</u>	<u>(12,191,083)</u>	<u>(23,105,878)</u>
Total net position (deficit)	<u>\$ (10,914,795)</u>	<u>\$ (11,482,339)</u>	<u>\$ (22,397,134)</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Activities
Non-major Discretely Presented Component Units
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Net (Expenses) Revenues and Changes in Position</u>		
		<u>Watkins Centre Community Development Authority</u>	<u>Chippenham Place Community Development Authority</u>	<u>Total Non-major Component Units</u>
Watkins Centre Community Development Authority	\$ 809,264	\$ (809,264)	\$ -	\$ (809,264)
Chippenham Place Community Development Authority	6,066,667	-	(6,066,667)	(6,066,667)
Total non-major component units	<u>\$ 6,875,931</u>	<u>(809,264)</u>	<u>(6,066,667)</u>	<u>(6,875,931)</u>
General revenues:				
Payment from primary government		2,691,195	838,862	3,530,057
Investment earnings		85,790	51	85,841
Total general revenues		<u>2,776,985</u>	<u>838,913</u>	<u>3,615,898</u>
Change in net position		1,967,721	(5,227,754)	(3,260,033)
Total net position (deficit) - July 1, 2014		<u>(12,882,516)</u>	<u>(6,254,585)</u>	<u>(19,137,101)</u>
Total net position (deficit) - June 30, 2015		<u>\$ (10,914,795)</u>	<u>\$ (11,482,339)</u>	<u>\$ (22,397,134)</u>

See accompanying independent auditors' report.



**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
June 30, 2015

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
General government:						
Accounting	\$ 34,806	\$ -	\$ -	\$ -	\$ 34,806	\$ -
Board of Supervisors	7,933	-	-	-	7,933	-
Budget and Management	14,709	-	-	-	14,709	-
Center for Organizational Excellence	17,460	-	-	-	17,460	-
Commissioner of the Revenue	17,163	-	-	-	17,163	-
County Administration	1,140,544	-	-	-	1,140,544	-
General Services	9,230,825	584,668	8,107,741	-	538,416	-
Human Resource Management	51,965	-	-	-	51,965	-
Information Systems Technology	29,844,324	129,800	5,895,653	162,719	23,656,152	-
Internal Audit	313,695	150,000	151,006	-	12,689	-
Real Estate Assessments	567,113	85,500	442,144	-	39,469	-
Registrar	381,535	-	-	-	381,535	-
Treasurer	1,558,834	-	-	-	1,558,834	-
Total general government	<u>43,180,906</u>	<u>949,968</u>	<u>14,596,544</u>	<u>162,719</u>	<u>27,471,675</u>	<u>-</u>
Administration of justice:						
Circuit Court Clerk	337,925	-	-	-	337,925	-
Circuit Court Judges	270,016	-	-	-	270,016	-
Commonwealth's Attorney	135,010	-	114,474	-	20,536	-
Community Corrections	1,524,814	336,091	1,157,648	-	31,075	-
General District Court	33,310,995	22,441	32,444,562	118,080	725,912	-
Juvenile and Domestic Relations Court	17,412,144	53,173	17,250,223	-	108,748	-
Total administration of justice	<u>52,990,904</u>	<u>411,705</u>	<u>50,966,907</u>	<u>118,080</u>	<u>1,494,212</u>	<u>-</u>
Public safety:						
Animal Control	3,023,211	181,324	2,537,645	33,304	270,938	-
Building Inspections	2,227,622	105,932	110,100	-	2,011,590	-
Communications Center	29,743,757	71,740	63,857	-	29,608,160	-
Fire and EMS	91,351,190	3,049,657	41,326,209	1,221,341	45,753,983	-
Jail	31,952,431	19,950	31,145,693	-	786,788	-
Juvenile Detention Home	17,120,609	14,000	16,942,509	-	164,100	-
Juvenile Probation	41,884	-	-	-	41,884	-
Police	55,463,387	1,607,606	32,173,541	136,625	21,545,615	-
Sheriff	4,680,444	-	-	-	4,680,444	-
Youth Group Home	910,009	-	799,600	-	110,409	-
Total public safety	<u>236,514,544</u>	<u>5,050,209</u>	<u>125,099,154</u>	<u>1,391,270</u>	<u>104,973,911</u>	<u>-</u>
Public works:						
Buildings and Grounds	23,826,037	9,586,115	9,155,980	2,589,788	2,494,154	-
Environmental Engineering	39,670,487	1,100	355,951	-	2,015,958	37,297,478
Waste and Resource Recovery	9,970,632	800,254	688,185	7,513,236	968,957	-
Total public works	<u>73,467,156</u>	<u>10,387,469</u>	<u>10,200,116</u>	<u>10,103,024</u>	<u>5,479,069</u>	<u>37,297,478</u>
Health and welfare:						
Health	28,199	-	-	-	28,199	-
Mental Health Support Services	12,986,317	28,000	11,579,270	-	1,379,047	-
Social Services	7,354,229	297,200	7,001,955	-	55,074	-
Total health and welfare	<u>20,368,745</u>	<u>325,200</u>	<u>18,581,225</u>	<u>-</u>	<u>1,462,320</u>	<u>-</u>

(Continued)

County of Chesterfield, Virginia
 Schedule of Capital Assets Used in the Operation of Governmental Funds
 by Function and Activity
 June 30, 2015

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
Parks, recreation and cultural:						
Library	\$ 37,596,963	\$ 3,087,257	\$ 31,943,721	\$ 20,603	\$ 2,545,382	\$ -
Parks and Recreation	<u>73,908,389</u>	<u>14,869,986</u>	<u>9,250,576</u>	<u>45,686,880</u>	<u>4,100,947</u>	<u>-</u>
Total parks, recreation and cultural	<u>111,505,352</u>	<u>17,957,243</u>	<u>41,194,297</u>	<u>45,707,483</u>	<u>6,646,329</u>	<u>-</u>
Education:						
School Board	<u>972,244,833</u>	<u>28,556,639</u>	<u>924,542,345</u>	<u>19,145,849</u>	<u>-</u>	<u>-</u>
Community development:						
Community Development	21,303,021	-	18,712,365	-	2,590,656	-
Economic Development	<u>20,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,406</u>	<u>-</u>
Total community development	<u>21,323,427</u>	<u>-</u>	<u>18,712,365</u>	<u>-</u>	<u>2,611,062</u>	<u>-</u>
Total governmental funds' capital assets allocated by function	1,531,595,867	<u>\$ 63,638,433</u>	<u>\$ 1,203,892,953</u>	<u>\$ 76,628,425</u>	<u>\$ 150,138,578</u>	<u>\$ 37,297,478</u>
Redevelopment asset	7,368,104					
Construction in progress	<u>23,143,724</u>					
Total governmental funds' capital assets	<u>\$ 1,562,107,695</u>					

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
General government:				
Accounting	\$ 41,301	\$ -	\$ 6,495	\$ 34,806
Board of Supervisors	7,933	-	-	7,933
Budget and Management	14,709	-	-	14,709
Center for Organizational Excellence	17,460	-	-	17,460
Commissioner of the Revenue	17,163	-	-	17,163
County Administration	427,869	784,465	71,790	1,140,544
General Services	9,392,584	6,530	168,289	9,230,825
Human Resource Management	51,965	-	-	51,965
Information Systems Technology	31,334,819	1,659,881	3,150,376	29,844,324
Internal Audit	313,695	-	-	313,695
Real Estate Assessments	567,113	-	-	567,113
Registrar	381,535	-	-	381,535
Treasurer	1,733,487	-	174,653	1,558,834
Total general government	<u>44,301,633</u>	<u>2,450,876</u>	<u>3,571,603</u>	<u>43,180,906</u>
Administration of justice:				
Circuit Court Clerk	104,830	233,095	-	337,925
Circuit Court Judges	275,990	-	5,974	270,016
Commonwealth's Attorney	135,010	-	-	135,010
Community Corrections	1,524,814	-	-	1,524,814
General District Court	33,553,463	-	242,468	33,310,995
Juvenile and Domestic Relations Court	17,412,144	-	-	17,412,144
Total administration of justice	<u>53,006,251</u>	<u>233,095</u>	<u>248,442</u>	<u>52,990,904</u>
Public safety:				
Animal Control	2,984,933	57,913	19,635	3,023,211
Building Inspections	2,245,087	-	17,465	2,227,622
Communications Center	29,743,757	-	-	29,743,757
Fire and EMS	81,510,633	11,334,450	1,493,893	91,351,190
Jail	31,952,431	-	-	31,952,431
Juvenile Detention Home	17,061,237	85,875	26,503	17,120,609
Juvenile Probation	41,884	-	-	41,884
Police	54,710,502	2,235,958	1,483,073	55,463,387
Sheriff	4,685,391	21,315	26,262	4,680,444
Youth Group Home	880,485	53,409	23,885	910,009
Total public safety	<u>225,816,340</u>	<u>13,788,920</u>	<u>3,090,716</u>	<u>236,514,544</u>
Public works:				
Buildings and Grounds	22,388,599	1,465,124	27,686	23,826,037
Environmental Engineering	39,044,654	689,249	63,416	39,670,487
Waste and Resource Recovery	10,083,465	168,289	281,122	9,970,632
Total public works	<u>71,516,718</u>	<u>2,322,662</u>	<u>372,224</u>	<u>73,467,156</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Health and welfare:				
Health	\$ 28,199	\$ -	\$ -	\$ 28,199
Mental Health Support Services	9,539,098	3,502,828	55,609	12,986,317
Social Services	7,354,229	-	-	7,354,229
Total health and welfare	<u>16,921,526</u>	<u>3,502,828</u>	<u>55,609</u>	<u>20,368,745</u>
Parks, recreation and cultural:				
Library	37,503,810	659,780	566,627.00	37,596,963
Parks and Recreation	71,927,532	2,621,055	640,198	73,908,389
Total parks, recreation and cultural	<u>109,431,342</u>	<u>3,280,835</u>	<u>1,206,825</u>	<u>111,505,352</u>
Education:				
School Board	<u>944,885,704</u>	<u>28,542,123</u>	<u>1,182,994</u>	<u>972,244,833</u>
Community development:				
Community Development	21,369,603	-	66,582	21,303,021
Economic Development	20,406	-	-	20,406
Total community development	<u>21,390,009</u>	<u>-</u>	<u>66,582</u>	<u>21,323,427</u>
Redevelopment asset	12,473,327	-	5,105,223	7,368,104
Construction in progress	<u>40,294,223</u>	<u>24,630,586</u>	<u>41,781,085</u>	<u>23,143,724</u>
Total governmental funds' capital assets	<u>\$ 1,540,037,073</u>	<u>\$ 78,751,925</u>	<u>\$ 56,681,303</u>	<u>\$ 1,562,107,695</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Source
June 30, 2015

Governmental funds' capital assets:

Land	\$ 63,638,433
Buildings	1,203,892,953
Improvements other than buildings	76,628,425
Machinery and equipment	150,138,578
Infrastructure	37,297,478
Redevelopment asset	7,368,104
Construction in progress	23,143,724
Total governmental funds' capital assets	<u>\$ 1,562,107,695</u>

Investment in governmental funds' capital assets by source:

General obligation bonds	\$ 1,057,703,121
General government revenues	350,380,755
Federal and State grants	26,399,620
Capital lease purchases	58,579,039
Special Revenue Fund revenues	7,029,485
Contributions from public	62,015,675
Total investment in governmental funds' capital assets	<u>\$ 1,562,107,695</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

School Board Discretely Presented Component Unit

Governmental Fund

Special Revenue Fund

School Operating Fund - This fund reflects the activity related to the operations of the County's public school system.

