



The Comprehensive Annual Financial Report

Chesterfield County, Virginia
for the year ended June 30, 2014



COUNTY OF CHESTERFIELD, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2014

Prepared by
Accounting Department
Patsy J. Brown, CPA, Director

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

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INTRODUCTORY SECTION





Chesterfield County, Virginia

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BOARD OF SUPERVISORS

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DANIEL A. GECKER

Midlothian District

ARTHUR S. WARREN

Clover Hill District

November 14, 2014

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, 2014. 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.

KPMG LLP, a firm of licensed certified public accountants, audited the County's financial statements as of and for the fiscal year ended June 30, 2014. The independent auditors planned and performed the audit to obtain reasonable assurance about whether the financial statements of the County as of and for the fiscal year ended June 30, 2014, 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 independent auditors' report 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

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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. Fifty percent of the U.S. population is within a one-day commute of the County, as is 65% of the nation's manufacturing operations and 60% of the corporate headquarters in the country. The County's major transportation routes include the I-95 and I-295 corridors with Route 288, Route 76 (Powhite Parkway), and Route 150 (Chippenham Parkway) as connecting routes, along with 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 328,000.

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 most recent Citizen Satisfaction Survey results show that over 94% of the residents rate their overall quality of life from good to excellent. The County is one of the few triple AAA bond rated counties in the U.S. and the County's Utilities Department's revenue bonds also are triple AAA rated.

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 Chippenham 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 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.

Historically, the County has attracted 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 5.5% in calendar year 2013 reflected continued improvement over the previous year's annual rate of 5.7%. The County fared better than the 2013 unemployment rates of the Richmond/Petersburg MSA of 5.9% and matched the Commonwealth rate of 5.5%. Preliminary unemployment data for September 2014 reflects decreases in unemployment following similar trends, reporting the County's unemployment rate at 5.2% comparing favorably to the MSA's rate of 5.5% and matching the Commonwealth's unemployment rate of 5.2%. 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
2004	156,178	151,071	3.3%	3.9%	3.7%	5.5%
2005	159,633	154,634	3.1	3.7	3.5	5.1
2006	164,385	159,854	2.8	3.2	3.0	4.6
2007	166,183	161,825	2.6	3.1	3.1	4.6
2008	169,320	163,080	3.7	4.2	4.0	5.8
2009	169,835	158,366	6.8	7.7	6.9	9.3
2010	170,142	158,147	7.0	7.8	7.1	9.6
2011	173,646	162,681	6.3	7.1	6.4	8.9
2012	175,379	165,429	5.7	6.4	5.9	8.1
2013	178,188	168,301	5.5	5.9	5.5	7.4

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

The County recognizes the importance of expanding its business and industrial tax base to ease the burden on residential property owners and is committed to promoting economic development within the County. Construction of the long-awaited Interstate 295/Meadowville interchange project was completed in December 2011. As expected, this interchange has positioned Meadowville Technology Park as one of Chesterfield's premier employment centers and created jobs and investments in the County. The County's investment in this infrastructure has begun to pay off, as evidenced by Amazon's 1 million square foot, \$85 million distribution center which employees over 1,600 employees, Capital One's \$150 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.

During fiscal year 2014, the County's Department of Economic Development assisted numerous County companies in expanding their existing businesses and helped 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

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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. Philip Morris USA announced it will invest over \$50 million to establish a tobacco leaf storage warehouse complex in the County which will include four buildings totaling 1 million square feet off of Bermuda Hundred Road. Additional business announcements included investments of approximately \$87.5 million and the creation of approximately 1,100 new jobs. 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 sports tourism sectors.

Historically, trends in taxable retail sales in the County have compared favorably to the Richmond/Petersburg MSA and the Commonwealth. Retail sales have rebounded from the recession as all three statistical areas show a positive year-over-year change in taxable retail sales the past three years, although growth slowed in 2013 for all three reported areas. The average annual rate of change in the County over the period 2004-2013 was 2.0% compared to 1.6% for the Richmond/Petersburg MSA and 1.5% for the Commonwealth.

Taxable Retail Sales⁽¹⁾
 (\$ in 000's)

Calendar Year	Chesterfield County	% Change	Richmond/Petersburg MSA		Commonwealth of Virginia	
				% Change		% Change
2004	\$ 3,083,206	4.6 %	\$ 13,146,796	8.9 %	\$ 81,291,117	8.3 %
2006	3,419,399	5.5	14,516,521	5.2	89,478,625	5.0
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

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 percentage change for 2006 is the average change from 2004 to 2006.

The County continues to expand its revenue base by attracting an increasingly diversified pool of taxpayers and employers. In the current fiscal year, the top ten taxpayers accounted for 5.7% of the County's total assessed value tax base. This indicator compares favorably to 6.6% in fiscal year 2005. As of January 2014, the top ten employers accounted for 7.6% of total County employment. This indicator compares favorably to 8.2% in January 2005. 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 181 and 187, respectively.

Throughout the years of the economic downturn, the Board employed a diverse balancing strategy that included eliminating full-time positions, reducing departmental operating expenses by nine percent, consolidating numerous departments, and completing multiple debt re-financings. While the economic recovery is moving at a slow pace, the County is well positioned to continue to provide a high quality of life to its citizens through a wide range of services, a school system recognized nationally for its quality of education and focus on economic development.

Long-term financial planning

The County prepared and approved a fiscal year 2015 (FY2015) financial plan with balanced revenues and expenditures with projections for the next four years. These multi-year projections permit policy makers and staff to plan ahead for future needs and to manage growth of services. 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 was guided by the strategic plan and provides a means to link both individual and departmental performance to the County's strategic goals. The

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FY2015 financial plan includes a one cent real estate tax increase, \$2.5 million in expenditure cuts, and eliminates two positions from the general government operations. The real estate tax rate increase provides dedicated funding for Schools. The FY2015 financial plan begins to address long-term Commonwealth and Federal storm-water mandates by selecting projects that provide broad community benefits while analyzing compliance and financing alternatives for the future. The FY2015 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 40.9% of the general fund budget in FY2015. Total real property revenues for FY2015 are budgeted at \$313.9 million, an increase of \$16.8 million (5.6%) from the FY2014 adopted budget, which reflects a 4.6% year over year increase with the remainder due to the real estate tax rate increasing from \$0.95 to \$0.96. The January 2014 assessed home values posted a 2.1% increase over the January 2013 mark for the first increase in assessed home values in several years. This trend is projected to continue to January 2015, with a budgeted 3.0% increase in home values over the prior year and continued increases in new construction with moderate activity projected in the commercial tax base. Taxable assessed values are projected to work their way back towards their long-term averages over the next several budget years. Personal property taxes are another major source of local revenue for the County and are budgeted at \$57.3 million, reflecting an increase of 5.7% from the FY2014 adopted budget. The projected increase in personal property tax collections reflects the impact of lower gasoline prices and some improvement of assessed values of cars and trucks. The FY2015 financial plan takes a conservative approach with regard to Commonwealth revenue as FY2014 Commonwealth revenue projections were reduced mid-session. Resources from the Commonwealth are projected to total \$133.7 million in FY2015, an increase of just \$172,000 (0.1%) from FY2014.

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 2015-2019 (FY2015-2019 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 FY2015-2019 CIP totals \$848.1 million and is comprised of County improvements of \$239.7 million, School Board improvements of \$243.8 million and Utilities Department improvements of \$364.6 million.

The FY2015-2019 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 FY2015-2019 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 FY2015-2019 CIP proposes current revenue funding levels (including cash proffers) of 55.2% for County projects and 21.1% 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 in fiscal year 2014 as the County issued General Obligation Improvement and Refunding bonds in

June 2014 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 reserves and budgetary flexibility, financial performance, management with strong policies in place, and the management of debt and long-term liabilities were cited as the basis for these ratings. In fiscal year 2013, both Fitch and Standard and Poor's confirmed the County's Water and Sewer Revenue Bonds as "AAA". 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.

Initiatives

The County updated and revised its strategic plan during 2013, now referred to as "Blueprint Chesterfield". This update came out of an existing culture and excellence in performance and customer service. The mission, "Providing a FIRST CHOICE community through excellence in public service" remained unchanged. The new vision is "To be an extraordinary and innovative community in which to live, learn, work, and play." The resulting goals provide County leaders with an improved framework to enhance the ability to create priorities and allocate resources, with focus on results. Below are the County's strategic goals:

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

Several critical needs were addressed in the FY2015 financial plan. The adopted budget maintains focus on promoting a high quality of life for County residents with more than 95% of the growth in the FY2015 financial plan invested in public safety, education, and core infrastructure such as roads. The largest beneficiary of the additional funding for FY2015 is the school division. The adopted general fund transfer to the School Board increased \$14.5 million, or 4.8%, over last year's amount. In the public safety area shifts in population centers, urbanization, and changing demands for police services have created the need for additional resources in police uniform operations. The FY2015 financial plan adds four patrol officers, two campus resource officers funded through a partnership with John Tyler Community College, and additional funding for the patrol vehicle replacement program and related equipment. The construction of a new fire station (Harrowgate) is underway and scheduled to open for service in early 2015 after being delayed for a few years. The opening of this station will improve emergency response to more than 5,000 properties and almost 9,000 citizens. Fifteen positions were eliminated from other government operations to accommodate growth in front line services such as public safety, along with other expenditure cuts comprising \$2.5 million in savings with an overall net loss of two positions. In the FY2015 financial plan, four of the County's seven divisions had budgets less than the prior fiscal year with another division essentially flat to the FY2014 budget, to bring the operating portion of the financial plan to an overall modest 3.1% increase over the budget for the prior year.

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 cross-departmental staff project team was formed to work on this issue. The team found that while the County has numerous activities related to revitalization, improved strategic coordination of these efforts is needed. In order to improve revitalization, the following priorities were identified by the project team: 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 County is currently reviewing options for coordinating and concentrating existing resources and revitalization efforts near County schools scheduled for renovation and replacement as a result of the recent successful bond referendum. The first areas for this effort include the communities surrounding Providence Middle School, Manchester Middle School, and Beulah Elementary School.

The comprehensive plan also recommended that an Ettrick VSU Special Area Plan be drafted. Ettrick is one of Chesterfield County's oldest communities and is home to the County's only four-year university, Virginia State 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. New train service to Norfolk is increasing ridership at the train station. Together with Ettrick's location, natural and built resources and history, the community has the potential for future growth and renewed community vitality. Staff

will be delivering recommendations for the Ettrick VSU Special Area Plan to the Planning Commission in November 2014.

The County relies upon the Commonwealth to build and maintain the primary and secondary roads in the County. The Virginia Department of Transportation Revenue Sharing Program allows localities to request up to \$10 million in Commonwealth funds which must be matched dollar for dollar by the locality. The FY2015 financial plan established a new, dedicated revenue source for the transportation revenue sharing program, a \$20 increase in the vehicle registration fee, which when paired with the Commonwealth match will provide \$13 million to \$14 million in annual road funding in the County. Ownership and maintenance responsibilities are transferred to the Commonwealth once road improvements are completed and accepted into the Commonwealth road system. The County is currently managing two major transportation infrastructure improvement projects. A \$7 million revenue sharing project (50% County funds, 50% Commonwealth funds) will widen East River Road adjacent to VSU in Ettrick Village from two to four lanes and will include landscaping, sidewalks, and street lights. This project is expected to be completed in the summer of 2015. The widening of Route 360 (Hull Street) from Winterpock Road to Woodlake Village Parkway is a \$7.1 million project which includes lane widening, culvert extensions, sidewalks, and bridge work financed using local, Commonwealth and federal dollars. This project is well underway and construction is anticipated to be completed in the spring of 2015.

Several economic development activity projects are underway throughout the County. One of the high-profile economic development projects, the Stonebridge mixed-use development off of Midlothian Turnpike, is an 83 acre property that features a 123,000 square foot Kroger Marketplace store which opened in December 2012. Four hundred upscale apartments are scheduled to break ground at this site in November of 2014. The recent addition of other high-profile retail tenants at Stonebridge has spurred redevelopment efforts at the Spring Rock Green development across Midlothian Turnpike

The impact of sports tourism continues to grow through the County's partnerships with Richmond Sports Backers, Richmond Region Tourism, and the Chesterfield Chamber of Commerce. During the FY2013 - FY2014 period, the economic impact of sports tourism in the County is estimated at \$25.3 million, up \$3.5 million or 16.1% over the prior period. Sports tourism venues in the County attracted approximately 101,000 out-of-town visitors during the same period compared to 67,000 in the previous period. These positive trends are expected to continue as several major sports tourism venues located in the County attract increasing numbers of tournaments and sporting events. These venues include the Collegiate School Aquatics Center, 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.

Under the leadership of the Board, the County continues to be recognized for its innovation, leadership, and quality of life. The County received 15 National Association of Counties (NACO) Achievement Awards in August 2014 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 to its citizens. Awards were received for programs in the areas of human resource management, information technology, human services, county attorney, environmental initiatives, and community development. Some examples of other awards recently received include the County's sixth award by The America's Promise Alliance as "One of the 100 Best Communities in America for Young People" and number 22 of the top 125 employers in America for employee training by Training Magazine. SAFE Inc., a community, County and school coalition that works to prevent and reduce substance abuse, received the "Dose of Prevention" award for its successful initiatives to educate the community about the dangers of prescription drug abuse and over-the-counter-cough-medicine abuse. The County's employee wellness program received "Active RVA" certification from the Richmond Sports Backers in January 2014. For the fourth consecutive year, the County received the Virginia Association of Counties "Go Green" award for its environmental stewardship. The Information Technology Department earned several awards, including first place in the National Digital Survey which recognizes leading examples of counties using information and communications technology. The Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University recognized the County with two "Bright Ideas" Awards.

Awards and Acknowledgements

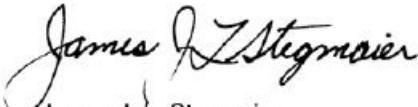
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its CAFR for the fiscal year ended June 30, 2013. This was the thirty-third consecutive year that 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 Budget and Management Department received the Distinguished Budget Presentation from the GFOA for its annual budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015. 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 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 2012, NIGP reaccredited 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.

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
Reporting**

Presented to

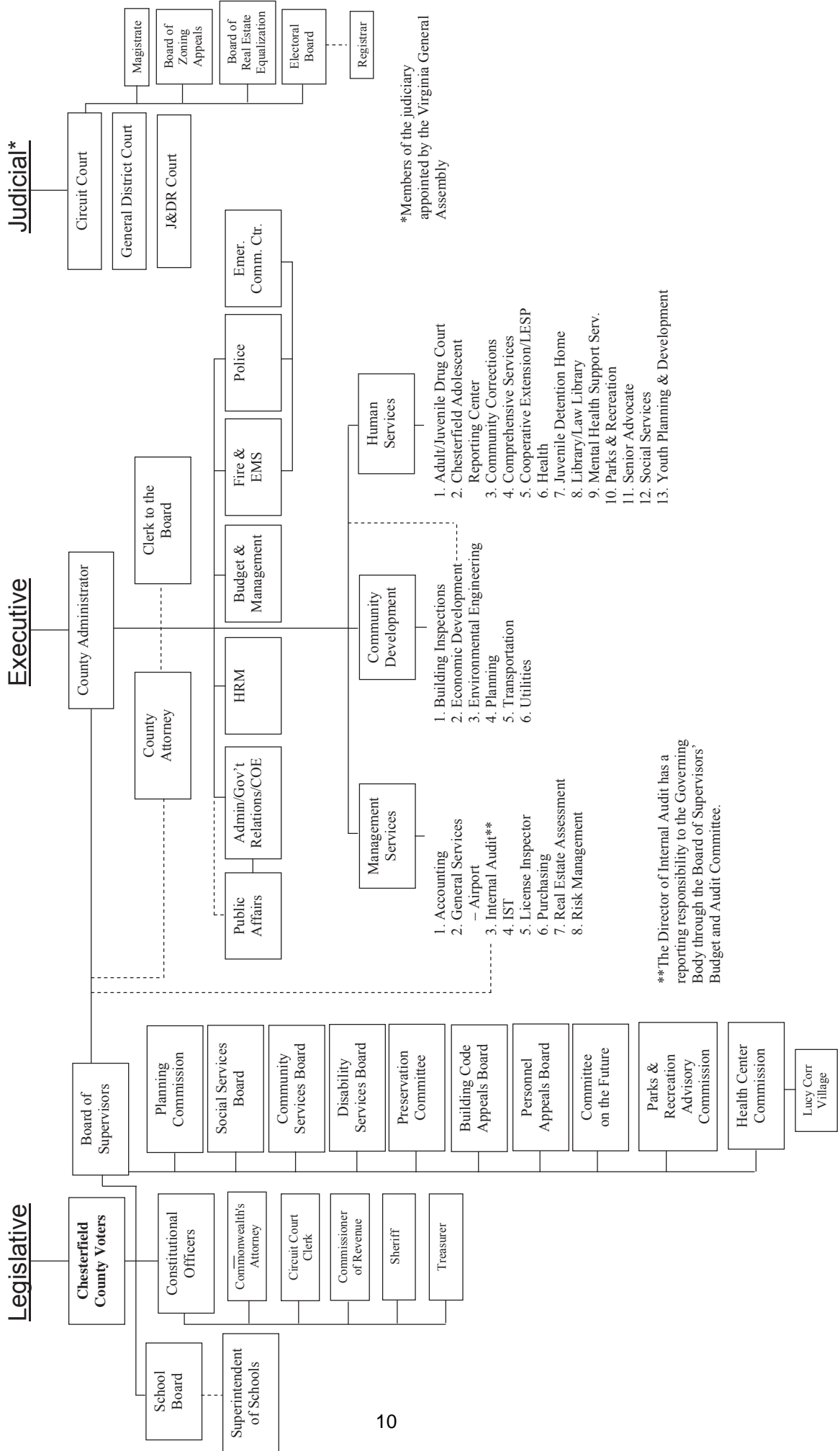
**County of Chesterfield
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