Fiduciary Funds

Pension Trust Fund

Supplemental Retirement Program Fund - This fund reflects activity related to pension trust assets to provide certain qualified School Board employees with additional retirement benefits.

Agency Fund

School Activity Fund - This fund reflects monies held for students to use for educational, recreational, or cultural purposes.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet - Governmental Fund
June 30, 2015

Special Revenue Fund

**School
Operating**

ASSETS

Cash and cash equivalents	\$ 38,628,447
Accounts receivable	959,412
Due from other governments	6,087,977
Due from primary government	55,585,752
Inventories	693,100
Total assets	<u>\$ 101,954,688</u>

LIABILITIES

Accounts payable	\$ 4,772,758
Accrued liabilities	39,270,181
Retainages payable	7,644
Unearned revenues	581,268
Total liabilities	<u>44,631,851</u>

FUND BALANCE

Nonspendable	693,100
Restricted	5,845,504
Assigned	50,784,233
Total fund balance	<u>57,322,837</u>
Total liabilities and fund balance	<u>\$ 101,954,688</u>

Reconciliation of total fund balances for governmental funds to total net position of governmental activities:

Total fund balance for School Operating Fund \$ 57,322,837

Amounts reported for the School Board's governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. 24,775,512

Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Deferred pension contributions	\$ 42,360,590	
Deferred pension investment experience	683,353	
Deferred pension assumptions	<u>5,137,000</u>	48,180,943

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment combines the net changes of the following balances:

Capital lease obligations	(2,471,023)	
Compensated absences	(20,640,465)	
Judgments and claims	(10,987,722)	
Net pension liabilities	(517,039,723)	
Other postemployment benefits obligation - asset	112,925	
Interest payable	<u>(24,710)</u>	<u>(551,050,718)</u>

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred pension investment experience	(71,367,878)	
Deferred pension assumptions	<u>(1,898,561)</u>	<u>(73,266,439)</u>

Total net position of the School Board's governmental activities \$ (494,037,865)

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2015

	<u>Special Revenue Fund</u>
	<u>School Operating</u>
Revenues	
From local sources:	
Use of money and property	\$ 842,699
Charges for services	13,451,253
Donations	508,840
Miscellaneous	1,670,367
Payment from primary government	271,952,519
From other governments	<u>274,428,856</u>
Total revenues	<u>562,854,534</u>
Expenditures	
Current:	
Education	550,283,225
Debt service	1,702,617
Payment to primary government	<u>10,293,109</u>
Total expenditures	<u>562,278,951</u>
Excess of revenues over expenditures	575,583
Other financing sources	
Proceeds from lease purchase	<u>4,146,000</u>
Net change in fund balance	4,721,583
Total fund balance, July 1, 2014	<u>52,601,254</u>
Total fund balance, June 30, 2015	<u>\$ 57,322,837</u>

(Continued)

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2015

Reconciliation of Fund Balance of Governmental Funds to the Statement of Activities:

Net change in fund balance	\$	4,721,583
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Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capitalized assets	\$ 8,548,941		
Depreciation	<u>(5,583,148)</u>		2,965,793

The net effect of miscellaneous transactions involving capital assets (prepayments, trade-ins, donations, and disposals) increased net position.

7,347,800

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statements of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Payments	1,674,977		
Proceeds	<u>(4,146,000)</u>		(2,471,023)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund, such as:

Compensated absences	615,107		
Judgments and claims	2,616,401		
Pension expense	10,319,950		
Interest payable	<u>(24,710)</u>		<u>13,526,748</u>

Change in net position of governmental activities	\$	<u>26,090,901</u>
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See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
From local sources:				
Use of money and property	\$ 2,116,000	\$ 1,651,567	\$ 1,675,584	\$ 24,017
Charges for services	18,281,950	18,197,656	14,058,673	(4,138,983)
Donations	433,000	584,000	508,840	(75,160)
Miscellaneous	1,372,500	1,945,614	1,670,367	(275,247)
Recovered costs	3,067,150	2,573,406	3,374,269	800,863
From the Commonwealth	240,757,600	245,198,998	243,010,336	(2,188,662)
From the federal government	31,805,200	34,776,485	31,418,520	(3,357,965)
Total revenues	<u>297,833,400</u>	<u>304,927,726</u>	<u>295,716,589</u>	<u>(9,211,137)</u>
Expenditures				
Current:				
Education:				
Instruction	410,512,831	424,746,053	410,383,800	14,362,253
Administration, attendance and health	21,469,321	22,171,901	20,636,689	1,535,212
Pupil transportation	32,647,085	33,756,510	29,996,629	3,759,881
Operations and maintenance	58,412,077	58,653,951	53,579,861	5,074,090
Technology	12,938,473	21,368,201	19,146,082	2,222,119
Food service	25,178,720	25,128,720	21,354,738	3,773,982
Debt service	42,860,100	44,623,974	43,722,729	901,245
Total expenditures	<u>604,018,607</u>	<u>630,449,310</u>	<u>598,820,528</u>	<u>31,628,782</u>
Deficiency of revenues under expenditures	<u>(306,185,207)</u>	<u>(325,521,584)</u>	<u>(303,103,939)</u>	<u>22,417,645</u>
Other financing sources (uses)				
Transfers in:				
General Fund	308,794,400	319,589,797	313,889,797	(5,700,000)
School Capital Projects Fund	-	82,834	82,834	-
Total transfers in	<u>308,794,400</u>	<u>319,672,631</u>	<u>313,972,631</u>	<u>(5,700,000)</u>
Transfers out:				
County Capital Projects Fund	-	(18,600)	(18,600)	-
School Capital Projects Fund	(4,556,600)	(31,132,322)	(8,293,432)	22,838,890
Comprehensive Services Fund	(1,221,100)	(1,981,077)	(1,981,077)	-
Total transfers out	<u>(5,777,700)</u>	<u>(33,131,999)</u>	<u>(10,293,109)</u>	<u>22,838,890</u>
Lease purchase issued	-	4,146,000	4,146,000	-
Total other financing sources, net	<u>303,016,700</u>	<u>290,686,632</u>	<u>307,825,522</u>	<u>17,138,890</u>
Net change in fund balance	<u>(3,168,507)</u>	<u>(34,834,952)</u>	<u>4,721,583</u>	<u>39,556,535</u>
Fund balance, July 1, 2014	<u>52,601,254</u>	<u>52,601,254</u>	<u>52,601,254</u>	<u>-</u>
Fund balance, June 30, 2015	<u>\$ 49,432,747</u>	<u>\$ 17,766,302</u>	<u>\$ 57,322,837</u>	<u>\$ 39,556,535</u>

(Continued)

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2015

Explanation of differences between actual amounts on the budgetary basis and GAAP basis:

Revenues

Total revenues on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 295,716,589
For budgetary purposes, intrafund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(4,814,574)
Budgetary transfers from the primary government, excluding transfers for payment of debt "on behalf" of the School Board, are revenues for financial reporting purposes.	<u>271,952,519</u>
Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 562,854,534</u>

Expenditures

Total expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 598,820,528
For budgetary purposes, intrafund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(4,814,574)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	10,293,109
Payments of debt "on behalf" of the School Board are eliminated for financial reporting purposes.	<u>(42,020,112)</u>
Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 562,278,951</u>

Other financing sources (uses)

Total other financing sources on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 307,825,522
Budgetary transfers from the primary government are revenues for financial reporting purposes.	(313,972,631)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	<u>10,293,109</u>
Total other financing sources on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 4,146,000</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Net Position
Fiduciary Funds
June 30, 2015

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
	<u>Supplemental Retirement Program Fund</u>	<u>School Activities Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 5,888,933
Cash, cash equivalents and investments with trustees	20,776,632	-
Interest receivable	11,261	-
Total assets	<u>20,787,893</u>	<u>\$ 5,888,933</u>
LIABILITIES		
Amounts held for others	<u>-</u>	<u>\$ 5,888,933</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 20,787,893</u>	

See accompanying independent auditors' report.

**County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2015**

	<u>Pension Trust Fund</u>
	<u>Supplemental Retirement Program</u>
Additions	
Contributions	\$ 11,161,699
Investment earnings:	
Interest and dividends	424,090
Net increase in the fair value of investments	<u>98,521</u>
Net investment earnings	<u>522,611</u>
Total additions	<u>11,684,310</u>
 Deductions	
Benefit payments	12,268,111
Administrative expenses	<u>84,314</u>
Total deductions	<u>12,352,425</u>
 Decrease in net position	 (668,115)
 Net position - July 1, 2014	 <u>21,456,008</u>
Net position - June 30, 2015	<u>\$ 20,787,893</u>

See accompanying independent auditors' report.

SINGLE AUDIT SCHEDULE AND NOTES

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program	Federal catalog number	Federal expenditures
DEPARTMENT OF AGRICULTURE:		
Pass through payments:		
Department of Education:		
School Breakfast Program	10.553	\$ 1,747,811
Fresh Fruit and Vegetable Program	10.582	172,709
Department of Health:		
Child and Adult Care Food Program	10.558	29,781
Department of Agriculture:		
National School Lunch Program	10.555	\$ 961,287
Department of Education:		
National School Lunch Program	10.555	6,234,215
Department of Juvenile Justice:		
National School Lunch Program	10.555	<u>50,257</u>
Total for federal catalog number 10.555		7,245,759
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>1,656,785</u>
Total Department of Agriculture		<u>10,852,845</u>
DEPARTMENT OF DEFENSE:		
Direct payments:		
JROTC	12.XXX	289,523
DEPARTMENT OF EDUCATION:		
Direct payments:		
Office of Elementary and Secondary Education:		
Impact Aid	84.041	86,802
Office of Innovation and Improvement:		
Fund for the Improvement of Education	84.215	75,470
Pass through payments:		
City of Richmond, Virginia School Board:		
Adult Education - Basic Grants to States	84.002	343,907
Education for Homeless Children and Youth	84.196	5,388
Department of Education:		
Title I Grants to Local Educational Agencies	84.010	5,269,719
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	72,820
Special Education - Grants to States	84.027	11,179,738
Career and Technical Education - Basic Grants to States	84.048	541,192
Special Education - Preschool Grants	84.173	198,503
Twenty-first Century Community Learning Centers	84.287	800,812
Advanced Placement Program	84.330	8,362
Teacher Quality Partnership Grants	84.336	106,009
English Language Acquisition State Grants	84.365	605,623
Improving Teacher Quality State Grants	84.367	1,052,330
Special Education - Grants for Infants and Families	84.181	<u>304,631</u>
Total Department of Education		<u>20,651,306</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program	Federal catalog number	Federal expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Direct payments:		
Head Start	93.600	\$ 1,356,038
Pass through payments:		
Department of Behavioral Health and Developmental Services:		
Block Grants for Community Mental Health Services	93.958	93,239
Block Grants for Prevention and Treatment of Substance Abuse	93.959	800,939
Department of Social Services:		
Promoting Safe and Stable Families	93.556	119,057
Temporary Assistance for Needy Families	93.558	1,393,897
Refugee and Entrant Assistance - State Administered Programs	93.566	3,895
Low-Income Home Energy Assistance	93.568	114,354
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	171,748
Chafee Education and Training Vouchers Program (ETV)	93.599	2,567
Child Welfare Services - State Grants		
Stephanie Tubbs Jones Child Welfare Services Program	93.645	8,113
Foster Care - Title IV-E	93.658	774,932
Adoption Assistance	93.659	944,300
Social Services Block Grant	93.667	994,194
Chafee Foster Care Independence Program	93.674	12,883
Children's Health Insurance Program	93.767	54,950
Medical Assistance Program	93.778	1,905,825
Total Department of Health and Human Services		8,750,931
DEPARTMENT OF HOMELAND SECURITY:		
Pass through payments:		
Department of Criminal Justice:		
Homeland Security Grant Program	97.067	339,544
Department of Emergency Management:		
Emergency Management Performance Grants	97.042	104,948
Citizens - Community Resilience Innovation Challenge	97.053	9,538
State Homeland Security Program (SHSP)	97.067	191,096
Total Department of Homeland Security		645,126
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct payments:		
Community Development Block Grants/Entitlement Grants	14.218	1,437,993
Home Investment Partnerships Program	14.239	714,155
Pass through payments:		
Housing Development Authority:		
Section 8 Housing Choice Vouchers	14.871	222,046
Total Department of Housing and Urban Development		2,374,194
DEPARTMENT OF THE INTERIOR:		
Direct payments:		
Fish and Wildlife Service:		
National Wildlife Refuge Fund	15.659	5,450
National Park Service:		
Civil War Battlefield Land Acquisition Grant	15.928	143,400
Save America's Treasures	15.929	16,584
Total Department of the Interior		165,434

(Continued)

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program	Federal catalog number	Federal expenditures
DEPARTMENT OF JUSTICE:		
Direct payments:		
Drug Court Discretionary Grant Program	16.585	\$ 13,376
State Criminal Alien Assistance Program	16.606	75,903
Edward Byrne Memorial Justice Assistance Grant Program	16.738	97,835
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	65
Edward Byrne Memorial Competitive Grant Program	16.751	14,094
Equitable Sharing Program	16.922	145,138
Pass through payments:		
Department of Criminal Justice Services:		
Juvenile Accountability Block Grants	16.523	21,628
Crime Victim Assistance	16.575	241,105
Violence Against Women Formula Grants	16.588	131,278
Total Department of Justice		<u>740,422</u>
DEPARTMENT OF LABOR:		
Pass through payments:		
County of Henrico, Virginia:		
WIA/WIOA Youth Activities	17.259	246,425
DEPARTMENT OF TRANSPORTATION:		
Direct payments:		
National Highway Traffic Safety Administration:		
Occupant Protection Incentive Grants	20.602	24,826
Pass through payments:		
Federal Highway Administration:		
Highway Planning and Construction	20.205	9,673,015
Department of Motor Vehicles:		
State and Community Highway Safety	20.600	69,455
Alcohol Open Container Requirements	20.607	110,901
Greater Richmond Transit Company - Federal Transit Administration:		
Job Access and Reverse Commute Program	20.516	125,000
Total Department of Transportation		<u>10,003,197</u>
DEPARTMENT OF TREASURY:		
Pass through payments:		
Office of the Attorney General of Virginia	21.000	164,876
Total Department of Treasury		
ENVIRONMENTAL PROTECTION AGENCY:		
Pass through payments:		
Department of Environmental Quality		
Chesapeake Bay Program	66.466	46,230
Total Environmental Protection Agency		
Total expenditures of federal awards		<u>\$ 54,930,509</u>

See accompanying notes to Schedule of Expenditure of Federal Awards and accompanying independent auditors' report.

County of Chesterfield, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal assistance programs of the primary government and the School Board.

2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds which is described in Note 1 to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Relationship to Financial Statements

Federal expenditures are reported in the County's basic financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
<u>Primary Government</u>	
Governmental Activities	
General Fund	\$ 9,317,200
County Capital Projects Fund	9,816,415
Non-major - Comprehensive Services Fund	177,148
Non-major - Grants Fund	<u>4,192,602</u>
Total Governmental Activities	23,503,365
<u>Component Unit</u>	
Governmental Activities	
School Operating Fund	<u>31,427,144</u>
Total	<u>\$ 54,930,509</u>

4. Subrecipient Payments

The total amount of \$889,209 received by subrecipients from the County during the fiscal year included \$417,508 from the Community Development Block Grants (CFDA Number 14.218) and \$471,701 from the Home Investment Partnerships Program (CFDA Number 14.239).

County of Chesterfield, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

5. Expenditures for Clusters of Federal Programs

<u>Name of Cluster</u>	<u>CFDA Number</u>		<u>Cluster Total</u>
Child Nutrition	10.553	\$ 1,747,811	\$ 8,993,570
	10.555	<u>7,245,759</u>	
Highway Safety	20.600	69,455	94,281
	20.602	<u>24,826</u>	
Special Education	84.027	11,179,738	11,378,241
	84.173	<u>198,503</u>	

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of Chesterfield County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial position.

	<u>Pages</u>
Financial Trends	185-189
<i>These schedules contain trend information to help the reader understand how Chesterfield's financial performance and well-being have changed over time.</i>	
Revenue Capacity	190-194
<i>These schedules contain information to help the reader assess Chesterfield's most significant local revenue source, property tax.</i>	
Debt Capacity	195-197
<i>These schedules present information to help the reader assess the affordability of Chesterfield's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
Demographic and Economic Information	198-199
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Chesterfield operates.</i>	
Operating Information	200-202
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services Chesterfield provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

County of Chesterfield, Virginia
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities ⁽¹⁾⁽⁶⁾										
Net investment in capital assets	\$ 415,009,147	\$ 458,603,478	\$ 487,741,373	\$ 530,702,086	\$ 552,032,799	\$ 574,885,562	\$ 599,754,295	\$ 627,400,224	\$ 645,911,815	\$ 655,698,497
Restricted	28,938,619	23,244,451	50,295,285	42,099,392	52,160,770	58,812,683	61,519,784	51,154,743	58,156,804	67,370,966
Unrestricted ⁽²⁾	139,045,238	147,996,016	143,352,794	149,288,745	160,465,007	187,964,641	188,996,281	185,082,324	16,485,928	31,322,429
Total governmental activities net position ⁽³⁾⁽⁴⁾	\$ 582,993,004	\$ 629,843,945	\$ 681,389,452	\$ 722,090,223	\$ 764,658,576	\$ 821,662,886	\$ 850,270,360	\$ 863,637,291	\$ 720,534,547	\$ 754,391,892
Business-type activities										
Net investment in capital assets ⁽²⁾	\$ 597,187,773	\$ 643,325,018	\$ 682,591,012	\$ 714,330,054	\$ 741,730,464	\$ 765,410,845	\$ 770,297,665	\$ 785,112,123	\$ 787,859,447	\$ 795,520,705
Restricted	14,308,324	19,148,367	17,242,966	25,002,197	25,417,498	15,637,228	15,815,265	16,559,193	15,838,389	16,053,703
Unrestricted ⁽²⁾⁽⁵⁾	105,207,647	111,033,540	117,696,445	114,292,930	117,421,774	130,992,671	140,426,616	159,659,711	179,197,357	204,092,283
Total business-type activities net position ⁽³⁾⁽⁴⁾	\$ 716,703,744	\$ 773,506,925	\$ 817,530,423	\$ 853,625,181	\$ 884,569,736	\$ 912,040,744	\$ 926,539,546	\$ 961,331,027	\$ 982,895,193	\$ 1,015,666,691
Primary government										
Net investment in capital assets	\$ 942,597,835	\$ 1,101,928,496	\$ 1,170,332,385	\$ 1,245,032,140	\$ 1,293,763,263	\$ 1,340,296,407	\$ 1,370,051,960	\$ 1,412,512,347	\$ 1,433,771,262	\$ 1,451,219,202
Restricted	43,246,943	42,392,818	67,538,251	67,101,589	77,578,268	74,449,911	77,335,049	67,713,936	73,995,193	83,424,669
Unrestricted ⁽⁵⁾	313,851,970	259,029,556	261,049,239	263,581,675	277,886,781	318,957,312	329,422,897	344,742,035	195,663,285	235,414,712
Total primary government net position ⁽³⁾⁽⁴⁾	\$ 1,299,696,748	\$ 1,403,350,870	\$ 1,498,919,875	\$ 1,575,715,404	\$ 1,649,228,312	\$ 1,733,703,630	\$ 1,776,809,906	\$ 1,824,968,318	\$ 1,703,429,740	\$ 1,770,058,583

(1) 2008 net assets were restated to reflect the County's adoption of GASB Statement 49.