CHESTERFIELD COUNTY ORGANIZATIONAL STRUCTURE



**County of Chesterfield, Virginia
Directory of Officials
June 30, 2014**

Primary Government Officials

BOARD OF SUPERVISORS

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

CONSTITUTIONAL OFFICERS

Richard A. Cordle Treasurer
William W. Davenport Commonwealth's Attorney
Joseph A. Horbal Commissioner of the Revenue
Karl S. Leonard Sheriff
Mary E. Craze 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

Dianne H. Smith, Chairman Clover Hill District
Carrie E. Coyner, Vice Chairman Bermuda 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
Paul A. Hawkins..... Assistant Superintendent, Business and Finance
Donna Dalton..... Chief Academic Officer
Tim Bullis Director, Community Relations



FINANCIAL SECTION





KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report

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, 2014, 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 U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority of the County of Chesterfield (the Authority), a blended component unit of the County included within the non-major enterprise fund in the business-type activities of the County, which statements reflect total assets constituting 3% and 13% of the County's business-type activities and aggregate remaining fund information total assets, respectively and constituting 2% and 15% of the County's business-type activities and aggregate remaining fund information total net position/fund balance, respectively, as of June 30, 2014, and total revenues constituting 4% and 3% of total revenues of the County's business-type activities and aggregate remaining fund information, respectively and total expenses constituting 2% and 2% of total expenses of the County's business-type activities and aggregate remaining fund information, respectively, for the year then ended. We also did not audit the Chippenham Place Community Development Authority (Chippenham Place CDA), a discretely presented component unit of the County, which statements reflect total assets constituting 0.4% of total assets and total net (deficit) position constituting (40)% of total net position of the County's aggregate discretely presented component units as of June 30, 2014, and total revenues constituting 0.1% of total revenues and total expenses constituting 0% of the County's aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Authority and Chippenham Place CDA are based solely on the reports of the other auditors. 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* (Specifications), 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, 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, 2014, 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 U.S. generally accepted accounting principles.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in fiscal year 2014, the County retrospectively adopted new accounting guidance requiring the reclassification, as deferred out flows of resources or deferred inflows of resources, of certain items that were previously reported as assets and liabilities, and the recognition, as outflows of resources or inflows of resources, of certain items that were previously reported as assets and liabilities. Also as discussed in Note 1 to the financial statements, in fiscal year 2014, the County adopted new accounting guidance relating to financial reporting for pension plans requiring additional note disclosures and required supplemental information. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 19 through 30, and the Schedules of Funding Progress, Schedules of Employer Contributions, and Schedules of Changes in Net Pension Liability and Related Ratios on pages 114 through 117, 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's basic financial statements. The accompanying Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Fund Statements and Schedules, and the Schedule of Expenditures of Federal Awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, listed in the Financial Section as Supplementary Information in the table of contents, and the Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Fund Statements and Schedules, 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 Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Fund Statements and Schedules, 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 Section and Statistical Section 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 14, 2014 on our consideration of the County'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's internal control over financial reporting and compliance.

KPMG LLP

November 14, 2014



MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

As management of Chesterfield County (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, 2014. 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 \$77.8 million (4.3%). Net position of the governmental-type activities increased \$47.6 million (5.5%) and net position of the business-type activities increased \$30.2 million (3.1%).
- ◆ The County's unrestricted net position increased approximately \$45.8 million (13.3%). Unrestricted net position of the governmental-type activities increased \$17.6 million (9.5%) and unrestricted net position of the business-type activities increased \$28.2 million (17.7%).
- ◆ The County's program and general revenues (including taxes) of \$775.6 million for governmental-type activities exceeded expenses of \$728.0 million by \$47.6 million.
- ◆ In the County's business-type activities, revenues increased 8.7% to \$111.7 million while expenses decreased 10.8% to \$81.5 million.
- ◆ The total cost of the primary government's programs increased approximately \$17.0 million (2.1%) to \$809.5 million.
- ◆ The General Fund reported an ending fund balance amount of \$268.4 million, an increase of \$14.2 million (5.6%) in comparison with the prior year. Of the ending fund balance amount, \$55.0 million was unassigned.
- ◆ The County's outstanding debt decreased by \$35.2 million (5.7%). The County issued \$60.6 million in general improvement and refunding general obligations bonds during the current fiscal year.

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 independent auditors' report, 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:

- ◆ The first two financial statements, 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 financial status.
- ◆ Exhibits III through X are fund financial statements. The fund financial statements focus on individual parts of the County government and report the County's operations in more detail than the government-wide financial statements:
 - Governmental fund financial statements tell how general government services, such as public safety, are financed in the short-term as well as what resources remain for future spending.
 - Proprietary fund financial statements offer both short-term and long-term financial information about activities the government operates that are 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.
- ◆ The remaining financial statements, Exhibits XI and XII, are financial statements that 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 comprehensive services fund, combining schedules for the enterprise funds, internal service funds, trust and agency funds and non-major component units; capital

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

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 and deferred inflows of resources, both short-term and long-term. 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 has 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 in the County's net position are an indicator of whether its 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 these activities' expenses.
- ◆ 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. Although legally separate, each of these entities are discretely presented component units because the County demonstrates financial accountability for them by providing operating, capital or tax increment financing. The School Board is the only discretely presented component unit 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 and not the 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 funds for particular purposes or to show that the County is using specific revenue sources such as taxes and 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 that are 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 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 either at the bottom of the 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

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 \$1.9 billion at the close of the most recent fiscal year. This represents a 4.3% increase over the prior year.

TABLE 1
Chesterfield County's Net Position
June 30, 2014 and 2013
(in millions of dollars)

	Governmental Activities ⁽¹⁾		Business-type Activities ⁽¹⁾		Total Primary Government		School Board Component Unit	
	2014	2013	2014	2013	2014	2013	2014	2013
Assets								
Current and other assets	\$ 675.4	\$ 646.1	\$ 225.7	\$ 207.8	\$ 901.1	\$ 853.9	\$ 97.9	\$ 101.2
Capital assets	<u>1,024.4</u>	<u>1,014.0</u>	<u>864.7</u>	<u>866.1</u>	<u>1,889.1</u>	<u>1,880.1</u>	<u>14.5</u>	<u>13.2</u>
Total assets	<u>1,699.8</u>	<u>1,660.1</u>	<u>1,090.4</u>	<u>1,073.9</u>	<u>2,790.2</u>	<u>2,734.0</u>	<u>112.4</u>	<u>114.4</u>
Deferred outflows of resources								
Deferred charge on refunding	<u>7.4</u>	<u>6.5</u>	<u>-</u>	<u>-</u>	<u>7.4</u>	<u>6.5</u>	<u>-</u>	<u>-</u>
Liabilities								
Long-term liabilities	547.3	570.3	89.7	93.7	637.0	664.0	35.5	35.2
Other liabilities	<u>102.5</u>	<u>93.1</u>	<u>9.2</u>	<u>18.9</u>	<u>111.7</u>	<u>112.0</u>	<u>42.1</u>	<u>36.6</u>
Total liabilities	<u>649.8</u>	<u>663.4</u>	<u>98.9</u>	<u>112.6</u>	<u>748.7</u>	<u>776.0</u>	<u>77.6</u>	<u>71.8</u>
Deferred inflows of resources								
Unearned revenues	<u>146.2</u>	<u>139.6</u>	<u>-</u>	<u>-</u>	<u>146.2</u>	<u>139.6</u>	<u>-</u>	<u>-</u>
Net position								
Net investment in capital assets	645.9	627.4	787.9	785.1	1,433.8	1,412.5	14.5	13.2
Restricted	58.2	51.1	15.8	16.6	74.0	67.7	5.7	5.6
Unrestricted	<u>207.1</u>	<u>185.1</u>	<u>187.8</u>	<u>159.6</u>	<u>394.9</u>	<u>344.7</u>	<u>14.6</u>	<u>23.8</u>
Total net position	<u>\$ 911.2</u>	<u>\$ 863.6</u>	<u>\$ 991.5</u>	<u>\$ 961.3</u>	<u>\$ 1,902.7</u>	<u>\$ 1,824.9</u>	<u>\$ 34.8</u>	<u>\$ 42.6</u>

⁽¹⁾ Amounts for fiscal year 2013 have been restated for the adoption of GASB Statement No. 65 in fiscal year 2014. See Note 1.E of the notes to the financial statements.

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 (75.4%) of the County's net position at June 30, 2014, 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 (3.9%) represents resources that are subject to external restrictions on how they may be used. The

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

remaining balance is referred to as unrestricted net position (20.8%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

School Board component unit assets exceeded liabilities by \$34.8 million at the end of the current fiscal year. This represents a decrease of \$7.8 million (18.3%) compared to the prior year. Net investment in capital assets increased \$1.3 million because capital outlay for machinery and equipment primarily purchased through renovation projects was greater than depreciation expense during the year. At June 30, 2014, the School Board reported unrestricted net position of \$14.6 million, a decrease of \$9.2 million (38.7%) from the prior year. This change is primarily due to a decrease of \$5.8 million in the net pension asset associated with the School Board's supplemental retirement plan and a decrease of \$1.9 million in funds set aside for future technology. Note 12 of the notes to the financial statements provide additional information regarding the School Board's supplemental retirement plan.

Changes in net position. The County's total revenues increased over the prior year by \$65.6 million (8.0%) to \$887.3 million. The total cost of all programs increased \$17.0 million (2.1%) to \$809.5 million.

TABLE 2
Changes in Chesterfield County's Net Position
For the Years Ended June 30, 2014 and 2013
(in millions of dollars)

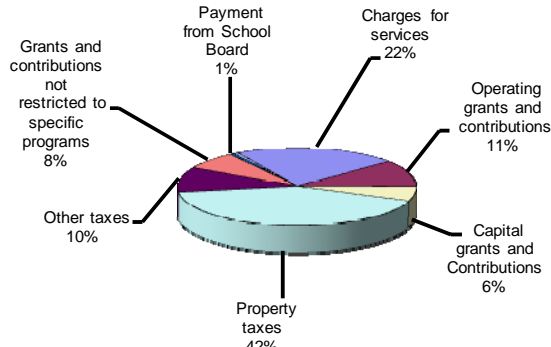
	Governmental Activities ⁽¹⁾		Business-type Activities ⁽¹⁾		Total Primary Government		School Board Component Unit	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenues:								
Program revenues:								
Charges for services	\$ 120.1	\$ 79.9	\$ 77.8	\$ 77.7	\$ 197.9	\$ 157.6	\$ 15.3	\$ 15.3
Operating grants and contributions	98.9	96.1	-	-	98.9	96.1	103.3	104.1
Capital grants and contributions	21.0	23.4	29.3	24.8	50.3	48.2	-	-
General revenues:								
Property taxes	372.1	359.2	-	-	372.1	359.2	-	-
Other taxes	91.4	85.0	-	-	91.4	85.0	-	-
Payment from School Board	5.4	8.0	-	-	5.4	8.0	-	-
Payment from County	-	-	-	-	-	-	255.4	253.3
Grants and contributions not restricted to specific programs	66.1	65.9	-	-	66.1	65.9	154.1	153.4
Other	0.6	1.4	4.6	0.3	5.2	1.7	1.4	2.0
Total revenues	775.6	718.9	111.7	102.8	887.3	821.7	529.5	528.1
Expenses:								
General government	96.8	61.6	-	-	96.8	61.6	-	-
Administration of justice	11.7	9.6	-	-	11.7	9.6	-	-
Public safety	176.7	176.8	-	-	176.7	176.8	-	-
Public works	31.0	41.8	-	-	31.0	41.8	-	-
Health and welfare	74.1	73.1	-	-	74.1	73.1	-	-
Parks, recreation and cultural	23.2	23.0	-	-	23.2	23.0	-	-
Education - School Board	278.2	277.1	-	-	278.2	277.1	537.3	552.4
Community development	19.4	18.8	-	-	19.4	18.8	-	-
Interest on long-term debt	16.9	19.3	-	-	16.9	19.3	-	-
Water	-	-	38.4	40.5	38.4	40.5	-	-
Wastewater	-	-	39.1	41.5	39.1	41.5	-	-
Non-major business activities	-	-	4.0	9.4	4.0	9.4	-	-
Total expenses	728.0	701.1	81.5	91.4	809.5	792.5	537.3	552.4
Increase (decrease) in net position before restatement	47.6	17.8	30.2	11.4	77.8	29.2	(7.8)	(24.3)
Restatement	-	(2.3)	-	(0.5)	-	-	-	-
Transfers	-	(2.2)	-	2.2	-	-	-	-
Increase (decrease) in net position	47.6	13.3	30.2	13.1	77.8	26.4	(7.8)	(24.3)
Net position - beginning of year	863.6	850.3	961.3	948.2	1,824.9	1,798.5	42.6	66.9
Net position - end of year	\$ 911.2	\$ 863.6	\$ 991.5	\$ 961.3	\$ 1,902.7	\$ 1,824.9	\$ 34.8	\$ 42.6

⁽¹⁾ Amounts for fiscal year 2013 have been restated for the adoption of GASB Statement No. 65 in fiscal year 2014. See Note 1.E of the notes to the financial statements.

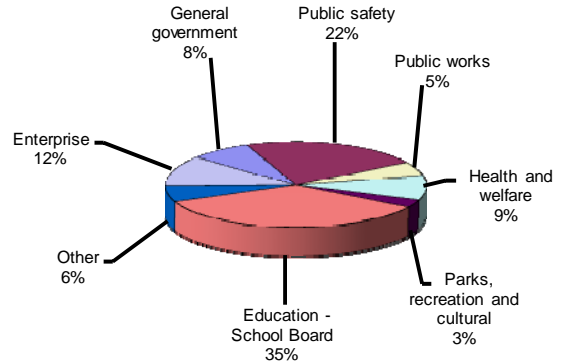
MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Approximately 42% of the County's revenues came from property taxes and approximately 10% came from other taxes. Another 25% of the total revenues came from grants and contributions. The remaining revenues are charges for services, payment from School Board, investment earnings and miscellaneous. The County's expenses cover a range of services with approximately 66% 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 2014**



**Figure A-2
Chesterfield County
Expenses by Function for Fiscal Year 2014**



The School Board's total revenues increased compared to the prior year by \$1.4 million (0.3%) to \$529.5 million. Total expenses for all School programs and services decreased over the prior year by 2.7% to \$537.3 million. Program revenues of School Board activities covered 22% of its expenses.

Governmental Activities

Governmental activities increased the County's net position by \$47.6 million and accounted for 61.2% of the total growth in the total net position of the County. Revenues for governmental activities increased \$56.7 million (7.9%) and total expenses increased \$26.9 million (3.8%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Charges for services increased \$40.2 million (50.3%) primarily due to receiving approximately \$31.6 million in revenue from the School Board attributable to the new 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. The County also received \$8.0 million from the Commonwealth of Virginia (Commonwealth) for repayment of funds that were provided by the County for the original construction of the Route 288 Powhite Parkway loop and ramp approximately 20 years ago.
- ◆ Operating grants and contributions increased \$2.8 million (2.9%) primarily due to increases in revenue from the Commonwealth and federal revenue. Revenue for public safety includes a new federal grant for assistance to firefighters of approximately \$0.8 million which was primarily used to purchase protective gear and equipment and \$0.7 million in additional revenue for the police asset forfeiture program. Revenues for major social service programs increased \$0.5 million related to growth of the medical assistance program and \$0.2 million related to foster care and adoption assistance subsidies.
- ◆ Property tax revenues increased \$12.9 million (3.6%) primarily due to a 2.9% increase in the assessed valuation of taxable property over the preceding year. The assessed valuation for real property increased 3.4% which included an increase of the real estate tax rate in the second half of the fiscal year from \$.95 to \$.96 per \$100 of assessed value. Residential property assessed valuations increased by 3.7% and commercial and industrial property assessed valuations also increased 3.1%. Commercial and industrial property comprised 22.0% of the assessed value of taxable real property.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Calendar year 2014 (CY2014) assessments were developed from data as recent as December 2013. State Code mandates that "annual assessments shall be made at 100% of fair market value."