(2) Net investment in capital assets and unrestricted net position have been restated to reclassify intangible assets as capital assets for years 2006-2008.

(3) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.

(4) Due to implementation of GASB 63 in 2013, all references to net assets have been changed to net position.

(5) Due to implementation of GASB 65 in 2014, deferred bond issuance costs are no longer reported as an asset on the Statement of Net Position and total net position at the beginning of the year was restated.

(6) Due to the implementation of GASB 68 in 2015, 2014 net position was restated.

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
 (accrual basis of accounting)
 (unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 46,460,964	\$ 53,941,385	\$ 62,125,394	\$ 64,753,892	\$ 59,652,475	\$ 58,141,077	\$ 63,848,744	\$ 61,583,107	\$ 96,779,940	\$ 117,197,913
Administration of justice	9,984,083	9,578,091	9,433,583	10,165,647	9,689,658	9,838,076	10,074,871	9,672,405	11,684,376	10,653,019
Public safety	131,672,438	145,470,820	152,400,203	158,317,621	154,703,866	159,738,182	164,335,666	176,821,834	176,699,204	175,196,278
Public works	21,642,615	39,031,478	37,044,887	32,749,415	31,583,528	28,551,217	38,710,140	41,785,217	31,041,438	42,172,196
Health and welfare	60,543,646	67,477,015	72,490,313	73,645,385	70,707,991	72,416,110	72,359,200	73,067,353	74,100,466	76,361,327
Parks, recreation and cultural	21,328,956	22,528,120	25,048,041	26,279,170	23,871,068	21,531,768	24,969,646	22,970,560	23,224,544	23,582,693
Education - School Board	287,052,952	336,542,438	337,236,438	337,123,894	308,669,193	310,962,247	262,561,566	277,126,087	278,232,715	303,960,336
Community development	14,179,400	14,444,469	16,697,501	19,839,416	17,316,286	18,143,396	26,219,996	18,844,043	19,393,334	20,536,333
Interest on long-term debt	19,433,153	21,477,059	23,272,102	20,554,873	24,463,742	21,600,283	19,825,526	19,285,140	16,870,029	16,000,836
Total governmental activities expenses	612,298,207	710,490,875	735,748,462	743,429,313	700,657,807	701,222,356	682,905,355	701,155,746	728,026,046	785,660,931
Business-type activities:										
Water	27,674,062	30,001,661	33,897,447	34,499,851	36,788,760	36,717,857	37,959,144	40,454,185	38,375,432	38,754,527
Wastewater	26,480,048	26,829,256	28,359,324	28,938,778	28,892,927	30,679,018	36,165,218	41,534,715	39,090,012	38,114,324
Non-major funds	1,419,586	1,363,653	1,830,406	2,033,079	1,894,870	1,892,830	2,083,379	9,369,149	4,055,728	10,335,478
Total business-type activities expenses	55,573,696	58,194,570	64,087,177	65,471,708	67,576,557	69,289,705	76,207,741	91,358,049	81,521,172	87,204,329
Total primary government expenses	\$ 667,871,903	\$ 768,685,445	\$ 799,835,639	\$ 808,901,021	\$ 768,234,364	\$ 770,512,061	\$ 759,113,096	\$ 792,513,795	\$ 809,547,218	\$ 872,865,260
Program Revenues										
Governmental activities:										
Charges for services:										
General government ⁽⁵⁾	\$ 17,617,418	\$ 18,494,228	\$ 22,610,238	\$ 24,291,925	\$ 24,296,030	\$ 25,073,965	\$ 25,626,551	\$ 26,076,591	\$ 66,075,291	\$ 74,618,852
Public safety	12,700,056	12,854,109	15,189,151	15,444,515	13,374,815	14,615,801	14,839,567	16,973,314	16,485,692	18,371,561
Health and welfare	16,606,647	18,831,152	19,579,694	20,718,939	21,580,964	22,551,628	21,210,460	22,239,975	22,804,250	23,781,553
Other activities ⁽⁶⁾	11,808,179	13,475,548	14,099,296	11,831,679	11,385,840	13,727,131	14,101,549	14,594,343	14,743,719	17,153,696
Operating grants and contributions	95,949,288	101,631,282	103,539,529	96,146,925	90,963,621	94,216,649	96,081,067	96,078,901	98,916,691	102,888,009
Capital grants and contributions	13,628,258	23,599,820	22,402,657	8,057,210	7,117,695	19,507,591	19,066,565	23,441,463	21,062,977	25,298,534
Total governmental activities program revenues	168,309,846	188,886,139	197,420,565	176,491,193	168,718,965	189,692,765	190,925,759	199,404,587	240,088,620	262,112,205
Business-type activities:										
Charges for services:										
Water	28,162,945	31,263,930	33,171,182	33,557,269	35,294,123	34,918,515	35,354,772	38,354,424	38,445,173	42,259,584
Wastewater	25,683,159	28,040,156	28,844,584	31,135,811	32,991,772	34,197,043	35,363,104	37,315,136	38,392,347	41,235,104
Non-major funds	793,318	713,269	815,883	626,602	614,093	651,579	612,878	2,029,452	994,995	1,310,723
Capital grants and contributions	43,624,718	49,668,211	40,063,647	33,860,040	31,029,526	26,705,648	19,399,060	24,777,852	29,325,331	28,249,364
Total business-type activities program revenues	98,264,140	109,685,566	102,895,296	99,179,722	99,929,514	96,472,785	90,729,814	102,476,864	107,157,846	113,054,775
Total primary government program revenues	\$ 266,573,986	\$ 298,571,705	\$ 300,315,861	\$ 275,670,915	\$ 268,648,479	\$ 286,165,550	\$ 281,655,573	\$ 301,881,451	\$ 347,246,466	\$ 375,166,980

(Continued)

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net (Expense)/Revenue										
Governmental activities	\$ (443,988,361)	\$ (521,604,736)	\$ (538,327,897)	\$ (566,938,120)	\$ (531,938,842)	\$ (511,529,591)	\$ (491,979,596)	\$ (501,751,159)	\$ (487,937,426)	\$ (523,548,726)
Business-type activities	42,690,444	51,490,996	38,808,119	33,708,014	32,352,957	27,183,080	14,522,073	11,118,815	25,636,674	31,350,446
Total primary government net expense	<u>\$ (401,297,917)</u>	<u>\$ (470,113,740)</u>	<u>\$ (499,519,778)</u>	<u>\$ (533,230,106)</u>	<u>\$ (499,585,885)</u>	<u>\$ (484,346,511)</u>	<u>\$ (477,457,523)</u>	<u>\$ (490,632,344)</u>	<u>\$ (462,300,752)</u>	<u>\$ (492,198,280)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes: ⁽¹⁾										
Property taxes, levied for general purposes	\$ 311,387,656	\$ 336,151,532	\$ 368,792,917	\$ 375,949,615	\$ 370,085,003	\$ 366,013,114	\$ 353,637,912	\$ 357,536,014	\$ 370,147,198	\$ 384,534,312
Property taxes, levied for special purposes	52,565	158,435	318,644	953,614	940,457	1,025,519	1,083,691	1,633,193	1,951,192	1,881,961
Utility taxes	15,847,696	17,092,203	19,539,935	19,760,114	7,510,925	7,676,851	7,513,492	7,692,460	7,802,992	7,927,826
Sales taxes	37,678,256	39,708,387	40,736,677	38,465,858	37,775,437	39,951,936	40,411,325	42,293,047	42,924,462	44,938,389
Motor vehicle licenses	6,458,496	6,626,608	6,204,690	7,386,980	6,698,408	6,813,084	6,872,589	7,097,823	12,194,196	14,167,545
Business license taxes	17,510,915	16,612,402	17,499,296	16,949,861	15,163,683	16,139,259	17,332,709	17,250,726	18,351,123	19,756,323
Other	20,994,261	18,678,250	15,014,721	13,019,147	9,259,788	9,240,961	10,508,806	10,662,930	10,261,244	11,315,246
Payment from School Board	42,426,235	64,127,744	52,059,151	74,630,044	55,662,221	61,378,052	10,243,723	7,988,893	5,375,603	10,293,109
Unrestricted grants and contributions ⁽²⁾	54,124,100	53,281,156	52,754,645	51,746,112	66,053,783	66,236,099	65,404,091	65,943,441	66,119,764	65,959,716
Investment earnings	9,046,080	13,396,400	14,571,536	5,823,371	1,517,603	1,096,015	730,507	633,538	540,383	322,164
Miscellaneous	322,305	506,935	298,620	1,425,727	713,621	607,932	6,239,952	814,327	15,663	859,804
Special item -										
Meadowville Support Agreement	-	-	-	-	-	(8,345,000)	-	-	-	-
Transfers	1,602,708	2,115,625	2,082,572	1,528,448	3,126,266	700,079	608,273	(2,154,078)	(183,577)	(997,797)
Total governmental activities	<u>517,451,273</u>	<u>568,455,677</u>	<u>589,873,404</u>	<u>607,638,891</u>	<u>574,507,195</u>	<u>568,533,901</u>	<u>520,587,070</u>	<u>517,392,314</u>	<u>535,500,243</u>	<u>560,958,598</u>
Business-type activities:										
Investment earnings	4,929,254	7,427,810	7,297,951	3,915,192	1,717,864	988,007	585,002	264,515	463,468	750,660
Miscellaneous	-	-	-	-	-	-	-	-	3,866,638	-
Transfers	(1,602,708)	(2,115,625)	(2,082,572)	(1,528,448)	(3,126,266)	(700,079)	(608,273)	2,154,078	183,577	997,797
Total business-type activities	<u>3,326,546</u>	<u>5,312,185</u>	<u>5,215,379</u>	<u>2,386,744</u>	<u>(1,408,402)</u>	<u>287,928</u>	<u>(23,271)</u>	<u>2,418,593</u>	<u>4,513,683</u>	<u>1,748,457</u>
Total primary government	<u>\$ 520,777,819</u>	<u>\$ 573,767,862</u>	<u>\$ 595,088,783</u>	<u>\$ 610,025,635</u>	<u>\$ 573,098,793</u>	<u>\$ 568,821,829</u>	<u>\$ 520,563,799</u>	<u>\$ 519,810,907</u>	<u>\$ 540,013,926</u>	<u>\$ 562,707,055</u>
Change in Net Position ⁽³⁾⁽⁴⁾										
Governmental activities	\$ 73,462,912	\$ 46,850,941	\$ 51,545,507	\$ 40,700,771	\$ 42,568,353	\$ 57,004,310	\$ 28,607,474	\$ 15,641,155	\$ 47,562,817	\$ 37,409,872
Business-type activities	46,016,990	56,803,181	44,023,498	36,094,758	30,944,555	27,471,008	14,498,802	13,537,408	30,150,357	33,098,903
Total primary government	<u>\$ 119,479,902</u>	<u>\$ 103,654,122</u>	<u>\$ 95,569,005</u>	<u>\$ 76,795,529</u>	<u>\$ 73,512,908</u>	<u>\$ 84,475,318</u>	<u>\$ 43,106,276</u>	<u>\$ 29,178,563</u>	<u>\$ 77,713,174</u>	<u>\$ 70,508,775</u>

(1) Some years' tax categories have been restated for comparability between years.

(2) Beginning in fiscal year 2010, telecommunication taxes are reported as unrestricted grants and contributions due to changes in State Code.

(3) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.

(4) Due to implementation of GASB 63 in 2013, all references to net assets have been changed to net position.

(5) The Healthcare Fund, an internal service fund reported in the general government function of governmental activities on the Statement of Net Position, was established in 2014 to reflect the operations of the County's self-funded healthcare functions.

(6) Other activities: Administration of Justice, Parks, Recreation and Cultural, Education and Community development.

Table III

County of Chesterfield, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	\$ 57,567,067	\$ 56,654,285	\$ 60,076,202	\$ 67,004,317	\$ 68,057,843	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	44,509,640	74,513,087	76,568,430	94,647,808	108,860,017	-	-	-	-	-
Undesignated	71,444,558	65,204,348	70,704,544	53,495,000	53,495,000	-	-	-	-	-
Total unreserved	115,954,198	139,717,435	147,272,974	148,142,808	162,355,017	-	-	-	-	-
Restricted	-	-	-	-	-	11,486,173.00	13,461,857	13,554,070	14,600,770	16,031,238
Committed	-	-	-	-	-	690,074.00	736,367	755,493	710,785	725,267
Assigned	-	-	-	-	-	182,374,682.00	190,269,268	186,350,588	198,068,805	197,476,873
Unassigned	-	-	-	-	-	53,495,000.00	53,495,000	53,495,000	55,000,000	58,000,000
Total General Fund	\$ 173,521,265	\$ 196,371,720	\$ 207,349,176	\$ 215,147,125	\$ 230,412,860	\$ 248,045,929	\$ 257,962,492	\$ 254,155,151	\$ 268,380,360	\$ 272,233,378
All Other Governmental Funds										
Reserved	\$ 110,878,641	\$ 116,622,619	\$ 154,588,206	\$ 161,454,879	\$ 128,379,230	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
School Capital Projects Fund ⁽¹⁾	-	-	(10,590,936)	-	-	-	-	-	-	-
Special Revenue Funds	-	1,132,514	2,281,047	2,782,267	3,118,649	-	-	-	-	-
Nonspendable	-	-	-	-	-	5,000	5,000	5,000	5,000	5,000
Restricted	-	-	-	-	-	120,021,503	137,170,899	112,858,827	95,619,953	78,588,171
Assigned, reported in:										
School Capital Projects Fund	-	-	-	-	-	215,000	215,000	215,671	153,848	228,029
Special Revenue Funds	-	-	-	-	-	6,086,966	5,989,380	6,332,718	4,609,034	6,049,972
Total all other governmental funds	\$ 110,878,641	\$ 117,755,133	\$ 146,278,317	\$ 164,237,146	\$ 131,497,879	\$ 126,328,469	\$ 143,380,279	\$ 119,412,216	\$ 100,387,835	\$ 84,871,172

(1) In fiscal year 2008, encumbrances exceeded actual funding received at year end.

(2) The County prospectively implemented GASB 54 for the fiscal year ended June 30, 2011. Historical data was not restated.

County of Chesterfield, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	\$ 310,422,872	\$ 335,039,531	\$ 367,784,907	\$ 375,887,861	\$ 370,358,546	\$ 370,513,296	\$ 358,569,311	\$ 360,929,869	\$ 371,300,388	\$ 387,980,769
Other local taxes ⁽¹⁾	98,347,138	98,717,849	98,995,319	95,581,960	76,551,062	80,008,276	82,831,721	85,392,248	92,145,704	98,580,358
Permits, fees and licenses	7,522,107	7,279,086	6,411,648	4,542,125	3,984,902	3,586,770	3,864,896	5,208,451	4,760,670	6,821,163
Fines and forfeitures	1,682,991	1,584,802	2,555,991	2,097,014	2,229,362	2,296,228	2,301,977	2,278,991	3,204,800	2,496,443
Use of money and property	9,093,797	15,135,424	14,866,249	6,344,978	2,055,073	1,652,694	1,351,053	1,313,194	1,262,769	866,562
Charges for services	28,033,471	30,297,026	32,596,470	34,623,544	34,833,624	38,623,262	36,850,784	38,355,482	37,172,314	39,271,152
Donations and miscellaneous	11,087,191	10,490,692	11,576,794	7,782,805	6,499,504	8,559,883	16,211,413	12,774,759	19,100,597	11,069,175
Recovered costs	8,738,443	10,881,339	12,445,614	15,339,867	13,760,783	13,140,128	11,371,267	12,239,642	12,155,299	12,440,763
From component unit - School Board	42,588,721	64,105,686	51,289,900	74,630,044	55,662,221	61,378,052	10,243,723	7,988,893	5,375,603	10,293,109
From component unit - Other ⁽²⁾	-	-	-	-	-	-	2,769,593	-	-	552,324
From other governments ⁽¹⁾	148,832,439	168,430,765	168,241,737	149,519,290	157,456,277	168,557,560	169,439,273	173,418,402	177,141,197	184,495,752
Total revenues	666,329,170	741,962,200	766,764,629	766,349,488	723,281,354	748,316,149	695,805,011	699,899,931	723,619,341	754,867,570
Expenditures										
General government	35,801,627	38,878,557	46,365,935	45,833,201	43,215,375	42,636,365	46,315,295	44,647,030	46,364,334	45,747,255
Administration of justice	9,863,338	8,265,185	9,039,329	8,966,363	8,756,089	9,152,233	9,195,838	9,278,278	9,448,941	9,511,417
Public safety	127,463,261	139,138,082	145,924,583	150,999,210	151,122,446	156,223,287	156,149,460	168,719,717	172,409,410	174,546,991
Public works	16,792,195	18,601,326	19,996,286	19,849,499	18,365,860	17,330,421	18,329,261	19,045,092	16,660,840	16,707,503
Health and welfare	60,689,166	66,941,306	72,087,641	72,934,960	69,919,248	72,668,435	71,807,826	72,032,431	73,968,332	76,045,471
Parks, recreation and cultural	18,168,394	19,054,909	21,326,681	21,505,518	19,681,201	22,374,211	18,012,985	18,126,307	18,635,571	18,352,707
Education - School Board	261,521,532	311,151,647	314,603,869	316,956,577	286,137,953	286,952,462	237,812,405	250,493,166	251,029,300	271,952,519
Community development	12,833,578	13,775,065	14,966,770	18,177,218	15,893,983	16,956,080	25,316,409	17,854,792	18,567,487	20,104,987
Debt service:										
Principal	36,738,215	39,106,776	41,352,282	43,910,171	44,075,601	45,453,298	43,650,523	44,454,795	45,917,114	49,466,021
Interest	18,823,764	20,248,273	22,184,734	23,992,255	23,841,263	23,687,589	22,493,861	21,155,270	20,734,214	18,269,647
Other	421,006	964,441	550,556	565,906	85,997	667,429	1,318,521	261,685	427,758	110,342
Capital outlay	82,099,100	113,531,642	120,756,601	99,877,943	62,797,936	59,272,863	66,143,705	80,530,541	73,868,935	69,836,981
Total expenditures	681,215,176	789,657,209	829,155,267	823,568,821	743,892,952	753,374,673	716,546,089	746,599,104	748,032,236	770,651,841
Excess of expenditures over revenues	(14,886,006)	(47,695,009)	(62,390,638)	(57,219,333)	(20,611,598)	(5,058,524)	(20,741,078)	(46,699,173)	(24,412,895)	(15,784,271)
Other Financing Sources (Uses)										
Transfers in	26,252,697	26,656,114	30,526,922	32,521,513	26,765,458	21,388,162	22,438,998	27,079,327	24,769,872	30,229,920
Transfers out	(26,476,088)	(24,544,948)	(28,506,784)	(30,981,265)	(23,627,392)	(20,625,300)	(21,433,578)	(29,169,767)	(24,824,689)	(31,214,517)
Certificates of participation issued	12,059,526	-	22,885,927	7,371,199	-	-	-	-	-	-
Bonds issued	66,685,476	75,256,772	76,985,213	74,043,219	-	16,822,749	40,385,607	21,014,209	16,157,318	-
Refunding bonds and certificates of participation issued	-	25,680,236	-	22,425,825	-	7,399,075	82,654,235	-	51,645,470	-
Payments to escrow agent	-	(25,626,218)	-	(22,404,380)	-	(7,462,503)	(82,086,894)	-	(51,587,953)	-
Sale of redevelopment asset	-	-	-	-	-	-	5,751,083	-	3,453,705	5,105,223
Total other financing sources (uses), net	78,521,611	77,421,956	101,891,278	82,976,111	3,138,066	17,522,183	47,709,451	18,923,769	19,613,723	4,120,626
Net change in fund balances	\$ 63,635,605	\$ 29,726,947	\$ 39,500,640	\$ 25,756,778	\$ (17,473,532)	\$ 12,463,659	\$ 26,968,373	\$ (27,775,404)	\$ (4,799,172)	\$ (11,663,645)
Debt service as a percentage of noncapital expenditures	8.97%	8.40%	8.68%	9.12%	9.71%	9.70%	9.70%	9.74%	9.46%	9.18%

Notes:

(1) Beginning in 2010, telecommunications taxes were reported as revenues from other governments due to changes in State Code.