Overall, expenses of governmental activities increased \$26.9 million (3.8%). This result reflects management's on-going commitment to contain the cost of providing services while continuing to advance several Board of Supervisors (Board) priorities. The County also funded a 1.0% merit-based increase for eligible employees.

General government expenses increased \$35.2 million (57.1%) primarily due to approximately \$32.3 million for healthcare claims expenses paid for the School Board paid by the County's self-insured healthcare internal service fund.

Public works expenses decreased \$10.8 million (25.8%) primarily due to the completion or substantial completion of several road projects in the prior fiscal year, including two major road improvements, the Newby's Bridge Road realignment at Jacobs Road and the Route 10 widening project between interstate 95 and Bermuda Triangle Road.

Business-type Activities

Business-type activities increased the County's total net position by \$30.2 million, accounting for 38.8% of the overall growth. Revenues for business-type activities increased \$8.9 million (8.7%) and expenses decreased \$9.9 million (10.8%) when compared to the prior year.

Capital grants and contributions for business-type activities increased \$4.5 million (18.1%). Utilities collected an additional \$8.9 million in connection fees with much of the increase attributable to two large apartment complexes connecting to the water and wastewater system towards the end of the current fiscal year. Growth in the number of new connections is a good indicator that the local economy continues to improve. The increase in connection fees was offset by a decrease in Commonwealth funding received due to completion of the state funded treatment plant expansion project in the prior fiscal year and to receiving less contributions of water and wastewater pipeline assets.

In the current year, the Economic Development Authority of the County of Chesterfield (EDA), a non-major fund, sold land in the Meadowville Technology Park for a gain of \$3.9 million which was recorded as other revenue in Table 2. The gain on the sale will be used to fund infrastructure development projects in the Meadowville Technology Park.

Expenses for business-type activities decreased \$9.9 million (10.8%). EDA expenses for the Meadowville Technology Park, decreased by \$4.5 million due to completion of a road construction project in the prior year. The loss on disposal of assets decreased \$4.0 million related to replacement or elimination of existing water and wastewater assets during the prior year and there was no similar activity in current year. Contractual costs for water and wastewater operations decreased by \$1.4 million primarily due to a decrease in the estimated liability for workers' compensation claims at June 30, 2014.

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, unreserved, undesignated 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, 2014, the County's governmental funds reported a combined fund balance of \$368.8 million, a decrease of \$4.8 million from the previous year. Of this combined fund balance amount, \$110.2 million (29.9%) constitutes restricted fund balance; \$0.7 million (0.2%) represents committed fund balance; \$202.8 million (55.0%) represents assigned fund balance; and \$55.0 million (14.9%) is unassigned fund balance. Assigned fund balance includes funding earmarked by the County Board for various items including funding for: capital projects including transportation projects; the fiscal year 2014 (FY2014) budget; and revenue shortfalls in future fiscal years' budgets that may occur as the County adjusts to a new normal in the current economic

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

environment. Note 2 of the notes to the financial statements provide 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 balances of the General Fund were \$253.1 million and total fund balances were \$268.4 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balances to total fund expenditures. Combined assigned and unassigned fund balances represent 38.9% of total General Fund expenditures. Unassigned fund balance of \$55.0 million represents 8.4% 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. Combined fund balances of the General Fund represent 41.2% of General Fund expenditures.

Fund balance of the General Fund increased by \$14.2 million (5.6%) during the current fiscal year. Revenue categories not already discussed that factor into this change are as follows:

- ◆ Collections of other local taxes increased \$6.8 million (7.9%) primarily due to an increase in motor vehicle license taxes of approximately \$5.1 million resulting from a \$20 increase in the annual registration amount for passenger vehicles and pickup trucks in the second half of the fiscal year. Business and professional license taxes increased \$1.1 million and local sales and use taxes increased \$0.6 million, indicating modest growth in the local economy.
- ◆ Revenue from other governments increased \$2.8 million (1.8%) which included a \$0.6 million increase in state sales tax collected from the Commonwealth to fund education and a \$0.7 million increase in federal funding for programs in the Social Services department and public safety.

Overall, functional expenditures of the General Fund (including education and debt service) increased \$6.9 million (1.1%) with increases in the public safety (1.8%), debt service (1.8%) and education (0.5%) functions. Public safety includes an increase in expenditures related to purchase of replacement police vehicles and an increase in wages and benefits as a result of four additional patrol officer positions added in the current year. Expenditures for debt service increased primarily due to the use of proceeds from the sale of the second phase of the Cloverleaf Mall redevelopment asset to pay down the balance on the related taxable redevelopment facility note. The majority of the increase for education expenditures is reflective of the increase in local sales and use tax available to fund School Board operations. Other significant changes in expenditures were discussed in the governmental activities section.

At fiscal year-end, the County's Capital Projects Fund had a total fund balance of \$80.3 million that consisted of bond proceeds and cash proffers which are restricted for use on specific County projects and functions. The School Capital Projects Fund had a total fund balance of \$13.7 million that consisted primarily of 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 \$17.7 million (2.7%). The final amended budget for expenditures and other financing uses was greater than the original budget by \$77.3 million (13.9%). Some of the key budget adjustments are summarized as follows:

- ◆ The original budget for revenues was increased by \$5.1 million. Budget amendments included:
 - \$3.5 million for proceeds from the sale of the second phase of the redevelopment asset which was appropriated to fund debt service on the related taxable redevelopment facility note.
 - \$1.3 million to appropriate asset forfeitures and court fines which were used to fund operations and capital purchases.
 - \$1.3 million to appropriate miscellaneous revenue including insurance recoveries and public, education and government revenue receipts to fund one-time expenses.
 - \$1.8 million to reflect the receipt of less sales tax revenues for education than anticipated in the original budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- ◆ The original budget for other financing sources was amended by \$12.6 million primarily to appropriate the payment to the refunded bond escrow agent required as a result of issuing refunding debt.
- ◆ Expenditures in the original budget were increased by \$7.0 million. The largest portion of this increase was attributable to \$3.5 million in one-time available revenue appropriated to pay debt service on the taxable redevelopment facility note related to the Cloverleaf mall redevelopment asset. Other one-time revenue used to fund expenditure budget increases include asset forfeiture funds used to pay for police equipment used in drug enforcement operations and insurance recoveries that offset workers' compensation claims expenditures and used to pay for replacement fire apparatus.
- ◆ The budget for other financing sources increased by \$87.9 million. Transfers out to the County Capital Projects, the School Capital Projects and the County Grants Funds which increased \$69.9 million, \$5.7 million and \$1.4 million, respectively. Primarily, these amendments are 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 refunding bond proceeds was increased \$12.4 million due to the issuance of new and refunding general obligation debt.

Actual revenues and other financing sources were \$22.6 million (3.3%) greater than the amended budget. A summary of some key variances includes the following:

- ◆ The collection of general property taxes was \$11.0 million higher than the amended budget. This variance was attributable to both the increased assessed values of real property and the increase of the real estate tax rate in the second half of the fiscal year.
- ◆ Other local taxes were \$2.3 million greater than the amended budget primarily due to the increase in the motor vehicle licenses tax approved by the Board and earmarked for future transportation needs.
- ◆ Charges for services revenue was \$1.8 million less than expected. This revenue shortfall was generally attributable to receiving less in Medicaid funding than was expected when the original budget was developed.
- ◆ Miscellaneous revenue was \$9.4 million greater than budgeted due to receiving \$8.0 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 20 years ago. The Board approved a one-time use of \$2.0 million of this amount for the purchase of replacement school buses in the fiscal year 2015 budget.

Actual expenditures and other financing uses were \$92.5 million (11.9%) less than the amended budget amount. A summary of several key differences is as follows:

- ◆ General government expenditures resulted in a \$2.6 million positive variance with the amended budget. Every general government department contributed to this savings reflecting the County's continued initiative to control the cost of providing support services.
- ◆ Public safety expenditures resulted in a \$3.0 million positive variance with the amended budget with Fire and EMS and the Police Department contributing \$2.5 million to the variance; however, most of this amount was encumbered at year-end for the purchase of fire apparatus and police vehicles.
- ◆ Health and welfare expenditures resulted in a \$2.7 million positive variance with the amended budget, most of which was attributable to Mental Health Support Services and Social Services. Mental Health Support Services was under budget because of operating costs related to the new 12-bed Intermediate Care Facility which were not incurred because the facility was not completed until after fiscal year end. The Social Services department was under budget for personnel costs primarily due to understaffing caused by employee turnover and due to a decrease in adoption subsidies for special needs adoptions.
- ◆ Transfers to other funds resulted in a \$79.9 million positive variance. Transfers to the County and School Capital Projects Funds were \$67.8 million and \$3.4 million, respectively, less than the amended budget due to the timing of 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 2015. A positive \$7.1

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

million variance in the transfer to School Board operations was assigned at year-end and earmarked, as directed by the County Board, for use in future 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 can neither levy taxes nor incur debt under Virginia law. The County issues debt "on behalf" of the School Board, 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 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.

Capital and Intangible Assets

At the end of the fiscal year, the County had a net investment of \$1.9 billion in a broad range of capital and intangible assets, including public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net increase of \$9.0 million 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 \$632.9 million of capital assets 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:
 - E911 Phone System Replacement - \$0.9 million
 - Animal Control Shelter Renovations - \$0.6 million
 - Bon Air Library Renovations - \$0.9 million
- ◆ Additions to major County construction in progress projects:
 - Harrowgate Fire and Rescue Station - \$2.8 million
 - Mental Health Intermediate Care Facility - \$2.6 million
 - Reams Gordon Library - \$0.7 million
- ◆ Completed major School projects:
 - Midlothian High School Renovations - \$13.6 million
 - Thomas Dale High School HVAC Systems - \$3.5 million
 - Locker and Bleacher Replacement Projects - \$1.1 million
- ◆ Additions to major School construction in progress project:
 - 21st Century Academy - \$21.3 million
- ◆ Completed major Water and Wastewater projects:
 - Falling Creek Wastewater Treatment Plan Dissolved Air Flotation System - \$1.0 million
 - Cogbill Sewer Line Lining - \$1.0 million
- ◆ Additions to major Water and Wastewater construction in progress projects:
 - Route 1 Water Line Replacement - \$2.5 million
 - Procter's Creek Wastewater Treatment Plant Chemical Feed Building - \$1.9 million
 - Robious Water Storage Tank - \$3.0 million

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

TABLE 3
Chesterfield County's Capital and Intangible Assets
June 30, 2014 and 2013
(net of depreciation, in millions of dollars)

	Governmental		Business-type		Total		Total Percentage
	Activities		Activities				Change
	2014	2013	2014	2013	2014	2013	2014-2013
Non-depreciable assets:							
Land	\$ 61.1	\$ 59.5	\$ 19.8	\$ 19.8	\$ 80.9	\$ 79.3	2.0%
Redevelopment asset	12.5	15.7	-	-	12.5	15.7	-20.4%
Construction in progress	40.3	27.4	13.8	7.8	54.1	35.2	53.7%
Depreciable assets:							
Capacity rights	-	-	71.8	72.1	71.8	72.1	-0.4%
Buildings	793.8	791.9	136.4	138.9	930.2	930.8	-0.1%
Improvements other than buildings	33.1	32.8	28.0	29.8	61.1	62.6	-2.4%
Machinery and equipment	56.2	59.4	594.0	596.7	650.2	656.1	-0.9%
Infrastructure	27.4	27.3	0.9	1.0	28.3	28.3	0.0%
Total	\$ 1,024.4	\$ 1,014.0	\$ 864.7	\$ 866.1	\$ 1,889.1	\$ 1,880.1	0.5%

The County's FY2015 capital improvement program budget added \$173.4 million in planned funding for capital projects, which includes \$122.2 million for the primary government and \$51.2 million for the School Board. Principal projects for the primary government include major facilities maintenance and repair; Central Library space completion and office consolidation; 800 MHz radio system replacement; self-contained breathing apparatus replacement; mobile data replacement computers; automatic meter reading; Johnson Creek pump station and force main; and raising George Brasfield Dam. School projects are principally for school building improvements with major projects planned at Beulah Elementary School, Matoaca Elementary School, Manchester Middle School, Providence Middle School, and Monacan High School. The County intends to issue new debt as partial financing of these and other projects as identified in the fiscal years 2015-2019 Capital Improvement Program.

Long-term Debt

At fiscal year-end, the County had \$580.5 million in bonds, leases and other long-term debt outstanding, a decrease of \$35.2 million (5.7%) 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 \$299.9 million in debt outstanding related to School Board activities and \$17.2 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, which was 7.1% 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, excluding capital project funds and payments between the primary government and the School Board.

The County's fiscally responsible financial policies, solid financial results and sound management were reaffirmed in fiscal year 2014. The County's "AAA" general obligation bond rating from all three major rating agencies was confirmed when it entered the bond market in June 2014 to sell \$60.6 million of general improvement and refunding bonds. Only about 1% of counties nationwide have earned a triple "AAA" credit rating.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

TABLE 4
Chesterfield County's Outstanding Debt
June 30, 2014 and 2013
(in millions of dollars)

	Governmental		Business-type		Total		Total Percentage
	Activities ⁽¹⁾		Activities ⁽¹⁾				Change
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014-2013</u>
General obligation bonds, net (backed by the County)	\$ 411.9	\$ 432.2	\$ -	\$ -	\$ 411.9	\$ 427.2	-3.6%
Revenue bonds, net (backed by user fee revenues)	-	-	78.5	82.4	78.5	82.4	-4.7%
Revenue note payable	-	-	6.7	6.5	6.7	6.5	0.0%
Certificates of participation	46.4	51.8	1.0	1.1	47.4	51.5	-8.0%
Support agreement	17.2	18.5	-	-	17.2	18.5	-7.0%
Taxable redevelopment facility note	13.1	16.6	-	-	13.1	16.6	-21.1%
Public facility revenue refunding bonds, net	5.1	5.9	-	-	5.1	5.8	-12.1%
Capital lease obligations	0.6	0.7	-	-	0.6	0.7	-14.3%
Total	\$ 494.3	\$ 525.7	\$ 86.2	\$ 90.0	\$ 580.5	\$ 615.7	-5.7%

⁽¹⁾ Amounts for fiscal year 2013 have been restated for the adoption of GASB Statement No. 65 in fiscal year 2014. See Note 1.E of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's annual unemployment rate for calendar year 2013 (CY2013) averaged 5.5% and was a decrease from the previous calendar year's rate of 5.7%. The County's annual unemployment for CY2013 was comparable to the Commonwealth's 5.5% annual unemployment rate for the same period. The County's unemployment rate for September 2014 was 5.2% matching the Commonwealth's rate of 5.2%. Improvements in unemployment are expected to remain gradual as the economy continues to rebuild job growth lost during the recession.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), will be effective for the County in fiscal year 2015. Under GASB 68, both the County and the School Board will be required to report net pension liabilities, or unfunded liabilities, in the government-wide financial statements. GASB 68 reporting requirements will apply to all pension plans offered by the County and School Board as disclosed in Note 12 of the notes to the financial statements and will also include the County's proportionate share of the Virginia Retirement System (VRS) cost-sharing multiple-employer teachers' pool (Teachers' Pool). The County's decision to participate in VRS is irrevocable although there have been opportunities to choose whether or not to participate in certain benefit options over the years. It is important to note that all school systems are required by State Code to participate in the Teachers' Pool whose benefit decisions are made by the Commonwealth. The Commonwealth designates the minimum number of teachers allowed for classroom size purposes and the benefits offered under the plan. VRS controls the assumptions used to calculate plan liabilities and the contributions required to adequately fund the plan. The General Assembly determines the actual contribution amount the Commonwealth will provide to each locality through Basic Aid and the amount each locality must, in turn, fund. As such, local governments and school divisions within the Commonwealth have no ability to improve the funding position for their respective share of the Teachers' Pool. GASB 68 requires that Virginia localities report their proportionate share of the net unfunded liability for the Teachers' Pool on their statements of net position with no offset for the Commonwealth's share of funding. Initial information provided by VRS indicates the County's proportionate share of the Teachers' Pool liability is approximately \$496.2 million at June 30, 2013. Management continues to evaluate the impacts of the future adoption of GASB 68 on the County and the School Board component unit.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The County developed a Biennial Financial Plan for fiscal years 2015 that was adopted on April 23, 2014. The FY2015 adopted budget, totaling \$1.3 billion, represents an increase of 9.9% over the FY2014 adopted budget. Of this increase, 27.0% is attributable to the appropriation required to fund self-funded health insurance claims with employee contributions. The majority of the remaining budget growth reflects an investment in public safety, education and core infrastructure such as roads. The adopted General Fund transfer to Schools is 4.8% higher than last year's budget. This increase, along with additional state support provides a school budget that reduces the division-wide pupil-to-teacher ratio by one, provides a 1% merit for eligible School staff, opens the second career and technical center at the old Clover Hill High School, begins to restore the appropriately funded status of the state managed teacher retirement plan, and starts a multi-year effort to update the division's bus fleet. In public safety, much of the emphasis remains on establishing adequate replacement funding for essential vehicles and equipment including police cruisers, medium duty fire vehicles and various equipment needs in police, sheriff and animal control. The FY2015 budget provides nine positions in public safety, including four additional police officers to aid in community policing and targeted enforcement efforts; two campus resource officers funded through a partnership with John Tyler Community College; and funding to open and operate the Harrowgate Fire Station which will help improve response times in the southeastern portion of the County. The FY2015 budget also includes a 1% merit-based salary increase for general government employees. The FY2015 budget utilizes a balanced approach that includes expenditure adjustments and a one-cent increase in the real estate tax rate from \$0.95 to \$0.96 per \$100 of assessed value. This increase is the first in 24 years and is dedicated to hiring 100+ teachers to reduce the previously mentioned pupil-to-teacher ratio and to contribute to restoration of the School's pay-as-you-go capital funding program that is used for the maintenance and upkeep of School facilities. The FY2015 budget also includes a \$20 increase in the local motor vehicle license tax for passenger vehicles and pickup trucks that is dedicated to the County's local match for the Commonwealth's revenue sharing program for transportation initiatives.

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, 2014

Exhibit I

	<u>Primary Government</u>			<u>Component Units</u>	<u>Total Reporting Entity</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>		
ASSETS					
Cash and cash equivalents	\$ 278,791,137	\$ 93,354,431	\$ 372,145,568	\$ 32,137,161	\$ 404,282,729
Investments	147,950,889	110,711,818	258,662,707	1,800,000	260,462,707
Receivables, net of allowance for uncollectibles	237,414,826	14,347,008	251,761,834	5,847,303	257,609,137
Due from component unit	-	6,696,800	6,696,800	-	6,696,800
Due from primary government	-	-	-	56,845,172	56,845,172
Internal balances	254,096	(254,096)	-	-	-
Inventories	677,633	840,904	1,518,537	625,730	2,144,267
Prepays	10,232,218	-	10,232,218	3,241,202	13,473,420
Capital assets, not being depreciated	113,879,969	33,582,976	147,462,945	-	147,462,945
Other capital and intangible assets, net of depreciation	910,583,450	831,108,560	1,741,692,010	14,461,919	1,756,153,929
Total assets	<u>1,699,784,218</u>	<u>1,090,388,401</u>	<u>2,790,172,619</u>	<u>114,958,487</u>	<u>2,905,131,106</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	7,354,637	45,200	7,399,837	-	7,399,837
LIABILITIES					
Accounts payable and accrued expenses	45,548,785	8,272,825	53,821,610	42,297,222	96,118,832
Due to component units	56,845,172	-	56,845,172	-	56,845,172
Due to primary government	-	-	-	6,696,800	6,696,800
Unearned revenues	54,272	-	54,272	112,492	166,764
Deposits and advances	-	6,645	6,645	-	6,645
Developers' connection fees refundable	-	735,591	735,591	-	735,591
Prepaid connection fees	-	157,800	157,800	-	157,800
Non-current liabilities:					
Due within one year	90,394,834	5,534,039	95,928,873	15,137,754	111,066,627
Due in more than one year	456,888,785	84,245,317	541,134,102	35,050,903	576,185,005
Total liabilities	<u>649,731,848</u>	<u>98,952,217</u>	<u>748,684,065</u>	<u>99,295,171</u>	<u>847,979,236</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	146,206,899	-	146,206,899	-	146,206,899
NET POSITION					
Net investment in capital assets	645,911,815	787,859,447	1,433,771,262	14,461,919	1,448,233,181
Restricted for:					
Capital projects	37,128,722	-	37,128,722	-	37,128,722
Debt covenants	-	15,838,389	15,838,389	-	15,838,389
Grantor programs	6,922,060	-	6,922,060	132,556	7,054,616
Legislated programs	12,618,780	-	12,618,780	5,605,120	18,223,900
Public safety programs	1,472,731	-	1,472,731	-	1,472,731
Expendable	9,511	-	9,511	-	9,511
Nonexpendable	5,000	-	5,000	-	5,000
Total restricted	58,156,804	15,838,389	73,995,193	5,737,676	79,732,869
Unrestricted (deficit)	207,131,489	187,783,548	394,915,037	(4,536,279)	390,378,758
Total net position	<u>\$ 911,200,108</u>	<u>\$ 991,481,384</u>	<u>\$ 1,902,681,492</u>	<u>\$ 15,663,316</u>	<u>\$ 1,918,344,808</u>

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

County of Chesterfield, Virginia
Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Total Reporting Entity
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary government							
Governmental activities							
General government	\$ 96,779,940	\$ 66,075,291	\$ 1,158,143	\$ -	\$ (29,546,506)	\$ -	\$ (29,546,506)
Administration of justice	11,684,376	2,236,077	3,812,458	-	(5,635,841)	-	(5,635,841)
Public safety	176,699,204	16,485,692	11,864,025	2,464,384	(145,885,103)	-	(145,885,103)
Public works	31,041,438	4,458,977	79,596	14,070,997	(12,431,868)	-	(12,431,868)
Health and welfare	74,100,466	22,804,250	23,913,731	78,052	(27,304,433)	-	(27,304,433)
Parks, recreation and cultural	23,224,544	3,280,244	408,539	3,767,554	(15,768,207)	-	(15,768,207)
Education - School Board	278,232,715	22,877	56,012,113	681,990	(221,515,735)	-	(221,515,735)
Community development	19,393,334	4,745,544	1,668,086	-	(12,979,704)	-	(12,979,704)
Interest on long-term debt	16,870,029	-	-	-	(16,870,029)	-	(16,870,029)
Total governmental activities	728,026,046	120,108,952	98,916,691	21,062,977	(487,937,426)	-	(487,937,426)
Business-type activities							
Water	38,375,432	38,445,173	-	16,957,327	17,027,068	-	17,027,068
Wastewater	39,090,012	38,392,347	-	12,216,552	11,518,887	-	11,518,887
Non-major business activities	4,055,728	994,995	-	151,452	(2,909,281)	-	(2,909,281)
Total business-type activities	81,521,172	77,832,515	-	29,325,331	25,636,674	-	25,636,674
Total primary government	\$ 809,547,218	\$ 197,941,467	\$ 98,916,691	\$ 50,388,308	(487,937,426)	-	(462,300,752)
Component units						(419,714,015)	(419,714,015)
	\$ 538,377,174	\$ 15,333,751	\$ 103,329,408	\$ -	-	-	(419,714,015)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					370,147,198	-	370,147,198
Property taxes, levied for special purposes					1,951,192	-	1,951,192
Utility taxes					7,802,992	-	7,802,992
Sales taxes					42,924,462	-	42,924,462
Motor vehicle licenses					12,194,196	-	12,194,196
Business license taxes					18,351,123	-	18,351,123
Other					10,261,244	-	10,261,244
Payment from School Board					5,375,603	-	5,375,603
Payment from County of Chesterfield					-	258,364,077	258,364,077
Grants and contributions not restricted to specific programs					66,119,764	154,080,273	220,200,037
Investment earnings					540,383	95,905	1,099,756
Miscellaneous					15,663	1,416,483	5,298,784
Transfers					(183,577)	-	-
Total general revenues and transfers					535,500,243	413,956,738	953,970,664
Change in net position					47,562,817	(5,757,277)	71,955,897
Total net position-July 1, 2013 (restated-Note 1E)					863,637,291	21,420,593	1,846,388,911
Total net position-June 30, 2014					\$ 911,200,108	\$ 1,902,681,492	\$ 1,918,344,808

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

County of Chesterfield, Virginia
Balance Sheet
Governmental Funds
June 30, 2014

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	\$ 210,870,342	\$ 22,349,786	\$ 2,716,022	\$ 6,146,302	\$ 242,082,452
Cash, cash equivalents and investments with fiscal agents	17,726	9,648,486	-	-	9,666,212
Investments	70,987,442	50,433,927	16,881,034	-	138,302,403
Receivables, net of allowances for uncollectibles of \$14,566,379	179,572,714	85,837	6,331	1,220,034	180,884,916
Due from other funds	275,000	-	-	-	275,000
Due from other governments	47,797,310	6,057,877	-	2,367,863	56,223,050
Total assets	<u>\$ 509,520,534</u>	<u>\$ 88,575,913</u>	<u>\$ 19,603,387</u>	<u>\$ 9,734,199</u>	<u>\$ 627,434,033</u>
LIABILITIES					
Accounts payable	\$ 7,363,770	\$ 5,498,435	\$ 4,752,387	\$ 2,438,146	\$ 20,052,738
Due to other funds	20,904	-	-	-	20,904
Due to component units:					
School Board	56,409,628	-	-	-	56,409,628
Chippenham Place CDA	435,544	-	-	-	435,544
Accrued liabilities	11,903,648	18,376	-	276,662	12,198,686
Retainages payable	-	606,220	1,166,769	6,994	1,779,983
Unearned revenues	-	-	-	54,272	54,272
Deposits payable	243,590	2,110,664	-	-	2,354,254
Total liabilities	<u>76,377,084</u>	<u>8,233,695</u>	<u>5,919,156</u>	<u>2,776,074</u>	<u>93,306,009</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenues	146,206,899	-	-	-	146,206,899
Unavailable revenues	18,556,191	65,926	-	530,813	19,152,930
Total deferred inflows of resources	<u>164,763,090</u>	<u>65,926</u>	<u>-</u>	<u>530,813</u>	<u>165,359,829</u>
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	14,600,770	80,276,292	13,530,383	1,813,278	110,220,723
Committed	710,785	-	-	-	710,785
Assigned	198,068,805	-	153,848	4,609,034	202,831,687
Unassigned	55,000,000	-	-	-	55,000,000
Total fund balances	<u>268,380,360</u>	<u>80,276,292</u>	<u>13,684,231</u>	<u>6,427,312</u>	<u>368,768,195</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 509,520,534</u>	<u>\$ 88,575,913</u>	<u>\$ 19,603,387</u>	<u>\$ 9,734,199</u>	<u>\$ 627,434,033</u>
Total fund balances for governmental funds					\$ 368,768,195
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.					1,018,199,900
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:					
Uncollected taxes receivable				\$ 12,690,304	
Uncollected receivables from other governments				3,746,544	
Uncollected miscellaneous receivables				<u>2,716,082</u>	19,152,930
Prepaid items:					
Other post employment benefit assets				3,583,066	
Prepaid pension asset				560,519	
Prepaid capital asset				2,162,383	
Rent				3,926,250	
Deferred charge on refunding				<u>7,354,637</u>	17,586,855
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 and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.					28,856,043
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				(494,228,743)	
Judgments and claims				(11,205,590)	
Landfill				(1,089,599)	
Retirement plan obligations, net				(2,628,036)	
Compensated absences				(21,875,069)	
Pollution remediation obligation				(2,686,500)	
Interest payable				<u>(7,650,278)</u>	(541,363,815)
Total net position of governmental activities					<u>\$ 911,200,108</u>

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, 2014

	<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	\$ 371,300,388	\$ -	\$ -	\$ -	\$ 371,300,388
Other local taxes	92,145,704	-	-	-	92,145,704
Permits, privilege fees and regulatory licenses	4,760,670	-	-	-	4,760,670
Fines and forfeitures	3,204,800	-	-	-	3,204,800
Use of money and property	1,103,750	118,806	40,107	106	1,262,769
Contributions from developers	-	5,670,114	-	-	5,670,114
Charges for services	30,458,002	78,373	22,877	6,613,062	37,172,314
Miscellaneous	12,045,315	17,668	200,571	39,234	12,302,788
Recovered costs	11,910,881	-	-	244,418	12,155,299
Donations and contributions	122,340	842,146	31,363	131,846	1,127,695
From component unit:					
School Board	-	-	4,454,503	921,100	5,375,603
From other governments	155,515,268	10,234,173	-	11,391,756	177,141,197
Total revenues	<u>682,567,118</u>	<u>16,961,280</u>	<u>4,749,421</u>	<u>19,341,522</u>	<u>723,619,341</u>
Expenditures					
Current:					
General government	46,364,334	-	-	-	46,364,334
Administration of justice	8,949,185	-	-	499,756	9,448,941
Public safety	162,953,594	-	-	9,455,816	172,409,410
Public works	16,636,879	-	-	23,961	16,660,840
Health and welfare	63,058,214	-	-	10,910,118	73,968,332
Parks, recreation and cultural	18,391,232	-	-	244,339	18,635,571
Education - School Board	251,029,300	-	-	-	251,029,300
Community development	16,711,290	-	-	1,856,197	18,567,487
Debt service:					
Retirement of principal	45,917,114	-	-	-	45,917,114
Interest	20,734,214	-	-	-	20,734,214
Other	427,758	-	-	-	427,758
Capital outlay	-	33,400,190	40,468,745	-	73,868,935
Total expenditures	<u>651,173,114</u>	<u>33,400,190</u>	<u>40,468,745</u>	<u>22,990,187</u>	<u>748,032,236</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,394,004</u>	<u>(16,438,910)</u>	<u>(35,719,324)</u>	<u>(3,648,665)</u>	<u>(24,412,895)</u>
Other financing sources (uses)					
Transfers in	1,970,250	17,113,655	2,423,103	3,262,864	24,769,872
Transfers out	(22,661,885)	(704,018)	(231,136)	(1,227,650)	(24,824,689)
Sale of land for redevelopment	3,453,705	-	-	-	3,453,705
Bonds issued	-	7,095,000	7,500,000	-	14,595,000
Premium on bonds issued	16,638	1,545,680	-	-	1,562,318
Refunding bonds issued	46,050,000	-	-	-	46,050,000
Premium on refunding bonds issued	5,590,450	5,020	-	-	5,595,470
Payment to refunded bonds escrow agent	(51,587,953)	-	-	-	(51,587,953)
Total other financing sources (uses), net	<u>(17,168,795)</u>	<u>25,055,337</u>	<u>9,691,967</u>	<u>2,035,214</u>	<u>19,613,723</u>
Net change in fund balances	14,225,209	8,616,427	(26,027,357)	(1,613,451)	(4,799,172)
Total fund balances, July 1, 2013	254,155,151	71,659,865	39,711,588	8,040,763	373,567,367
Total fund balances, June 30, 2014	<u>\$ 268,380,360</u>	<u>\$ 80,276,292</u>	<u>\$ 13,684,231</u>	<u>\$ 6,427,312</u>	<u>\$ 368,768,195</u>

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

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. \$ (4,799,172)

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	\$ 51,806,763	
Depreciation	<u>(37,710,159)</u>	14,096,604

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. (4,318,039)

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. 2,124,900

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 2,258,072

Amortization of prepaid rent in the government-wide statements is not an expenditure in the fund statements. (115,000)

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	94,187,114	
Proceeds	<u>(67,802,788)</u>	26,384,326

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	(442,909)	
Judgment and claims	439,473	
Retirement plan obligations, net	510,099	
Other post employment benefits asset	(16,482)	
Landfill	21,539	
Interest payable	1,667,670	
Amortization of debt premiums	5,098,095	
Amortization of deferred charge on refunding	<u>844,132</u>	8,121,617