(2) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government; historical balances have not been restated.

County of Chesterfield, Virginia
General Governmental Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real property taxes	\$ 243,289,086	\$ 267,879,286	\$ 295,937,075	\$ 310,906,883	\$ 303,352,142	\$ 295,381,760	\$ 285,653,410	\$ 282,586,919	\$ 289,899,514	\$ 302,662,551
Property taxes for special purposes	52,565.00	158,435	318,644	953,614	1,357,751	2,196,240	2,632,222	2,970,251	3,184,749	3,331,972
Personal property taxes ⁽¹⁾	89,700,137	90,857,452	94,275,917	87,280,037	86,882,112	93,145,764	90,652,518	95,133,946	98,447,249	102,263,777
Real and personal public service corporation taxes	10,366,883	9,357,842	10,772,082	11,462,397	12,475,064	12,646,051	12,612,667	13,243,578	12,709,368	12,681,584
Machinery and tools taxes	4,506,163	5,629,855	4,369,496	4,333,848	4,339,276	4,281,381	4,725,416	4,769,060	4,773,224	4,912,750
Local sales and use tax ⁽²⁾	37,678,256	39,708,387	40,736,677	38,465,858	37,918,258	40,138,121	40,604,124	42,688,309	43,536,148	45,413,418
Business license taxes	17,510,915	16,612,402	17,499,296	16,949,861	15,163,683	16,139,258	17,332,709	17,250,726	18,351,123	19,756,323
Consumer utility tax ⁽⁴⁾	15,847,696	17,092,203	19,539,935	7,499,495	7,510,925	7,676,851	7,513,492	7,692,460	7,802,992	7,927,826
Emergency 911 tax ⁽³⁾	3,616,838	1,748,921	-	-	-	-	-	-	-	-
Motor vehicle licenses	6,458,496	6,626,608	6,204,690	7,386,980	6,698,408	6,813,084	6,872,589	7,097,823	12,194,196	14,167,545
Recordation tax	8,384,766	7,626,619	6,096,549	4,306,611	3,905,500	3,479,084	4,048,619	4,630,333	4,209,707	4,715,219
Transient occupancy tax	4,026,848	4,183,839	4,468,629	3,960,301	3,503,222	3,727,095	4,081,220	4,202,868	4,072,726	4,463,850
Cable franchise fees ⁽⁴⁾	3,426,398	3,773,163	3,227,272	3,332,022	-	-	-	-	-	-
Other taxes ^{(4) (5)}	4,076,856	4,256,532	4,418,519	16,677,576	4,895,315	5,960,726	5,792,299	5,147,892	5,357,144	5,356,360
Total	\$ 448,941,903	\$ 475,511,544	\$ 507,864,781	\$ 513,515,483	\$ 488,001,656	\$ 491,585,415	\$ 482,521,285	\$ 487,414,165	\$ 504,538,140	\$ 527,653,175

⁽¹⁾ Includes reimbursement to the County by the Commonwealth for personal property as defined in the Personal Property Tax Relief Act of 1998. Amount is reported as non-categorical aid from the Commonwealth in the financial statements.

⁽²⁾ Includes Watkins Centre and Chippenham Place Community Development Authorities incremental sales tax.

⁽³⁾ Beginning in fiscal year 2008, the emergency 911 tax was reported with consumer utility taxes due to legislation enacted by the General Assembly.

⁽⁴⁾ In fiscal year 2009, the telecommunications tax was reported as an other tax rather than as a consumer utility tax. Beginning in fiscal year 2010, the telecommunications tax and cable franchise fees were reported as revenue from other governments due to changes in State Code.

⁽⁵⁾ Includes penalties and interest on property taxes.

County of Chesterfield, Virginia
Assessed and Estimated Market Values of Taxable Property ⁽¹⁾
Last Ten Fiscal Years
(unaudited)

<u>Fiscal Year</u>	<u>Assessed Values</u>					<u>Total</u>
	<u>Real Estate ⁽²⁾</u>		<u>Personal property</u>	<u>Machinery and tools</u>	<u>Public service</u>	
	<u>Residential</u>	<u>Commercial/ Industrial</u>				
2006	\$ 19,509,239,881	\$ 4,965,460,886	\$ 3,834,060,417	\$ 457,959,170	\$ 977,692,155	\$ 29,744,412,509
2007	23,439,147,536	5,458,439,780	3,330,659,179	543,314,870	926,030,901	33,697,592,266
2008	26,476,217,323	6,286,058,061	3,436,200,412	435,488,170	1,114,518,126	37,748,482,092
2009	26,444,495,499	6,538,019,297	3,072,809,133	438,809,420	1,198,254,238	37,692,387,587
2010	25,404,972,139	6,199,204,274	3,047,498,874	435,428,490	1,294,938,309	36,382,042,086
2011	24,371,644,507	6,209,724,943	3,167,813,011	436,491,890	1,323,381,861	35,509,056,212
2012	23,297,692,124	6,377,907,210	3,291,845,888	471,584,010	1,314,798,015	34,753,827,247
2013	23,270,154,936	6,549,579,765	3,483,680,323	477,379,120	1,388,250,675	35,169,044,819
2014	24,137,868,679	6,750,914,605	3,495,271,898	478,934,270	1,326,654,615	36,189,644,067
2015	25,216,056,226	6,978,880,525	3,678,673,795	492,208,390	1,306,718,575	37,672,537,511

Source: County Assessor's Office

(1) Property in the County is assessed each year. Assessed values of all classes of property approximate market value except for public service property, which is determined by the State Corporation Commission.

(2) Real estate assessed values include both halves of the year's assessments.

County of Chesterfield, Virginia
Property Tax Rates (Per \$100 of assessed value)
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Personal Property									Total direct tax rate ⁽⁶⁾
	Real estate	Airplanes	Motor vehicles clean special fuels	Motor vehicles of voluntary personnel ⁽¹⁾	Wild or exotic animals	Special equipped motor vehicles physically handicap	Vehicle trailer and semi-trailer ⁽²⁾	All others ⁽³⁾	Machinery and tools	
2006	\$1.07/\$1.04 ^{(4) (5)}	\$ 0.50	\$ 3.24	\$ 0.96	\$ 0.01	\$ 0.01	\$ 0.96	\$ 3.60	\$ 1.00	\$ 1.38
2007	1.04/0.97 ^{(4) (5)}	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.26
2008	0.97/0.95 ^{(4) (5)}	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.20
2009	0.95 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.17
2010	0.95 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.17
2011	0.95 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.19
2012	0.95 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.20
2013	0.95 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.21
2014	0.95/0.96 ^{(4) (5)}	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.21
2015	0.96 ⁽⁵⁾	0.50	3.24	0.96	0.01	0.01	0.96	3.60	1.00	1.22

Source: Chesterfield County Accounting Department

- (1) Includes motor vehicles owned by members of volunteer rescue squads, volunteer fire departments, volunteer police chaplains, and auxiliary police officers.
- (2) Includes motor vehicles, trailers, and semi-trailers with a gross vehicle weight of 10,000 pounds or more to transport property for hire by a motor carrier engaged in interstate commerce.
- (3) Includes automobiles (except those mentioned above), boats, boat trailers, other motor vehicles and all tangible personal property used or held with any mining, manufacturing or other business, trade, occupation or profession, including furnishings, furniture, and appliances in rental units.
- (4) The real estate tax rate was different for each half of the fiscal year.
- (5) In 2006, the County initiated a supplemental property tax in the Powhite-Charter Colony Parkway Interchange Service District. Real property in the district is charged this supplemental tax rate of \$0.15 per \$100 in addition to the real estate rate.
- (6) The total direct tax rate for each fiscal year is per \$100 of assessed valuation and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.

County of Chesterfield, Virginia
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)

	2015			2006		
	Assessed value ⁽¹⁾	Percentage of total assessed valuation	Rank	Assessed value ⁽¹⁾	Percentage of total assessed valuation	Rank
<u>Taxpayer</u>						
Dominion Virginia Power	\$ 878,494,156	2.33 %	1	\$ 614,223,071	2.07%	1
E. I. duPont De Nemours and Company	231,772,580	0.62	2	260,387,954	0.88	2
Verizon Communications	207,834,736	0.55	3	181,552,309	0.61	3
Bon Secours St. Francis Medical Center	138,004,500	0.37	4			
RPI Chesterfield, LLC	128,629,700	0.34	5	102,621,600	0.35	4
Philip Morris USA	111,811,380	0.30	6	87,227,351	0.29	5
Zaremba Metropolitan Mid LLC	83,652,500	0.22	7			
Columbia Gas of Virginia, Inc.	77,352,326	0.21	8			
Brandywine Operating Partnership	75,384,800	0.20	9	45,938,000	0.15	10
C. J. W. Medical Center	66,657,400	0.18	10	68,547,553	0.23	7
Honeywell International				52,894,493	0.18	8
Wal-Mart Stores, Inc.				52,030,423	0.17	9
Liberty Property Development Corporation				73,496,000	0.25	6
	<u>\$ 1,999,594,078</u>	<u>5.32%</u>		<u>\$ 1,538,918,754</u>	<u>5.18%</u>	

Source: Assessor and Commissioner of Revenue, Chesterfield County

(1) Includes real estate, personal property, machinery and tools and public service assessed value.