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. 3,809,509

Change in net position of governmental activities. \$ 47,562,817

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, 2014

	<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	\$ 360,270,100	\$ 360,270,100	\$ 371,300,388	\$ 11,030,288
Other local taxes	104,913,900	104,913,900	107,215,899	2,301,999
Permits, privilege fees and regulatory licenses	4,239,400	4,350,176	5,275,656	925,480
Fines and forfeitures	1,517,500	2,822,569	3,204,800	382,231
Use of money and property	1,146,600	1,165,367	1,103,751	(61,616)
Charges for services	31,645,600	31,702,452	29,943,017	(1,759,435)
Miscellaneous	1,395,800	6,129,294	15,499,020	9,369,726
Recovered costs	11,583,200	11,794,313	11,910,881	116,568
Donations and contributions	60,400	71,212	122,340	51,128
From other governments	<u>141,538,000</u>	<u>140,154,855</u>	<u>140,445,071</u>	<u>290,216</u>
Total revenues	<u>658,310,500</u>	<u>663,374,238</u>	<u>686,020,823</u>	<u>22,646,585</u>
Expenditures				
Current:				
General government	49,312,327	49,045,233	46,364,334	2,680,899
Administration of justice	8,710,566	9,106,777	9,002,044	104,733
Public safety	160,597,269	166,170,363	163,165,828	3,004,535
Public works	17,002,775	17,311,500	16,636,879	674,621
Health and welfare	67,356,645	66,524,734	63,856,546	2,668,188
Parks, recreation and cultural	18,670,514	18,729,449	18,391,232	338,217
Community development	17,428,644	17,560,244	16,958,615	601,629
Non-departmental	1,894,500	1,851,500	-	1,851,500
Debt service:				
Retirement of principal	14,018,800	17,472,504	17,260,029	212,475
Interest	7,694,300	5,944,300	6,180,793	(236,493)
Other	<u>899,800</u>	<u>879,576</u>	<u>227,346</u>	<u>652,230</u>
Total expenditures	<u>363,586,140</u>	<u>370,596,180</u>	<u>358,043,646</u>	<u>12,552,534</u>
Excess of revenues over expenditures	<u>294,724,360</u>	<u>292,778,058</u>	<u>327,977,177</u>	<u>35,199,119</u>
Other financing sources (uses)				
Transfers in	1,859,400	1,998,000	1,970,250	(27,750)
Transfers out	(320,144,600)	(395,655,711)	(315,751,494)	79,904,217
Proceeds from refunding bonds issued	-	11,085,409	11,085,409	-
Premium on refunding bonds issued	-	1,345,764	1,345,764	-
Premium on bonds issued	-	16,638	16,638	-
Payment to refunded bond escrow agent	<u>-</u>	<u>(12,418,535)</u>	<u>(12,418,535)</u>	<u>-</u>
Total other financing uses, net	<u>(318,285,200)</u>	<u>(393,628,435)</u>	<u>(313,751,968)</u>	<u>79,876,467</u>
Net change in fund balance	(23,560,840)	(100,850,377)	14,225,209	115,075,586
Fund balance, July 1, 2013	<u>254,155,151</u>	<u>254,155,151</u>	<u>254,155,151</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 230,594,311</u>	<u>\$ 153,304,774</u>	<u>\$ 268,380,360</u>	<u>\$ 115,075,586</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, 2014

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	\$ 686,020,823
Proceeds from the sale of capital assets, on a budgetary basis, are considered miscellaneous revenue.	(3,453,705)
Total revenues of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ 682,567,118</u>

Expenditures

Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 358,043,646
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(1,063,425)
Budgetary transfers to component units, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes.	251,029,300
Budgetary expenditures to blended component units are transfers for financial reporting purposes.	(247,325)
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>43,410,918</u>
Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ 651,173,114</u>

Other financing sources (uses)

Total other financing uses on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ (313,751,968)
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(1,063,425)
Proceeds from the sale of capital assets are considered other financing sources for financial reporting purposes.	3,453,705
Budgetary transfers to component units are expenditures for financial reporting purposes.	294,400,359
Budgetary expenditures to blended component units are transfers for financial reporting purposes.	(247,325)
Net proceeds from debt issued "on behalf" of the School Board component unit are considered other financing sources for the primary government for financial reporting purposes.	<u>39,859</u>
Total other financing uses of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ (17,168,795)</u>

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

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
ASSETS					
Current assets:					
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	-
Restricted cash equivalents with trustees	-	-	326,416	326,416	-
Receivables, net of allowances for uncollectibles of \$675,677					
Accounts	6,748,724	6,721,754	72,006	13,542,484	116,161
Special assessments	12,832	25,738	-	38,570	-
Total net receivables	<u>6,761,556</u>	<u>6,747,492</u>	<u>72,006</u>	<u>13,581,054</u>	<u>116,161</u>
Due from component unit	-	-	6,696,800	6,696,800	-
Accrued interest	34,354	46,560	-	80,914	-
Due from other governments	77,035	63,401	131	140,567	190,699
Due from other funds	-	-	20,904	20,904	-
Inventories	840,904	-	-	840,904	677,633
Total current assets	<u>92,589,547</u>	<u>100,259,035</u>	<u>13,608,933</u>	<u>206,457,515</u>	<u>37,675,452</u>
Non-current assets:					
Accrued interest receivable	-	161,148	-	161,148	-
Special assessments receivable	131,966	251,359	-	383,325	-
Restricted :					
Cash and cash equivalents	4,778,233	3,808,283	-	8,586,516	-
Investments with trustees	3,761,933	-	-	3,761,933	-
Cash and cash equivalents with trustees	1,583,200	5,038,228	-	6,621,428	-
Total restricted assets	<u>10,123,366</u>	<u>8,846,511</u>	<u>-</u>	<u>18,969,877</u>	<u>-</u>
Capital and intangible assets:					
Capacity rights	69,186,449	2,615,290	-	71,801,739	-
Land and land improvements	4,489,101	1,717,316	13,577,041	19,783,458	193,685
Buildings	51,339,461	146,022,793	7,143,405	204,505,659	2,224,730
Improvements other than buildings	8,854,082	18,807,293	27,289,013	54,950,388	311,805
Infrastructure	-	-	1,171,221	1,171,221	-
Machinery and equipment	419,799,645	494,767,477	1,613,478	916,180,600	14,235,975
Construction in progress	8,208,601	3,154,938	2,435,979	13,799,518	34,787
Total capital and intangible assets	561,877,339	667,085,107	53,230,137	1,282,192,583	17,000,982
Less accumulated depreciation	<u>(162,288,459)</u>	<u>(236,066,925)</u>	<u>(19,145,663)</u>	<u>(417,501,047)</u>	<u>(10,737,463)</u>
Total capital and intangible assets, net of accumulated depreciation	<u>399,588,880</u>	<u>431,018,182</u>	<u>34,084,474</u>	<u>864,691,536</u>	<u>6,263,519</u>
Total non-current assets	<u>409,844,212</u>	<u>440,277,200</u>	<u>34,084,474</u>	<u>884,205,886</u>	<u>6,263,519</u>
Total assets	<u>502,433,759</u>	<u>540,536,235</u>	<u>47,693,407</u>	<u>1,090,663,401</u>	<u>43,938,971</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	-	-	45,200	45,200	-

(Continued)

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2014

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	<u>Water</u>	<u>Wastewater</u>	Total		
			Non-major Enterprise Funds	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 3,162,858	\$ 2,246,682	\$ 58,770	\$ 5,468,310	\$ 1,141,708
Due to other funds	-	-	275,000	275,000	-
Accrued liabilities:					
Wages and benefits	549,366	451,226	12,116	1,012,708	371,138
Interest	-	-	6,584	6,584	-
Other	443,470	31,661	336,391	811,522	-
Total accrued liabilities	<u>992,836</u>	<u>482,887</u>	<u>355,091</u>	<u>1,830,814</u>	<u>371,138</u>
Compensated absences	423,970	439,072	9,927	872,969	284,873
Judgments and claims	358,144	156,793	-	514,937	12,175,812
Certificates of participation, net	-	-	112,923	112,923	-
Revenue bonds payable, net	<u>2,010,606</u>	<u>2,022,604</u>	<u>-</u>	<u>4,033,210</u>	<u>-</u>
Total current liabilities	<u>6,948,414</u>	<u>5,348,038</u>	<u>811,711</u>	<u>13,108,163</u>	<u>13,973,531</u>
Non-current liabilities:					
Liabilities payable from restricted assets:					
Principal installments with trustee	1,330,000	1,293,333	-	2,623,333	-
Accrued interest payable	252,905	255,250	-	508,155	-
Deposits and advances	-	-	6,645	6,645	-
Total liabilities payable from restricted assets	<u>1,582,905</u>	<u>1,548,583</u>	<u>6,645</u>	<u>3,138,133</u>	<u>-</u>
Developers' connection fees refundable	150,028	585,563	-	735,591	-
Retainages payable	369,100	9,666	86,780	465,546	-
Prepaid connection fees	-	157,800	-	157,800	-
Compensated absences	304,142	379,185	7,494	690,821	195,337
Judgments and claims	890,477	389,846	-	1,280,323	834,020
Retirement plan obligations	156,431	88,663	4,590	249,684	80,040
Revenue note payable	-	-	6,670,000	6,670,000	-
Certificates of participation, net	-	-	901,665	901,665	-
Revenue bonds payable, net	<u>33,690,777</u>	<u>38,138,714</u>	<u>-</u>	<u>71,829,491</u>	<u>-</u>
Total non-current liabilities	<u>37,143,860</u>	<u>41,298,020</u>	<u>7,677,174</u>	<u>86,119,054</u>	<u>1,109,397</u>
Total liabilities	<u>44,092,274</u>	<u>46,646,058</u>	<u>8,488,885</u>	<u>99,227,217</u>	<u>15,082,928</u>
NET POSITION					
Net investment in capital assets	363,887,497	390,856,864	33,115,086	787,859,447	6,263,519
Restricted - debt covenants	8,540,461	7,297,928	-	15,838,389	-
Unrestricted	<u>85,913,527</u>	<u>95,735,385</u>	<u>6,134,636</u>	<u>187,783,548</u>	<u>22,592,524</u>
Total net position	<u>\$ 458,341,485</u>	<u>\$ 493,890,177</u>	<u>\$ 39,249,722</u>	<u>\$ 991,481,384</u>	<u>\$ 28,856,043</u>

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

County of Chesterfield, Virginia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014

Exhibit VII

	Business-type Activities				Governmental
	Enterprise Funds				
	Water	Wastewater	Total Non-major Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 36,583,437	\$ 38,379,380	\$ 884,567	\$ 75,847,384	\$ 76,389,315
Sale of supplies	877,445	-	-	877,445	-
Rental fees	940,249	-	-	940,249	-
Change in actuarial estimate of claims	-	-	-	-	1,173,122
From other governments	-	-	62,013	62,013	-
Other	44,042	12,967	48,415	105,424	770,048
Total operating revenues	<u>38,445,173</u>	<u>38,392,347</u>	<u>994,995</u>	<u>77,832,515</u>	<u>78,332,485</u>
Operating expenses					
Salaries and wages	7,933,838	7,517,649	237,602	15,689,089	7,126,656
Contractual services	10,312,823	4,372,110	277,288	14,962,221	928,471
Capacity rights amortization	1,952,939	118,877	-	2,071,816	-
Materials and supplies	2,832,406	4,402,365	170,039	7,404,810	11,143,345
Heat, light and power	1,383,234	2,659,897	92,663	4,135,794	73,595
Rent	750	-	-	750	-
Depreciation	10,933,124	16,981,639	1,352,564	29,267,327	1,419,444
Repairs and maintenance	743,560	917,111	30,472	1,691,143	1,010,090
Insurance	-	-	-	-	2,674,791
Claims	-	-	-	-	50,209,699
Other	353,139	246,255	1,008,972	1,608,366	26,800
Total operating expenses	<u>36,445,813</u>	<u>37,215,903</u>	<u>3,169,600</u>	<u>76,831,316</u>	<u>74,612,891</u>
Operating income (loss)	<u>1,999,360</u>	<u>1,176,444</u>	<u>(2,174,605)</u>	<u>1,001,199</u>	<u>3,719,594</u>
Non-operating revenues (expenses)					
Investment income	231,527	228,719	3,222	463,468	10,580
Interest expense	(1,343,369)	(1,400,597)	(36,959)	(2,780,925)	-
Gain (loss) on disposal of capital assets	(233,963)	-	3,866,638	3,632,675	3,120
Other	(352,287)	(473,512)	(849,169)	(1,674,968)	-
Net non-operating expenses	<u>(1,698,092)</u>	<u>(1,645,390)</u>	<u>2,983,732</u>	<u>(359,750)</u>	<u>13,700</u>
Gain (loss) before contributions and transfers	301,268	(468,946)	809,127	641,449	3,733,294
Capital contributions	16,957,327	12,216,552	186,979	29,360,858	169,448
Transfers in	294,739	233,045	477,686	1,005,470	-
Transfers out	(715,844)	(141,576)	-	(857,420)	(93,233)
Change in net assets	16,837,490	11,839,075	1,473,792	30,150,357	3,809,509
Total net position-July 1, 2013 (restated-Note 1E)	<u>441,503,995</u>	<u>482,051,102</u>	<u>37,775,930</u>	<u>961,331,027</u>	<u>25,046,534</u>
Total net position-June 30, 2014	<u>\$ 458,341,485</u>	<u>\$ 493,890,177</u>	<u>\$ 39,249,722</u>	<u>\$ 991,481,384</u>	<u>\$ 28,856,043</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, 2014

	Business-type Activities Enterprise Funds			Total	Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds		
Cash flows from operating activities					
Receipts from customers	\$ 38,086,051	\$ 38,161,815	\$ 1,402,046	\$ 77,649,912	\$ 76,578,645
Payments to suppliers	(15,750,006)	(12,204,392)	(2,380,675)	(30,335,073)	(15,803,967)
Payments to employees	(7,846,188)	(7,432,489)	(242,778)	(15,521,455)	(7,135,090)
Claims recovered	-	-	-	-	613,385
Claims paid	-	-	-	-	(41,179,663)
Other receipts	-	-	-	-	380,499
Net cash provided by (used in) operating activities	<u>14,489,857</u>	<u>18,524,934</u>	<u>(1,221,407)</u>	<u>31,793,384</u>	<u>13,453,809</u>
Cash flows from non-capital financing activities					
Transfers in	-	-	582,325	582,325	-
Transfers out	(593,000)	(2,200)	-	(595,200)	(93,233)
Net cash provided by (used in) non-capital financing activities	<u>(593,000)</u>	<u>(2,200)</u>	<u>582,325</u>	<u>(12,875)</u>	<u>(93,233)</u>
Cash flows from capital and related financing activities					
Advance from General Fund	-	-	(145,000)	(145,000)	-
Purchase of capital assets	(11,628,324)	(6,169,788)	(2,086,496)	(19,884,608)	(1,179,521)
Purchase of capacity rights	(1,816,620)	-	-	(1,816,620)	-
Payments to developers for utility assets	(365,502)	(119,543)	-	(485,045)	-
Retainages paid to contractors	(44,525)	(192,662)	-	(237,187)	-
Proceeds from sale of capital assets	7,412	-	4,699,800	4,707,212	159,640
Capital contributions	11,106,678	9,158,140	498,078	20,762,896	-
Interest paid on bonds, certificates of participation and other liabilities	(1,555,805)	(1,559,801)	(41,328)	(3,156,934)	-
Principal paid on revenue bonds and certificates of participation	(1,920,000)	(1,885,000)	(96,309)	(3,901,309)	-
Payment of other debt expenses	(25)	(2,724)	-	(2,749)	-
Net cash provided by (used in) capital and related financing activities	<u>(6,216,711)</u>	<u>(771,378)</u>	<u>2,828,745</u>	<u>(4,159,344)</u>	<u>(1,019,881)</u>
Cash flows from investing activities					
Purchase of investments	(74,992,000)	(67,985,770)	-	(142,977,770)	-
Proceeds from sale of investments	68,996,000	67,996,250	-	136,992,250	-
Interest received	177,575	216,643	3,367	397,585	10,580
Net cash provided by (used in) investing activities	<u>(5,818,425)</u>	<u>227,123</u>	<u>3,367</u>	<u>(5,587,935)</u>	<u>10,580</u>
Net increase in cash and cash equivalents	<u>1,861,721</u>	<u>17,978,479</u>	<u>2,193,030</u>	<u>22,033,230</u>	<u>12,351,275</u>

(Continued)

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Total Non-major Enterprise Funds</u>	<u>Total</u>	
Cash and cash equivalents, June 30, 2013:					
Cash and cash equivalents	\$ 28,860,067	\$ 31,283,916	\$ 3,456,906	\$ 63,600,889	\$ 24,339,684
Investments	52,023,472	49,303,199	-	101,326,671	-
Less: Investments with maturities greater than 90 days when purchased	(52,023,472)	(49,303,199)	-	(101,326,671)	-
Restricted investments	4,905,926	3,672,783	-	8,578,709	-
Less: Investments with maturities greater than 90 days when purchased	(4,905,926)	(3,672,783)	-	(8,578,709)	-
Restricted cash and cash equivalents with trustees	5,302,104	5,010,985	1,169,156	11,482,245	-
Total cash and cash equivalents, June 30, 2013	<u>34,162,171</u>	<u>36,294,901</u>	<u>4,626,062</u>	<u>75,083,134</u>	<u>24,339,684</u>
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 with trustees	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>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,999,360	\$ 1,176,444	\$ (2,174,605)	\$ 1,001,199	\$ 3,719,594
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,933,124	16,981,639	1,352,564	29,267,327	1,419,444
Amortization	1,952,939	118,877	-	2,071,816	-
Changes in assets and liabilities:					
Receivables, net	(250,135)	(93,474)	357,050	13,441	(176,724)
Inventories	32,739	-	-	32,739	(14,005)
Accounts and other payables	(178,170)	341,448	(756,416)	(593,138)	8,631,234
Unearned revenue	-	-	-	-	(125,734)
Net cash provided by (used in) operating activities	<u>\$ 14,489,857</u>	<u>\$ 18,524,934</u>	<u>\$ (1,221,407)</u>	<u>\$ 31,793,384</u>	<u>\$ 13,453,809</u>
Noncash transactions related to financing, capital and investing activities:					
Contributions of capital assets	\$ 5,850,649	\$ 3,058,412	\$ 35,527	\$ 8,944,588	\$ 169,448
Issuance of developer contracts	249,463	146,596	-	396,059	-
Unrealized gain on investments	49,774	9,211	-	58,985	-
Interest receivable	4,178	2,865	-	7,043	-