County of Chesterfield, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal year	Taxes levied for the fiscal year (original levy)	Adjustments	Total adjusted levy	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of original levy		Amount	Percentage of adjusted levy
2006	\$ 353,487,419	\$ (2,649,711)	\$ 350,837,708	\$ 343,153,993	97.08 %	\$ 6,431,047	\$ 349,585,040	99.64 %
2007	379,450,995	(2,412,203)	377,038,792	364,202,059	95.98	11,591,671	375,793,730	99.67
2008	411,660,361	(2,976,330)	408,684,031	393,666,244	95.63	13,346,846	407,013,090	99.59
2009	418,267,041	(2,586,476)	415,680,565	400,440,812	95.74	13,562,227	414,003,039	99.60
2010	413,886,463	(2,719,481)	411,166,982	395,328,026	95.52	13,895,884	409,223,910	99.53
2011	405,337,481	(2,688,906)	402,648,575	386,437,915	95.34	12,560,553	398,998,468	99.09
2012	399,214,675	(2,389,687)	396,824,988	380,070,636	95.20	12,417,326	392,487,962	98.91
2013	401,085,271	(2,285,164)	398,800,107	381,522,800	95.12	11,863,129	393,385,929	98.64
2014	409,264,558	(1,660,214)	407,604,344	391,757,210	95.72	10,422,591	402,179,801	98.67
2015	426,586,417	-	426,586,417	408,501,369	95.76	-	408,501,369	95.76

Source: Chesterfield County Treasurer's Office

Includes taxes levied on real estate, personal property and machinery and tools. Includes the supplemental property taxes in the Powhite-Charter Colony Parkway Interchange Service District and the reimbursement to the County by the Commonwealth for personal property tax relief.

County of Chesterfield, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Fiscal year	Governmental Activities					Business-type Activities					
	General obligation bonds	State literary loans	Support Agreement	Public facility lease revenue bonds	Certificates of participation ⁽¹⁾	Capital leases	Revenue bonds	Certificates of participation	Total primary government ⁽²⁾	Percentage of personal income	Debt per capita
2006	\$ 386,689,770	\$ 1,334,218	\$ 17,320,000	\$ 11,270,000	\$ 70,756,599	\$ 1,863,261	\$ 19,695,866	\$ 1,738,773	\$ 510,668,487	4.36 %	\$ 1,708
2007	428,611,296	726,218	16,510,000	10,465,000	66,583,208	1,690,270	63,401,752	1,647,591	589,635,335	4.71	1,927
2008	469,725,315	118,218	15,690,000	9,660,000	85,254,424	1,509,805	59,614,846	1,556,408	643,129,016	4.87	2,068
2009	505,891,876	55,218	14,860,000	8,855,000	87,229,897	1,321,452	103,468,860	1,465,225	723,147,528	5.69	2,303
2010	466,949,639	-	14,020,000	8,050,000	82,191,233	1,124,886	98,111,156	1,374,043	671,820,957	5.06	2,126
2011	443,933,544	-	21,090,000	7,181,908	77,164,671	965,406	89,839,438	1,282,861	641,457,828	4.53	2,017
2012	445,807,265	-	19,810,000	6,472,548	72,355,642	843,702	86,186,985	1,186,678	632,662,820	4.23	1,983
2013	427,213,319	-	18,515,000	5,783,123	66,976,004	713,211	82,394,135	1,074,955	602,669,747	3.93	1,866
2014	411,873,615	-	17,205,000	5,070,833	59,505,802	573,493	78,486,034	1,014,588	573,729,365	N/A	1,749
2015	371,651,300	-	15,890,000	4,169,249	48,468,654	424,086	74,452,824	901,665	515,957,778	N/A	1,554

(1) Includes a taxable redevelopment facility note.

(2) Excludes revenue note payable.

Note:

The County has no legal debt margin and there are no jurisdictions with overlapping general obligation debt incurring powers.

Population and personal income data can be found on Table XIII.

N/A = not available

County of Chesterfield, Virginia
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

<u>Fiscal year</u>	<u>General obligation bonds outstanding</u>	<u>Estimated population ⁽¹⁾</u>	<u>Per capita</u>	<u>Assessed value of taxable property ⁽²⁾</u>	<u>Ratio to assessed value</u>
2006	\$380,510,000	299,000	\$1,273	\$29,744,412,509	1.28%
2007	419,520,000	306,000	1,371	33,697,592,266	1.24
2008	458,620,000	311,000	1,475	37,748,482,092	1.21
2009	492,015,000	314,000	1,567	37,692,387,587	1.31
2010	454,770,000	316,000	1,439	36,382,042,086	1.25
2011	432,115,000	318,000	1,359	35,509,056,212	1.22
2012	427,010,000	319,000	1,339	34,753,827,247	1.23
2013	408,010,000	323,000	1,263	35,169,044,819	1.16
2014	385,075,000	328,000	1,174	36,189,644,067	1.06
2015	348,500,000	332,000	1,050	37,672,537,511	0.93

Source:

(1) Population - Chesterfield County Planning Department estimates.

(2) Assessed value of taxable property - Chesterfield County Assessor's office.

County of Chesterfield, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Water and Sewer Revenue Bonds									
Fiscal Year	Gross revenues⁽¹⁾	Less operating expenses⁽²⁾⁽³⁾	Net revenues available for debt service	Debt Service		Coverage			
				Principal	Interest				
2006	\$ 76,974,847	\$ 36,278,861	\$ 40,695,986	\$ 4,037,005	\$ 3,808,326	519%			
2007	80,439,452	37,556,107	42,883,345	3,918,576	3,939,005	546			
2008	81,314,558	40,712,319	40,602,239	3,810,398	5,888,418	419			
2009	81,850,504	41,245,910	40,604,594	5,261,821	6,079,815	358			
2010	78,143,427	40,437,936	37,705,491	5,256,452	7,776,051	289			
2011	78,585,637	40,861,691	37,723,946	8,159,642	10,479,723	202			
2012	80,633,543	43,998,256	36,635,287	3,540,000	3,372,880	530			
2013	86,156,434	45,591,945	40,564,489	3,685,000	3,242,180	586			
2014	96,431,708	43,675,137	52,756,571	3,805,000	3,115,606	762			
2015	97,137,443	43,572,048	53,565,395	3,935,000	2,979,931	775			

(1) Operating revenues, interest and connection fees as described in Note 1.

(2) Net of depreciation and amortization.

(3) Operating expenses for prior years were restated to eliminate capacity rights amortization.

Note:

Beginning September 1985, the Chesterfield County Utilities Department operated under the terms and conditions of bond resolutions requiring the County to fix, establish, and maintain rates and charges (including interest) sufficient to produce revenue of not less than the total of budgeted operating expenses and 115% of the debt service to become due during such fiscal year. The above revenues, expenses, and debt service relationships existed for the last ten fiscal years.

County of Chesterfield, Virginia
Demographic Statistics
Last Ten Years
(unaudited)

<u>Year</u>	<u>Population</u> ⁽¹⁾	<u>Personal income</u> ⁽²⁾ <u>(\$000)</u>	<u>Per capita income</u> ⁽²⁾	<u>Unemployment rate</u> ⁽³⁾	<u>Median age</u> ⁽¹⁾
2006	299,000	\$ 11,704,457	\$ 39,834	2.8 %	37.7
2007	306,000	12,525,294	41,888	2.6	37.9
2008	311,000	13,194,842	43,425	3.7	36.0
2009	314,000	12,713,000	41,454	6.6	36.0
2010	316,000	13,283,489	41,883	7.3	35.9
2011	318,000	14,155,553	44,198	6.8	37.6
2012	319,000	14,957,656	46,889	6.1	37.6
2013	323,000	15,341,823	47,498	5.6	37.0
2014	328,000	N/A	N/A	5.1	37.5
2015	332,000	N/A	N/A	4.8	37.9

Sources:

(1) Chesterfield County Planning Department estimates.

(2) U.S. Bureau of Economic Analysis (BEA) (prior years' estimates are updated periodically).

(3) Virginia Employment Commission (prior year rates are updated periodically).

N/A = not available

County of Chesterfield, Virginia
Principal Private Employers
Current Year and Nine Years Ago
(unaudited)

<u>Employer</u>	<u>2015⁽¹⁾</u>			<u>2006⁽¹⁾</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total civilian labor force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total civilian labor force</u>
E. I. duPont De Nemours and Company	2,486	1	1.41 %	2,531	1	1.61 %
United Parcel Service	1,967	2	1.11	1,860	2	1.18
Wal-Mart Stores, Inc.	1,555	3	0.88	1,325	5	0.84
Hill PHOENIX	1,250	4	0.71	750	7	0.48
Capital One Financial Corporation	1,230	5	0.70	701	9	0.44
C. J. W. Medical Center	1,182	6	0.67	1,400	4	0.89
The Kroger Company	1,154	7	0.65			
Bon Secours St. Francis Medical Center	1,150	8	0.65			
Amazon.com	1,100	9	0.62			
Ukrop's/Martin's Super Markets, Inc.	1,065	10	0.60	1,771	3	1.12
Food Lion, Inc.				888	6	0.56
Honeywell, Inc.				670	10	0.42
DuPont Teijin Films				726	8	0.46
Total	<u>14,139</u>		8.00 %	<u>12,622</u>		8.00 %
Total civilian labor force	176,495			157,683		

Source: Chesterfield County Economic Development Department

(1) Reported as of February 2015 and January 2006

County of Chesterfield, Virginia
Full-time County Employees by Function
Last Ten Fiscal Years
(unaudited)

<u>Function</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
General government	468	475	501	519	490	476	479	467	459	467
Administration of justice	155	161	161	160	156	154	157	159	156	150
Public safety:										
Fire	450	454	460	463	462	461	474	471	469	466
Police	545	551	568	567	593	575	573	600	595	601
Sheriff	236	242	245	244	235	222	246	238	253	250
Other	202	203	200	201	198	190	187	184	184	198
Total public safety	1,433	1,450	1,473	1,475	1,488	1,448	1,480	1,493	1,501	1,515
Public works	170	172	169	159	152	147	147	138	138	136
Health and welfare	515	530	566	580	547	554	553	557	574	570
Parks, recreation and cultural	167	174	184	187	179	161	165	162	165	164
Community development	80	84	90	91	84	74	74	75	71	75
Total governmental activities	2,988	3,046	3,144	3,171	3,096	3,014	3,055	3,051	3,064	3,077
Business-type activities ⁽¹⁾										
Water	145	146	151	153	148	151	152	151	148	149
Wastewater	122	125	129	129	130	128	128	126	124	129
Airport	4	4	4	5	5	4	5	3	3	3
Total business-type activities	271	275	284	287	283	283	285	280	275	281
Grand total	3,259	3,321	3,428	3,458	3,379	3,297	3,340	3,331	3,339	3,358
Number of County employees per 1,000 population	10.9	10.9	11.0	11.0	10.7	10.4	10.5	10.3	10.2	10.1

Source: Chesterfield County Accounting Department

(1) Excludes Economic Development Authority.

County of Chesterfield, Virginia
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police ⁽¹⁾										
Police Activities ⁽²⁾	225,824	380,982	415,521	485,401	591,749	672,668	726,521	725,962	730,179	693,517
IBR Group A Incidents/Part 1 Offenses	16,980	17,385	17,414	17,224	17,145	17,079	17,173	16,182	16,242	16,044
IBR Group A Clearance Rate/Uniform Clearance Rate	44%	46%	44%	46%	48%	50%	51%	51%	53%	50%
Average Response Time for Priority 1 (life threatening calls)	3.55 min.	3.54 min.	3.62 min.	3.55 min.	3.23 min.	3.48 min.	3.41 min.	3.65 min.	3.93 min.	3.79 min.
Fire Protection										
Emergency operations dispatches	29,241	31,389	32,737	32,946	32,924	34,314	36,856	36,245	36,881	38,184
Emergency medical ambulance dispatches	21,754	23,492	24,835	25,354	25,784	26,143	27,846	28,322	28,319	29,122
Fire engine medical support calls	11,915	14,511	13,871	13,459	12,792	11,351	11,901	11,833	11,218	11,107
Firefighter staffed ambulance calls	16,559	17,853	19,777	20,220	20,804	22,967	22,776	23,648	24,789	24,372
Building inspections conducted	3,889	4,672	4,793	4,575	3,459	3,438	3,083	2,857	3,092	2,675
Construction plans reviewed	2,150	1,656	1,663	2,065	1,408	943	974	890	911	1,100
Library ^{(4) (7)}										
Total circulation ⁽⁵⁾	4,229,030	3,855,455	3,932,984	3,474,052	3,292,105	2,825,447	3,936,793	4,043,135	5,081,592	6,472,601
Number of visitors ⁽⁶⁾	1,810,614	1,779,176	1,736,740	1,877,105	1,858,961	1,465,236	1,345,052	4,639,926	3,927,804	3,661,350
Number of reference and general assistance questions ^{(6) (10)}	729,285	732,148	591,203	625,521	603,058	416,031	404,500	3,683,524	3,355,392	10,180,296
Number of public access computer sessions ^{(3) (6)}	N/A	N/A	N/A	548,332	557,588	444,636	376,970	449,030	565,293	698,891
Elections										
Registered voters	184,384	186,181	202,640	209,078	207,273	210,946	216,135	220,162	222,826	220,903
Utilities										
Water customers serviced	96,523	98,521	99,921	100,054	100,668	101,147	102,000	103,132	104,447	105,847
Wastewater customers serviced	80,891	82,681	83,948	84,067	84,566	85,010	85,843	86,893	88,122	89,406
Parks and Recreation										
Number of park visitors	3,826,968	3,817,965	3,919,823	4,061,315	4,670,192	4,710,680	4,212,834	4,674,494	N/A ⁽⁹⁾	5,335,987
Cost per visitor	\$ 0.20	\$ 0.24	\$ 0.22	\$ 0.27	\$ 0.20	\$ 0.18	\$ 0.25	\$ 0.24	N/A ⁽⁹⁾	\$ 0.27

Source: County Departments providing the service

(1) Information is compiled based on a calendar year prior to fiscal year 2010.

(2) Prior to fiscal year 2008 this category was labeled calls and assignments but now is all inclusive of the officer activities. Beginning in fiscal year 2013 this category was renamed from Police Initiated Activities to Police Activities to include assists. Fiscal years 2010, 2011 and 2012 counts were updated in fiscal year 2013 to reflect consistent reporting.

(3) Automated counts for all of the public computer work stations became available after implementation of the Internet Management System in fiscal year 2009.

(4) Beginning on July 1, 2011, libraries were open one less day per week.

(5) Beginning in fiscal year 2012, includes traditional and electronic total circulation.

(6) Beginning in fiscal year 2012, is also included in total media.

(7) Beginning in fiscal year 2013, all library statistics include digital patronage.

(8) The Bon Air Library was closed for renovations for half of fiscal year 2014.

(9) Visitor counts are not available for fiscal year 2014.

(10) Beginning in fiscal year 2015, adjustments were made to the method of capturing customer initiated metrics.

N/A = Not available

County of Chesterfield, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Airport										
Number of airplane hangars	110	110	110	110	110	110	110	110	110	110
Police										
Number of stations	4	4	4	4	4	4	4	4	4	4
Fire Protection										
Number of fire companies	21	21	21	21	21	21	21	21	21	22
Library (1)										
Number of facilities	10	10	9	9	9	9	9	9	9	9
Utilities										
Water line in system (miles)	1,750	1,780	1,823	1,839	1,857	1,871	1,889	1,902	1,902	1,920
Wastewater line in system (miles)	1,850	1,898	1,926	1,945	1,962	1,970	1,984	2,000	2,000	2,022
Parks and Recreation (2)										
Number of parks	43	45	44	45	45	46	51	52	52	52
Park acreage	3,903	4,009	4,009	4,387	4,412	4,494	4,532	4,535	4,535	4,561
Number of athletic complexes maintained	10	11	11	11	11	11	11	11	11	11

Source: County Departments providing the service

(1) The Law Library relocated from the Courts Building to the Central Library in 2009.

(2) Information includes sites and acreage available to the public as a result of partnership agreements.

COMPLIANCE SECTION

**Report of Independent Auditor 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 Honorable Members of the Board of Supervisors
County of Chesterfield, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 12, 2015. That report recognizes that the County implemented new accounting standards effective July 1, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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* and disclosed one instance of noncompliance with the *Specifications for Audits of Counties, Cities and Towns*, which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

Management's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Richmond, Virginia
November 12, 2015

**Report of Independent Auditor on Compliance for Each Major Program
and on Internal Control over Compliance Required by OMB Circular A-133**

To the Honorable Members of the Board of Supervisors
County of Chesterfield, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of Chesterfield, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Chesterfield, Virginia's (the "County") major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Richmond, Virginia
November 12, 2015

County of Chesterfield, Virginia

Schedule of Findings and Questioned Costs

Year ended June 30, 2015

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553-CL	Child Nutrition Cluster (CFDA Numbers 10.553 and 10.555)
14.218	CDBG-Entitlement Grants (CFDA Number 14.218)
20.205-CL	Highway Planning and Construction Cluster (CFDA Number 20.205)
84.027-CL	Special Education Cluster (CFDA Numbers 84.027 and 84.173)
93.558-CL	Temporary Assistance for Needy Families Cluster (CFDA Number 93.558)

10. Dollar threshold used to distinguish between type A and type B programs: **\$1,647,915**
11. County of Chesterfield qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

None

C. Findings and Questioned Costs Relating to Federal Awards:

None

D. Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

2015-001: Social Services System User Access Review

Criteria: Per Section 3-15 of the *Specifications for Audits of Counties, Cities, and Towns*, published by the Commonwealth's Auditor of Public Accounts, each agency should annually review all employees' access to social service applications and systems with employees' supervisors to ensure that the access is properly aligned with job responsibilities.

Condition: The Chesterfield County Department of Social Services did not complete an annual review of employees' system access during the fiscal year ended June 30, 2015.

Cause: The annual review of employees' system access did not occur.

Effect: Non-compliance may result in sanctions by the Commonwealth.

Recommendation: The County should implement corrective action aimed at ensuring an annual review of employees' system access is performed in accordance with the Commonwealth's guidelines.

Views of Responsible Officials:

- **Contact Person:** Jay Payne, Assistant Director for Administration and Finance; Parik Patel, Automation Coordinator
- **Corrective Action:** The Automation Coordinator continues to be responsible for initiating, completing and documenting the process for reviewing all employees' access to social service applications and systems with employees' supervisors to ensure that access is properly aligned with job responsibilities.
- **Anticipated Completion Date:** The annual review for FY2015 was completed on September 30, 2015. Beginning in FY2016, the Automation Coordinator will complete this review by June 30th of each year.

This report was prepared by the Accounting Department
Chesterfield County, Chesterfield, Virginia, 23832

ACCOUNTING DEPARTMENT EMPLOYEES

06/30/2015

<i>June Albrecht</i>	<i>Kimberly Collette</i>	<i>Carol Kelley</i>	<i>Drecilla Smith</i>
<i>Angela Anderson</i>	<i>Michael Dance</i>	<i>Lorraine Kosobucki</i>	<i>Kristie Smith</i>
<i>Donna Arrington</i>	<i>Dana Davis</i>	<i>Diane Lanier</i>	<i>Kristie Szafranski</i>
<i>Debbie Baicy</i>	<i>Lorena Flanagan</i>	<i>Rebecca Longnaker</i>	<i>Kathy Taylor</i>
<i>Ronda Bailey</i>	<i>Elizabeth Fritts</i>	<i>Dawana Lowry</i>	<i>Lindsey Thornton</i>
<i>Karen Brittain</i>	<i>April Green</i>	<i>Nicole Nicolosi</i>	<i>Donna Tucker</i>
<i>Mattie Brown</i>	<i>Anna Hall</i>	<i>Loretta Otey</i>	<i>Catie Wilson</i>
<i>Patsy Brown</i>	<i>Rawn Hyatt</i>	<i>Kevin Payne</i>	<i>Consuela Wilson</i>
<i>Virginia Brown</i>	<i>Michelle Jamerson</i>	<i>Shelly Pignona</i>	<i>Jackie Winston</i>
<i>Kristina Buchanan</i>	<i>Wanda Jenkins</i>	<i>Bridget Pillow</i>	<i>Pam Young</i>
<i>Stephanie Burton</i>	<i>Kathy Jones</i>	<i>Diane Shiflett</i>	

Cover: From top: Spring - Carolina Wren, Dutch Gap Conservation Area; Summer - Sunflower with Bee, Courthouse Rd; Fall - Sunset at Sunday Park, Brandermill; Winter - Blue Heron in Flight, Brandermill.

Photos taken and provided by Catie Wilson



Please visit us at: www.chesterfield.gov