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

County of Chesterfield, Virginia
Statement of Fiduciary Net Position
June 30, 2014

	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,705,514	\$ 8,647,399
Accounts receivable	26,882	339,642
Due from other governments	-	1,350,357
Restricted assets:		
Cash and cash equivalents	-	6,500,069
Investments	-	15,862,421
Cash, cash equivalents, and investments with trustee	-	2,056,849
Due from other governments	-	2,336,084
Interest receivable	-	4,466
Total restricted assets	<u>-</u>	<u>26,759,889</u>
Investments:		
Mutual funds	1,364,949	-
Common and preferred stocks	14,703,405	-
Corporate bonds	2,239,976	-
U.S. government and agency securities	2,230,934	-
Exchange traded funds	5,045,880	-
Collateralized mortgage obligations	248,588	-
Fund of funds	4,238,189	-
Pooled funds	37,038,162	-
Total investments	<u>67,110,083</u>	<u>-</u>
Total assets	<u>69,842,479</u>	<u>\$ 37,097,287</u>
LIABILITIES		
Due to broker	3,825,792	-
Amounts held for others	-	37,097,287
Total liabilities	<u>3,825,792</u>	<u>\$ 37,097,287</u>
FIDUCIARY NET POSITION		
Restricted for pensions/other postemployment benefits	<u>\$ 66,016,687</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, 2014**

	<u>Trust Funds</u>
Additions:	
Contributions - employer	\$ 29,382,604
Investment earnings:	
Interest and dividends	549,654
Accrued income	26,884
Net increase in the fair value of investments	<u>7,325,000</u>
Total investment income	7,901,538
Less investment expenses	<u>(195,312)</u>
Net investment income	<u>7,706,226</u>
Total additions, net	<u>37,088,830</u>
Deductions:	
Benefit payments	26,111,217
Administrative expenses	<u>107,211</u>
Total deductions	<u>26,218,428</u>
Increase in net position restricted for pensions/other postemployment benefits	10,870,402
Fiduciary net position - July 1, 2013	<u>55,146,285</u>
Fiduciary net position - June 30, 2014	<u>\$ 66,016,687</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, 2014

	<u>School Board</u>	<u>Non-major Component Units</u>	<u>Total Component Units</u>
ASSETS			
Cash and cash equivalents	\$31,880,065	\$ 257,096	\$ 32,137,161
Investments	-	1,800,000	1,800,000
Receivables	5,818,356	28,947	5,847,303
Due from primary government	56,409,628	435,544	56,845,172
Inventories	625,730	-	625,730
Prepays	3,240,802	400	3,241,202
Other capital assets, net of depreciation	<u>14,461,919</u>	<u>-</u>	<u>14,461,919</u>
Total assets	<u>112,436,500</u>	<u>2,521,987</u>	<u>114,958,487</u>
LIABILITIES			
Accounts payable and other liabilities	42,020,033	277,189	42,297,222
Due to primary government	-	6,696,800	6,696,800
Unearned revenues	112,492	-	112,492
Non-current liabilities:			
Due within one year	13,222,699	1,915,055	15,137,754
Due in more than one year	<u>22,280,859</u>	<u>12,770,044</u>	<u>35,050,903</u>
Total liabilities	<u>77,636,083</u>	<u>21,659,088</u>	<u>99,295,171</u>
NET POSITION			
Net investment in capital assets	14,461,919	-	14,461,919
Restricted for:			
Grantor programs	132,556	-	132,556
Legislated programs	<u>5,605,120</u>	<u>-</u>	<u>5,605,120</u>
Total restricted	5,737,676	-	5,737,676
Unrestricted (deficit)	<u>14,600,822</u>	<u>(19,137,101)</u>	<u>(4,536,279)</u>
Total net position (deficit)	<u>\$34,800,417</u>	<u>\$ (19,137,101)</u>	<u>\$ 15,663,316</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, 2014

Functions/Programs	Program Revenues		Net (Expenses) Revenues and Changes in Net Position			Total Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	School Board	Non-major Component Units	
School Board	\$ 537,315,518	\$ 15,333,751	\$ 103,329,408	\$ (418,652,359)	\$ -	\$ (418,652,359)
Non-major Component Units	1,061,656	-	-	-	(1,061,656)	(1,061,656)
Total	\$ 538,377,174	\$ 15,333,751	\$ 103,329,408	(418,652,359)	(1,061,656)	(419,714,015)
General revenues:						
Payment from primary government				255,362,660	3,001,417	258,364,077
Grants and contributions				154,080,273	-	154,080,273
not restricted to specific programs				9,898	86,007	95,905
Investment earnings				1,416,483	-	1,416,483
Miscellaneous				410,869,314	3,087,424	413,956,738
Total general revenues				(7,783,045)	2,025,768	(5,757,277)
Change in net position (deficit)				42,583,462	(21,162,869)	21,420,593
Total net position (deficit) - July 1, 2013 (restated-Note 1E)				\$ 34,800,417	\$ (19,137,101)	\$ 15,663,316
Total net position (deficit) - June 30, 2014						

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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 the U. S. generally accepted accounting principles (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 Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

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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 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.

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

County of Chesterfield, Virginia
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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 reporting entity'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.

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

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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.

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.

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 \$10,891,597 and \$8,242,345 in fiscal year 2014 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
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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). For School Board instructional and custodial operations, 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). 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 respective accounts and

County of Chesterfield, Virginia
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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 \$249,062 in the business-type activities of the primary government were capitalized during fiscal year 2014.

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 charges on refunding 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.

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 revenue for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply.

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.

County of Chesterfield, Virginia
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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

Retirement plan contributions are actuarially determined for the VRS agent multiple-employer (VRS Plan) and the County supplemental retirement plans. The policy is to fund pension costs at the actuarially determined rates. The County and School Board funded the VRS Plan using the actuarially determined rate in fiscal year 2014. The County made a contribution to its Supplemental Retirement Plan, which was greater than the annual required contribution in fiscal year 2014. Retirement contributions for the School Board Supplemental Retirement Program are based on savings derived from employees electing to retire under the program. The School Board made a contribution to its Supplemental Retirement Program, which was less than the required contribution in fiscal year 2014. The required supplementary information section presents required schedules of funding progress that includes multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 policy is 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. The required supplementary information section presents required schedules of funding progress that includes multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 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.

County of Chesterfield, Virginia
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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

The County retrospectively adopted the provisions of GASB Statement No. 65 titled "Items Previously Reported as Assets and Liabilities" in fiscal year 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items previously reported as assets and liabilities.

Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense retrospectively to fiscal year 2013. Prior to implementation, these items were deferred and amortized over the life of the bonds. Total net position for the Primary Government at the beginning of the year was restated as follows:

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net position - July 1, 2013	\$ 865,911,515	\$ 961,772,223	\$ 1,827,683,738
Bond issuance costs, net of amortization	<u>(2,274,224)</u>	<u>(441,196)</u>	<u>(2,715,420)</u>
Net position - July 1, 2013 as restated	<u>\$ 863,637,291</u>	<u>\$ 961,331,027</u>	<u>\$ 1,824,968,318</u>

The restatement of net position for bond issuance costs in the Water and Wastewater Funds was \$136,509 and \$304,687, respectively. The restatement of net position for bond issuance costs for the non-major component units was \$561,635 and there was no impact on the School Board.

The deferred charge on refunding that was previously reported as a component of bonds payable is now reported as deferred outflows of resources on the government-wide Statement of Net Position. Amounts previously reported as unavailable revenues because the revenue had not been collected are now reported as deferred inflows of resources on the governmental fund statements. Amounts previously reported as uncollected taxes because the revenue was collected for a future period are now reported as deferred inflows of resources on the governmental funds' Balance Sheet and the government-wide Statement of Net Position.

The County also implemented GASB Statement No. 67, "Financial Reporting for Pension Plans" in fiscal year 2014. Specific information required under Statement No. 67 is included in the note disclosures and as required supplementary information. The implementation of the new standard had no impact on the face of the financial statements for fiscal year 2014.

County of Chesterfield, Virginia
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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 to obtain taxpayer comments. 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.
- ◆ 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 of Chesterfield, Virginia
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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 worker's 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.

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).

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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. Intent is stipulated by actions taken by a majority vote of the County Board where each action provides the County Administrator with a specific level of administrative authority to fulfill the County Board's intent.

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 2014.

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The County had the following classifications of fund balances at June 30, 2014:

	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	617,278	535,904	-	-	1,153,182
Personal property tax relief	2,300,000	-	-	-	2,300,000
Public, education and government access	2,222,369	-	-	-	2,222,369
Administration of justice	136,399	-	-	-	136,399
Public safety	36,229	2,507,206	-	812,838	3,356,273
Law enforcement	1,472,731	-	-	-	1,472,731
Public works	834,867	47,582,247	-	-	48,417,114
Stormwater management facility	1,035,783	-	-	-	1,035,783
Health and welfare	141,374	6,994,637	-	689,005	7,825,016
Mental health support services	989,905	-	-	-	989,905
Social services	251,590	-	-	-	251,590
Parks, recreation and cultural	51,976	18,816,322	-	223,171	19,091,469
Education - School Board	-	-	13,303,613	-	13,303,613
Economic development	1,725,587	540,351	-	88,264	2,354,202
Tax increment financing and special assessment	2,784,682	-	-	-	2,784,682
Debt service	-	3,299,625	226,770	-	3,526,395
Total restricted	<u>14,600,770</u>	<u>80,276,292</u>	<u>13,530,383</u>	<u>1,813,278</u>	<u>110,220,723</u>
Committed to:					
Community contracts	12,122	-	-	-	12,122
District improvement funds	190,936	-	-	-	190,936
Economic development	57,727	-	-	-	57,727
Public works	<u>450,000</u>	-	-	-	<u>450,000</u>
Total committed	<u>710,785</u>	-	-	-	<u>710,785</u>
Assigned to:					
General government	1,685,050	-	-	-	1,685,050
Employee benefits	5,930,294	-	-	-	5,930,294
Telecommunications	1,034,961	-	-	-	1,034,961
Workers compensation	2,200,000	-	-	-	2,200,000
Administration of justice	60,995	-	-	-	60,995
Public safety	3,482,367	-	-	3,627,582	7,109,949
Local match for grants	1,249,218	-	-	-	1,249,218
Police vehicle encumbrance	1,226,040	-	-	-	1,226,040
Public works	609,672	-	-	-	609,672
Motor vehicle registration fees for transportation	3,169,473	-	-	-	3,169,473
Health and welfare	549,275	-	-	981,452	1,530,727
Parks, recreation and cultural	426,589	-	-	-	426,589
Economic development	5,460,509	-	-	-	5,460,509
Airport	190,469	-	-	-	190,469
Construction	67,870,020	-	-	-	67,870,020
Critical capital and one-time needs	125,567	-	-	-	125,567
Debt service	7,100,377	-	-	-	7,100,377
Fiscal year 2015 adopted budget	22,791,800	-	-	-	22,791,800
Future capital projects	5,937,897	-	-	-	5,937,897
Future revenue shortfall - County	55,193,628	-	-	-	55,193,628
Future revenue shortfall - Schools	6,755,629	-	-	-	6,755,629
Registrar and economic development	1,600,000	-	-	-	1,600,000
Education - School Board	<u>3,418,975</u>	-	<u>153,848</u>	-	<u>3,572,823</u>
Total assigned	<u>198,068,805</u>	-	<u>153,848</u>	<u>4,609,034</u>	<u>202,831,687</u>
Unassigned	<u>55,000,000</u>	-	-	-	<u>55,000,000</u>
Total fund balances	<u>\$ 268,380,360</u>	<u>\$ 80,276,292</u>	<u>\$ 13,684,231</u>	<u>\$ 6,427,312</u>	<u>\$ 368,768,195</u>

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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, 2014, 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, 2014, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2014:

<u>School Operating Fund</u>	
Nonspendable:	
Inventories	\$ 625,730
Restricted for:	
Instruction	101,968
Administration, attendance and health	30,588
Food service	5,605,120
Total restricted	5,737,676
Assigned to:	
Instruction	4,849,173
Administration, attendance and health	836,672
Transportation	811,085
Operations and maintenance	20,503,368
Technology	6,313,164
Food service	11,815,486
Future capital projects	108,900
Other	1,000,000
Total assigned	46,237,848
Total fund balances	\$ 52,601,254

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C. Deficit net position

The Healthcare Fund, an internal service fund, had a deficit total net position of \$278,834 at June 30, 2014, because revenues were insufficient to cover medical claims and administrative fees. Management anticipates the deficit will be eliminated through future revenues received from employee and employer contributions to the fund.

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. The proceeds from the 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.
- 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 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. As of June 30, 2014, \$13,142,494 was outstanding on the Note. The County recorded interest expense related to the Note in the amount of \$106,683 during fiscal year 2014 and \$10,813 in unpaid interest. On July 25, 2013, the principal amount of the Note was decreased by \$3,453,705 due to the sale of a portion of the redevelopment asset.

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, 2014, \$10,540,000 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

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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 \$890,000 for principal and \$26,975 for interest during fiscal year 2014. 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 will 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 \$164,354 for interest during the fiscal year. As of June 30, 2014, \$6,665,000 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.

4. Deposits and Investments

A. Primary Government:

As of June 30, 2014, 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	\$ 338,328,457	N/A
LGIP	51,021,428	AAAm
SNAP	60,725,625	AAAm
Federal Home Loan Bank	132,915,398	AA+
Federal Home Loan Mortgage Corporation	32,924,398	AA+
Federal Farm Credit Bank	<u>47,959,707</u>	AA+
Total deposits and investments	<u>\$ 663,875,013</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.

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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.

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

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possession of outside party. As of June 30, 2014, \$14,779,190 of the \$338,328,457 in demand deposits was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 12,722,341
Uninsured and partially collateralized with securities held by the pledging financial institution but not in the government's name	2,056,849
Total	\$ 14,779,190

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
Certificates of deposit - commercial banks	45% maximum
Certificates 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

As of June 30, 2014, 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	62.2%
Federal Farm Credit Bank	22.4%
Federal Home Loan Mortgage Corporation	15.4%

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, 2014, 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	\$ 51,021,428	\$ 51,021,428	\$ -	\$ -
SNAP	60,725,625	60,725,625	-	-
Federal Home Loan Bank	132,915,398	49,016,035 (a)	82,954,757 (b)	944,606
Federal Home Loan Mortgage Corporation	32,924,398	2,652,729	26,657,604 (c)	3,614,065 (d)
Federal Farm Credit Bank	47,959,707	5,002,839	42,956,868 (e)	-
Total	\$ 325,546,556	\$ 168,418,656	\$ 152,569,229	\$ 4,558,671

(a) These bonds have call dates ranging from August 26, 2014 to September 19, 2014.

(b) These bonds have call dates ranging from July 1, 2014 to September 30, 2014.

(c) These bonds have call dates ranging from July 1, 2014 to August 28, 2014.

(d) These bonds have call dates ranging from September 27, 2014 to September 30, 2014.

(e) These bonds have call dates ranging from August 5, 2014 to December 23, 2014.

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Chesterfield County Supplemental Retirement Plan:

As of June 30, 2014, 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	\$ 2,705,514	N/A
Mutual fund	1,364,949	N/A
Common and preferred stocks	14,703,405	N/A
Corporate bonds	2,239,976	N/A
U. S. Treasuries	834,961	AA+
Federal Home Loan Mortgage Corporation	390,196	AA+
Federal National Mortgage Association	906,077	AA+
Government National Mortgage Association	99,700	Not Rated
Exchange traded funds	5,045,880	N/A
Collateralized mortgage obligations	248,588	N/A
Fund of funds	4,238,189	N/A
Total deposits and investments	<u>\$ 32,777,435</u>	

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, 2014, 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 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 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 \$2,705,514 of demand deposits, \$2,455,514 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

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As of June 30, 2014, excluding demand deposits, common and preferred stocks, corporate bonds and fund of funds, there were no investments which represented 5% or more of the Plan's portfolio.

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, 2014, the Plan had investments of \$248,588 (0.8% 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.

As of June 30, 2014, 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>
U. S. Treasuries	\$ 834,961	\$ 110,488	\$ 428,325	\$ 296,148
Federal Home Loan Mortgage Corporation	390,196	-	77,649	312,547
Federal National Mortgage Association	906,077	113,414	-	792,663
Government National Mortgage Association	99,700	272	-	99,428
Total	<u>\$ 2,230,934</u>	<u>\$ 224,174</u>	<u>\$ 505,974</u>	<u>\$ 1,500,786</u>

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

As of June 30, 2014, 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	\$21,995,799	N/A

As of June 30, 2014, 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	\$9,593,596	N/A

As of June 30, 2014, 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	\$5,448,767	N/A

In response to the change in accounting standards (GASB 45) 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

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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, 2014, 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 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, 2014, 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	\$37,485,934	N/A

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2014, 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, 2014, 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	\$ 567,049	N/A
Mutual funds - equity	6,875,215	Not Rated
Mutual funds - fixed income	3,554,031	Not Rated
Exchange traded funds	9,615,010	Not Rated
Total deposits and investments	<u>\$ 20,611,305</u>	

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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 possession of outside party. The entire amount of the Program's \$567,049 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 Banker's 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, 2014, excluding mutual funds and exchange traded funds, the Program had no investments.

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, 2014, excluding mutual funds and exchange traded funds, the Program had no investments.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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, 2014, are levied for fiscal year 2014 and unavailable in the current period are reported as deferred inflows of resources. Installments due on December 5, 2014, are levied for fiscal year 2015 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 2014 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, 2014. 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, 2014

B. Receivables

Receivables at June 30, 2014, were as follows:

Governmental Activities	General	County Capital	School Capital	Other	Internal	
	Fund	Projects	Projects	Governmental	Service	Total
	Fund	Fund	Fund	Funds	Funds	
Taxes	\$ 171,735,187	\$ -	\$ -	\$ -	\$ -	\$ 171,735,187
Accounts	15,681,103	65,925	6,331	7,112,680	116,161	22,982,200
Interest	48,657	19,912	-	-	-	68,569
Special assessments	781,500	-	-	-	-	781,500
Commonwealth of Virginia	47,516,902	6,057,877	-	1,380,178	33,530	54,988,487
Federal government	280,408	-	-	987,685	157,169	1,425,262
Gross receivables	236,043,757	6,143,714	6,331	9,480,543	306,860	251,981,205
Less: Allowance for uncollectibles	(8,673,733)	-	-	(5,892,646)	-	(14,566,379)
Net receivables	<u>\$ 227,370,024</u>	<u>\$ 6,143,714</u>	<u>\$ 6,331</u>	<u>\$ 3,587,897</u>	<u>\$ 306,860</u>	<u>\$ 237,414,826</u>

Business-type Activities	Water	Wastewater	Non-major	
	Fund	Fund	Enterprise	Total
	Fund	Fund	Funds	
Accounts	\$ 7,109,148	\$ 7,037,007	\$ 72,006	\$ 14,218,161
Interest	34,354	207,708	-	242,062
Special assessments	144,798	277,097	-	421,895
Commonwealth of Virginia	13,946	10,883	131	24,960
Federal government	63,089	52,518	-	115,607
Gross receivables	7,365,335	7,585,213	72,137	15,022,685
Less: Allowance for uncollectibles	(360,424)	(315,253)	-	(675,677)
Net receivables	<u>\$ 7,004,911</u>	<u>\$ 7,269,960</u>	<u>\$ 72,137</u>	<u>\$ 14,347,008</u>

Component Unit	School
	Board
Accounts	\$ 741,212
Commonwealth of Virginia	98,515
Federal government	4,978,629
Gross receivables	<u>\$ 5,818,356</u>

Special assessments of \$131,966 and \$251,359, 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, 2014**

6. Payables

Payables at June 30, 2014, were as follows:

Governmental Activities

	<u>General Fund</u>	<u>County Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>
Vendors	\$ 7,363,770	\$ 5,498,435	\$ 4,752,387	\$ 2,438,146	\$ 1,141,708	\$ 21,194,446
Wages and benefits	11,903,648	18,376	-	276,662	371,138	12,569,824
Retainages	-	606,220	1,166,769	6,994	-	1,779,983
Deposits	243,590	2,110,664	-	-	-	2,354,254
Total	<u>\$ 19,511,008</u>	<u>\$ 8,233,695</u>	<u>\$ 5,919,156</u>	<u>\$ 2,721,802</u>	<u>\$ 1,512,846</u>	<u>37,898,507</u>
					Accrued interest	<u>7,650,278</u>
					Total per government-wide	<u>\$ 45,548,785</u>

Business-type Activities

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Vendors	\$ 3,162,858	\$ 2,246,682	\$ 58,770	\$ 5,468,310
Wages and benefits	549,366	451,226	12,116	1,012,708
Accrued interest	252,905	255,250	6,584	514,739
Retainages	369,100	9,666	86,780	465,546
Other	443,470	31,661	336,391	811,522
Total	<u>\$ 4,777,699</u>	<u>\$ 2,994,485</u>	<u>\$ 500,641</u>	<u>\$ 8,272,825</u>

	<u>School Board</u>
Vendors	\$ 3,952,385
Wages and benefits	38,067,648
Total	<u>\$ 42,020,033</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

7. Reporting Entity - Internal Transactions

Internal receivable and payable balances at June 30, 2014, were as follows:

Fund	Internal Receivables	Internal Payables
A. Internal Receivables/Payables Other Funds		
Governmental Activities:		
General Fund	\$ 275,000	\$ 20,904
Business-type Activities:		
Non-major Economic Development Authority	20,904	-
Non-major Airport Fund	-	275,000
Total primary government	<u>\$ 295,904</u>	<u>\$ 295,904</u>
B. Receivables/Payables Primary Government and Component Units		
Primary Government:		
General Fund	\$ -	\$ 56,845,172
Non-major Economic Development Authority	6,696,800	-
Total primary government	<u>6,696,800</u>	<u>56,845,172</u>
Discretely Presented Component Units:		
School Board	56,409,628	-
Non-major Chippenham Place Community Development Authority	435,544	6,696,800
Total discretely presented component units	<u>56,845,172</u>	<u>6,696,800</u>
Total	<u>\$ 63,541,972</u>	<u>\$ 63,541,972</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
June 30, 2014

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 2014 were as follows:

Transfers In:

A. Governmental Funds

General Fund - County Capital Projects Fund	\$ 134,500	
Grants Fund	1,227,650	
Water Fund	593,000	
Wastewater Fund	2,200	
Vehicle and Communications Fund	<u>12,900</u>	\$ 1,970,250
County Capital Projects Fund - General Fund	16,679,342	
Comprehensive Services Fund		
School Capital Projects Fund	231,136	
Water Fund	122,844	
Vehicle and Communications Maintenance Fund	<u>80,333</u>	17,113,655
School Capital Projects Fund - General Fund		
School Capital Projects Fund - General Fund	2,243,667	
County Capital Projects Fund	<u>179,436</u>	2,423,103
Grants Fund - General Fund	1,586,790	
County Capital Projects Fund	<u>1,674</u>	1,588,464
Comprehensive Services Fund - General Fund		1,674,400

B. Proprietary Funds

Water Fund - County Capital Projects Fund	155,363	
Wastewater Fund	<u>139,376</u>	294,739
Wastewater Fund - County Capital Projects Fund		233,045
Economic Development Authority - General Fund		247,325
Airport Fund - General Fund		<u>230,361</u>
Total transfers in		<u>\$ 25,775,342</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

Transfers Out:

A. Governmental Funds

General Fund - County Capital Projects Fund	\$ 16,679,342	
School Capital Projects Fund	2,243,667	
Grants Fund	1,586,790	
Comprehensive Services Fund	1,674,400	
Economic Development Authority	247,325	
Airport Fund	<u>230,361</u>	\$ 22,661,885
County Capital Projects Fund - General Fund	134,500	
School Capital Projects Fund	179,436	
Grants Fund	1,674	
Water Fund	155,363	
Wastewater Fund	<u>233,045</u>	704,018
School Capital Projects - County Capital Projects Fund		231,136
Grants Fund - General Fund		1,227,650

B. Proprietary Funds

Water Fund - General Fund	593,000	
County Capital Projects Fund	<u>122,844</u>	715,844
Wastewater Fund - General Fund	2,200	
Water Fund	<u>139,376</u>	141,576
Vehicle and Communications Maintenance Fund - General Fund	12,900	
County Capital Projects Fund	<u>80,333</u>	<u>93,233</u>
Total transfers out		<u>\$ 25,775,342</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

8. Capital and Intangible Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, not being depreciated:				
Land	\$ 59,470,178	\$ 1,620,292	\$ 12,838	\$ 61,077,632
Revelopment asset	15,731,070	49,514	3,307,257	12,473,327
Construction in progress	<u>27,447,278</u>	<u>43,142,242</u>	<u>30,260,510</u>	<u>40,329,010</u>
Total assets, not being depreciated	<u>102,648,526</u>	<u>44,812,048</u>	<u>33,580,605</u>	<u>113,879,969</u>
Capital assets, being depreciated:				
Buildings	1,147,497,167	26,035,080	3,417,399	1,170,114,848
Improvements other than buildings	72,208,745	3,068,362	803,520	74,473,587
Machinery and equipment	156,806,189	11,379,050	6,297,464	161,887,775
Infrastructure	<u>36,010,695</u>	<u>671,181</u>	<u>-</u>	<u>36,681,876</u>
Total at historical cost	<u>1,412,522,796</u>	<u>41,153,673</u>	<u>10,518,383</u>	<u>1,443,158,086</u>
Less accumulated depreciation for:				
Buildings	355,620,149	23,216,848	2,557,282	376,279,715
Improvements other than buildings	39,412,454	2,522,124	579,821	41,354,757
Machinery and equipment	97,379,223	12,871,398	4,579,368	105,671,253
Infrastructure	<u>8,749,678</u>	<u>519,233</u>	<u>-</u>	<u>9,268,911</u>
Total accumulated depreciation	<u>501,161,504</u>	<u>39,129,603</u>	<u>7,716,471</u>	<u>532,574,636</u>
Total capital assets, being depreciated, net	<u>911,361,292</u>	<u>2,024,070</u>	<u>2,801,912</u>	<u>910,583,450</u>
Governmental activities capital assets, net	<u>\$ 1,014,009,818</u>	<u>\$ 46,836,118</u>	<u>\$ 36,382,517</u>	<u>\$ 1,024,463,419</u>

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, 2014, are comprised of the following:

General capital assets, net	\$ 1,018,199,900
Internal Service Funds capital assets, net	<u>6,263,519</u>
Total	<u>\$ 1,024,463,419</u>

Depreciation expense was charged to the following functions:

General government	\$ 2,564,699
Administration of justice	1,129,252
Public safety	10,358,017
Public works	1,551,332
Health and welfare	434,869
Education - School Board	17,877,767
Parks, recreation and cultural	3,028,256
Community development	765,967
Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>1,419,444</u>
Total depreciation expense	<u>\$ 39,129,603</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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

<u>Function</u>	<u>Committed at June 30, 2014</u>
General government	\$ 4,963,822
Public safety	9,466,501
Public works	6,697,924
Health and welfare	17,253,895
Parks, recreation and cultural	15,464,234
Education - School Board	44,362,898
Total construction in progress	<u>\$ 98,209,274</u>

B. Business-type Activities

Intangible and capital asset activity for the year ended June 30, 2014, was as follows:

Water Fund	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Intangible assets:				
Capacity rights, net of amortization	\$ 69,322,768	\$ 1,816,620	\$ 1,952,939	\$ 69,186,449
Capital assets, not being depreciated:				
Land	3,914,473	574,628	-	4,489,101
Construction in progress	2,207,352	8,438,934	2,437,685	8,208,601
Total assets, not being depreciated	<u>6,121,825</u>	<u>9,013,562</u>	<u>2,437,685</u>	<u>12,697,702</u>
Capital assets, being depreciated:				
Buildings	50,157,096	1,811,952	629,587	51,339,461
Improvements other than buildings	8,854,082	-	-	8,854,082
Machinery and equipment	410,288,849	9,924,810	414,014	419,799,645
Totals at historical cost	<u>469,300,027</u>	<u>11,736,762</u>	<u>1,043,601</u>	<u>479,993,188</u>
Less accumulated depreciation for:				
Buildings	17,547,594	1,246,550	398,988	18,395,156
Improvements other than buildings	4,149,467	358,150	-	4,507,617
Machinery and equipment	130,460,501	9,328,424	403,239	139,385,686
Total accumulated depreciation	<u>152,157,562</u>	<u>10,933,124</u>	<u>802,227</u>	<u>162,288,459</u>
Total capital assets, being depreciated, net	<u>317,142,465</u>	<u>803,638</u>	<u>241,374</u>	<u>317,704,729</u>
Water capital and intangible assets, net	<u>\$ 392,587,058</u>	<u>\$ 11,633,820</u>	<u>\$ 4,631,998</u>	<u>\$ 399,588,880</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

Wastewater Fund	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Intangible assets:				
Capacity rights, net of amortization	\$ 2,734,167	\$ -	\$ 118,877	\$ 2,615,290
Capital assets, not being depreciated:				
Land	1,522,310	195,006	-	1,717,316
Construction in progress	4,281,285	4,521,397	5,647,744	3,154,938
Total assets, not being depreciated	<u>5,803,595</u>	<u>4,716,403</u>	<u>5,647,744</u>	<u>4,872,254</u>
Capital assets, being depreciated:				
Buildings	145,238,640	784,153	-	146,022,793
Improvements other than buildings	18,807,293	-	-	18,807,293
Machinery and equipment	485,300,440	9,885,503	418,466	494,767,477
Totals at historical cost	<u>649,346,373</u>	<u>10,669,656</u>	<u>418,466</u>	<u>659,597,563</u>
Less accumulated depreciation for:				
Buildings	43,446,774	3,406,111	-	46,852,885
Improvements other than buildings	7,006,209	521,313	-	7,527,522
Machinery and equipment	169,050,769	13,054,215	418,466	181,686,518
Total accumulated depreciation	<u>219,503,752</u>	<u>16,981,639</u>	<u>418,466</u>	<u>236,066,925</u>
Total capital assets, being depreciated, net	<u>429,842,621</u>	<u>(6,311,983)</u>	<u>-</u>	<u>423,530,638</u>
Wastewater capital and intangible assets, net	<u>\$ 438,380,383</u>	<u>\$ (1,595,580)</u>	<u>\$ 5,766,621</u>	<u>\$ 431,018,182</u>

Non-major	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014
Capital assets, not being depreciated:				
Land and improvements	\$ 14,410,203	\$ -	\$ 833,162	\$ 13,577,041
Construction in progress	1,337,888	1,098,091	-	2,435,979
Total assets, not being depreciated	<u>15,748,091</u>	<u>1,098,091</u>	<u>833,162</u>	<u>16,013,020</u>
Capital assets, being depreciated:				
Buildings	7,112,132	31,273	-	7,143,405
Improvements other than buildings	27,250,648	38,365	-	27,289,013
Infrastructure	1,171,221	-	-	1,171,221
Machinery and equipment	1,588,124	39,293	13,939	1,613,478
Totals at historical cost	<u>37,122,125</u>	<u>108,931</u>	<u>13,939</u>	<u>37,217,117</u>
Less accumulated depreciation for:				
Buildings	2,650,159	145,428	-	2,795,587
Improvements other than buildings	13,919,066	1,055,891	-	14,974,957
Infrastructure	218,629	46,848	-	265,477
Machinery and equipment	1,005,245	104,397	-	1,109,642
Total accumulated depreciation	<u>17,793,099</u>	<u>1,352,564</u>	<u>-</u>	<u>19,145,663</u>
Total capital assets, being depreciated, net	<u>19,329,026</u>	<u>(1,243,633)</u>	<u>13,939</u>	<u>18,071,454</u>
Non-major business-type activities capital and intangible assets, net	<u>\$ 35,077,117</u>	<u>\$ (145,542)</u>	<u>\$ 847,101</u>	<u>\$ 34,084,474</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Total Business-type Activities				
Intangible assets:				
Capacity rights, net of amortization	\$ 72,056,935	\$ 1,816,620	\$ 2,071,816	\$ 71,801,739
Capital assets, not being depreciated:				
Land	19,846,986	769,634	833,162	19,783,458
Construction in progress	7,826,525	14,058,422	8,085,429	13,799,518
Total assets, not being depreciated	<u>27,673,511</u>	<u>14,828,056</u>	<u>8,918,591</u>	<u>33,582,976</u>
Capital assets, being depreciated:				
Buildings	202,507,868	2,627,378	629,587	204,505,659
Improvements other than buildings	54,912,023	38,365	-	54,950,388
Infrastructure	1,171,221	-	-	1,171,221
Machinery and equipment	897,177,413	19,849,606	846,419	916,180,600
Totals at historical cost	<u>1,155,768,525</u>	<u>22,515,349</u>	<u>1,476,006</u>	<u>1,176,807,868</u>
Less accumulated depreciation for:				
Buildings	63,644,527	4,798,089	398,988	68,043,628
Improvements other than buildings	25,074,742	1,935,354	-	27,010,096
Infrastructure	218,629	46,848	-	265,477
Machinery and equipment	300,516,515	22,487,036	821,705	322,181,846
Total accumulated depreciation	<u>389,454,413</u>	<u>29,267,327</u>	<u>1,220,693</u>	<u>417,501,047</u>
Total capital assets, being depreciated, net	<u>766,314,112</u>	<u>(6,751,978)</u>	<u>255,313</u>	<u>759,306,821</u>
Total business-type activities capital and intangible assets, net	<u>\$ 866,044,558</u>	<u>\$ 9,892,698</u>	<u>\$ 11,245,720</u>	<u>\$ 864,691,536</u>

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

Water	\$ 1,952,939
Wastewater	118,877
Total amortization expense	<u>\$ 2,071,816</u>
Water	\$ 10,933,124
Wastewater	16,981,639
Non-major funds	1,352,564
Total depreciation expense	<u>\$ 29,267,327</u>

C. Component Unit - School Board

Capital asset activity for the year ended June 30, 2014, for the School Board component unit was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Capital assets, being depreciated:				
Machinery and equipment				
Historical cost	\$ 66,717,060	\$ 5,309,126	\$ 2,919,036	\$ 69,107,150
Less accumulated depreciation	<u>53,557,513</u>	<u>3,921,406</u>	<u>2,833,688</u>	<u>54,645,231</u>
School Board capital assets, net	<u>\$ 13,159,547</u>	<u>\$ 1,387,720</u>	<u>\$ 85,348</u>	<u>\$ 14,461,919</u>

Current year depreciation on capital assets of the School Board was \$3,921,406.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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 2004 voter-approved bond referendum authorized \$341,745,000 in bonds to be issued in five major project categories. \$18,005,000 of this authorization remained at June 30, 2014. 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, 2014. 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, 2014, 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	\$ 1,510,000
1995C School, due 2016	26,175,000	5.10	1,305,000	2,610,000
2002B School, due 2023	23,950,000	4.60 - 5.10	1,195,000	10,755,000
2005 General Improvement & Refunding, due 2018	36,775,000	4.00 - 5.00	3,120,000 - 5,490,000	16,330,000
2006 General Improvement, due 2026	64,305,000	4.125 - 5.00	3,215,000	9,645,000
2007 General Improvement & Refunding, due 2027	96,215,000	4.00 - 5.00	3,630,000 - 9,125,000	59,745,000
2008 General Improvement, due 2028	73,920,000	3.50 - 5.00	3,750,000	52,500,000
2009 General Improvement & Refunding, due 2030	92,000,000	3.00 - 5.00	1,830,000 - 4,120,000	57,025,000
2011 School, due 2032	15,630,000	4.05 - 5.05	780,000 - 785,000	14,065,000
2012 General Improvement & Refunding, due 2032	67,495,000	2.50 - 5.00	895,000 - 7,735,000	64,275,000
2012B School, due 2033	18,595,000	3.05 - 5.05	925,000 - 930,000	17,665,000
2013A School, due 2034	18,305,000	3.05 - 5.05	915,000 - 920,000	18,305,000
2014 General Improvement & Refunding, due 2034	60,645,000	3.50 - 5.00	725,000 - 7,130,000	<u>60,645,000</u>
Total general obligation bonds				385,075,000
Add: Premium				<u>26,798,615</u>
Net general obligation bonds				<u>\$ 411,873,615</u>

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014**

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	General Obligation Bonds			
	June 30	Principal	Interest	Total
2015	\$	36,575,000	\$ 16,000,341	\$ 52,575,341
2016		33,660,000	15,706,413	49,366,413
2017		31,980,000	14,222,145	46,202,145
2018		33,210,000	12,729,285	45,939,285
2019		30,355,000	11,124,675	41,479,675
2020-2024		125,455,000	35,588,841	161,043,841
2025-2029		75,060,000	11,386,219	86,446,219
2030-2034		18,780,000	1,534,935	20,314,935
Total	\$	<u>385,075,000</u>	<u>\$ 118,292,854</u>	<u>\$ 503,367,854</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, 2014, 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%	\$1,995,000 - 3,400,000	\$ 36,910,000
2009 Water and Sewer, due 2030	47,900,000	2.50 - 4.125	1,940,000 - 3,335,000	<u>40,720,000</u>
Total revenue bonds				77,630,000
Add Premium				856,034
Net revenue bonds				<u>\$ 78,486,034</u>

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

	Water	Wastewater	Total
Total revenue bonds	\$ 36,910,000	\$ 40,720,000	\$ 77,630,000
Net revenue bonds	37,031,383	41,454,651	78,486,034

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

Year Ending	Primary Government Major Enterprise Funds			
	June 30	Principal	Interest	Total
2015	\$	3,935,000	\$ 2,979,930	\$ 6,914,930
2016		4,080,000	2,844,330	6,924,330
2017		4,215,000	2,703,680	6,918,680
2018		4,360,000	2,542,430	6,902,430
2019		4,540,000	2,364,430	6,904,430
2020-2024		25,535,000	8,970,791	34,505,791
2025-2029		27,630,000	3,333,744	30,963,744
2030-2034		3,335,000	68,784	3,403,784
Total	\$	<u>77,630,000</u>	<u>\$ 25,808,119</u>	<u>\$ 103,438,119</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, 2014:

	<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	\$895,000 - 1,020,000	\$ 10,540,000
2010 Taxable Recovery Zone, Economic Development due 2030	8,345,000	2.262 - 5.265%	\$415,000 - 420,000	<u>6,665,000</u>
Total revenue bonds				<u>\$ 17,205,000</u>

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

<u>Year Ending</u>	<u>Primary Government Non-major Enterprise fund</u>			
	<u>June 30</u>	<u>Principal</u>	<u>Interest^{(1) (2)}</u>	<u>Total</u>
2015	\$	1,315,000	\$ 300,366	\$ 1,615,366
2016		1,330,000	288,802	1,618,802
2017		1,340,000	275,745	1,615,745
2018		1,355,000	261,105	1,616,105
2019		1,365,000	244,758	1,609,758
2020-2024		6,990,000	952,760	7,942,760
2025-2029		3,095,000	437,192	3,532,192
2030-2034		<u>415,000</u>	<u>21,849</u>	<u>436,849</u>
Total	\$	<u>17,205,000</u>	\$ <u>2,782,577</u>	\$ <u>19,987,577</u>

⁽¹⁾ Interest estimated using rate in effect as of June 30, 2014.

⁽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 Redevelopment Facility 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.

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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 Redevelopment Facility Note dated October 18, 2004, 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.

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Amounts outstanding as of June 30, 2014, on the Public Facility Lease, the Certificates of Participation and the Taxable Redevelopment Note are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Amount Outstanding</u>
Governmental Activities				
2003A Certificates of Participation, due 2015	\$ 3,070,000	3.55 %	\$170,000	\$ 170,000
2003B Certificates of Participation, due 2024	3,030,000	3.55 - 4.40	150,000 - 155,000	460,000
2004A Certificates of Participation, due 2015	14,980,000	3.50	790,000	790,000
2004B Certificates of Participation, due 2016	5,982,795	3.50	299,568	599,135
2004 Taxable Redevelopment Facility Note *	16,596,199	Variable**	0 - 13,142,494	13,142,494
2005A Certificates of Participation, due 2016	4,300,000	3.75	430,000	860,000
2005B Certificates of Participation, due 2025	8,500,000	3.75 - 4.25	445,000	1,780,000
2005C Certificates of Participation, due 2016	1,245,000	3.75	120,000 - 125,000	245,000
2006A Certificates of Participation, due 2016	3,565,000	4.25	355,000	710,000
2006B Certificates of Participation, due 2025	8,395,000	4.25 - 4.50	440,000	4,400,000
2007 Certificates of Participation, due 2028	22,220,000	4.50 - 5.00	950,000 - 1,165,000	15,215,000
2010 Public Facility Revenue Refunding Bonds, due 2020	7,185,000	2.00 - 4.00	800,000 - 875,000	4,985,000
2012 Certificates of Participation Refunding, due 2025	19,011,905	3.00 - 5.00	327,211 - 2,377,090	<u>18,362,296</u>
Total governmental activities				<u>61,718,925</u>
Add: Premium				<u>2,857,710</u>
Net governmental activities				<u>64,576,635</u>
Business-type Activities				
2004B Certificates of Participation, due 2016	\$ 1,007,205	3.50%	\$50,432	100,865
2005B Certificates of Participation, due 2025	450,000	3.75 - 4.25	25,000	100,000
2012 Certificates of Participation - Refunding, due 2025	743,095	3.00 - 5.00	12,789 - 92,910	<u>717,704</u>
Total business-type activities				<u>918,569</u>
Add: Premium				<u>96,019</u>
Net business-type activities				<u>1,014,588</u>
Total certificates of participation				<u>\$ 65,591,223</u>

County of Chesterfield, Virginia
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* On October 18, 2004, the EDA sold its Taxable Redevelopment Facility Note, Series 2004 on behalf of the County in an amount of \$9,225,000 to acquire the former Cloverleaf 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. On July 25, 2013, the principal amount of the Note was decreased by \$3,453,705 due to the sale of a portion of the redevelopment asset.

**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, 2014, the one month LIBOR rate was 0.1524%.

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	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
June 30						
2015	\$ 18,911,561	\$ 2,094,013	\$ 21,005,574	\$ 95,933	\$ 37,846	\$ 133,779
2016	4,561,888	1,840,683	6,402,571	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
2020-2024	19,031,793	3,290,922	22,322,715	413,207	52,939	466,146
2025-2029	5,012,211	405,900	5,418,111	37,789	787	38,576
Total	\$ 61,718,925	\$ 12,024,866	\$ 73,743,791	\$ 918,569	\$ 209,378	\$ 1,127,947

The interest rate for the Taxable Redevelopment Note is estimated using the average of the fiscal year 2014 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 loaned the proceeds of the Note to the Chippenham Place CDA to finance the infrastructure improvements at the former Cloverleaf Mall site. Chippenham Place CDA promised 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 of the EDA 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. The Note has a maturity date of December 31, 2014, and shall bear interest on the outstanding principal amount at an annual rate equal to 75% of the Libor Market Index Rate plus 150 basis points (1.5%) not to exceed the maximum interest rate of 12%. Interest on the Note is paid on October 1 and April 1 of each year. As of June 30, 2014, the EDA reported total accrued interest of \$26,800 related to the Note, which will be paid by the Chippenham Place CDA. The balance of the Note as of June 30, 2014 was \$6,670,000 and is included as a non-current liability on the Statement of Net Position - Proprietary Funds.

County of Chesterfield, Virginia
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E. Capital Leases

The County has acquired equipment under capital lease arrangements with an interest rate of 3.83% and annual principal payments ranging from \$90,613 to \$173,011 per fiscal year. Capital leases are to be liquidated by the General Fund. Future minimum lease payments at June 30, 2014, 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>
2015	\$ 149,407	\$ 20,568	\$ 169,975
2016	160,462	14,750	175,212
2017	173,011	8,486	181,497
2018	90,613	1,735	92,348
Total	<u>\$ 573,493</u>	<u>\$ 45,539</u>	<u>\$ 619,032</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 \$18,268,194 and \$4,087,085 for accrued vacation and sick leave benefits, respectively and the business-type activities of the primary government recorded \$1,130,260 and \$433,530 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded \$12,219,185 and \$9,036,387 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 \$11,235,485 for the governmental activities of the primary government, \$1,795,260 for the business-type activities of the primary government and \$13,604,123 for the School Board component unit. A liability of \$4,258,757 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, 2014, and b) liabilities for claims incurred but not reported as of June 30, 2014. 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 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 \$8,721,180 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 \$1,089,599 at June 30, 2014. 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 cost may be higher due to inflation,

County of Chesterfield, Virginia
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changes in technology or changes in regulations. Actual cost 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, 2014. 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. Retirement Plan Obligations

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 annual required contribution and the amount actually contributed. The governmental activities of the primary government recorded a liability of \$2,708,076 and a prepaid asset of \$560,519 for the VRS Plan and the County Supplemental Retirement Plan, respectively, and the business-type activities of the primary government recorded \$249,684 for the VRS Plan. The School Board component unit recorded a liability of \$643,863 and a prepaid asset of \$3,127,877 for the VRS Plan and the Supplemental Retirement Program, respectively. 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, 2014, 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 costs for retiree healthcare and Line of Duty benefits costs were partially funded. Payments for these liabilities are recorded as charges to the fund that incurred the liability.

J. Defeased Debt

On June 25, 2014, the County sold \$46,050,000 in General Obligation Public Improvement Refunding Bonds with an average interest rate of 4.44%. Net proceeds of \$51,587,953 were deposited into an irrevocable trust with an escrow agent to pay interest when due on the refunded bonds up to and including their redemption dates and the principal redemption prices on the refunded bonds on their respective redemption dates. As a result of this transaction, the selected maturities of the bonds are considered to be defeased and the assets in the related escrow accounts for the refunded issues are not reflected in the accompanying financial statements.

The refunded bonds include:

<u>Description</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Maturity Dates</u>	<u>Call Date</u>
2004 General Improvement	\$ 20,395,000	03/01/2004	2015-2020	07/25/2014
2005 General Improvement	910,000	03/01/2005	2016	01/01/2015
2006 General Improvement	16,075,000	03/08/2006	2017-2025	01/01/2016
2007 General Improvement	10,890,000	04/11/2007	2019-2021	01/01/2017

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At June 30, 2014, the outstanding balance of the defeased debt was \$69,275,000 for general obligation bonds and \$13,950,000 for certificates of participation.

The refunding resulted in the recognition of a deferred charge on refunding of \$2,693,984 for the year ended June 30, 2014; however, the County in effect reduced its aggregate debt service payments by \$3,649,988 over the next eleven years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$3,437,435.

K. Changes in Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2014:

Governmental Activities	Balance* July 1, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
General obligation bonds	\$ 408,010,000	\$ 60,645,000	\$ 83,580,000	\$ 385,075,000	\$ 36,575,000
Add: Premium	24,197,494	7,157,788	4,556,667	26,798,615	3,647,315
Net bonds payable	<u>432,207,494</u>	<u>67,802,788</u>	<u>88,136,667</u>	<u>411,873,615</u>	<u>40,222,315</u>
Support agreements - EDA	18,515,000	-	1,310,000	17,205,000	1,315,000
Certificates of participation	48,495,122	-	4,903,691	43,591,431	4,894,067
Add: Premium	3,281,826	-	509,949	2,771,877	485,534
Net certificates of participation	<u>51,776,948</u>	<u>-</u>	<u>5,413,640</u>	<u>46,363,308</u>	<u>5,379,601</u>
Public facility lease	5,785,000	-	800,000	4,985,000	875,000
Add: Premium	117,312	-	31,479	85,833	26,584
Net public facility lease	<u>5,902,312</u>	<u>-</u>	<u>831,479</u>	<u>5,070,833</u>	<u>901,584</u>
Taxable redevelopment facility note	16,596,199	-	3,453,705	13,142,494	13,142,494
Capital lease obligations	713,211	-	139,718	573,493	149,407
Total bonds, leases and loans	<u>525,711,164</u>	<u>67,802,788</u>	<u>99,285,209</u>	<u>494,228,743</u>	<u>61,110,401</u>
Other liabilities:					
Compensated absences	21,962,636	14,219,003	13,826,360	22,355,279	13,894,497
Judgments and claims:					
Workers compensation and risk claims	16,124,955	-	630,713	15,494,242	6,668,756
Healthcare claims	-	8,721,180	-	8,721,180	8,721,180
Landfill	1,111,138	76,120	97,659	1,089,599	-
Pollution remediation	2,686,500	-	-	2,686,500	-
Total judgements and claims	<u>19,922,593</u>	<u>8,797,300</u>	<u>728,372</u>	<u>27,991,521</u>	<u>15,389,936</u>
Retirement plan obligations**	<u>2,667,252</u>	<u>40,824</u>	<u>-</u>	<u>2,708,076</u>	<u>-</u>
Total other liabilities	<u>44,552,481</u>	<u>23,057,127</u>	<u>14,554,732</u>	<u>53,054,876</u>	<u>29,284,433</u>
Total long-term liabilities	<u>\$ 570,263,645</u>	<u>\$ 90,859,915</u>	<u>\$ 113,839,941</u>	<u>\$ 547,283,619</u>	<u>\$ 90,394,834</u>

*Beginning balances have been adjusted to reflect the adoption of GASB 65.

**The governmental activities reported a net pension asset of \$560,519 for the Supplemental Retirement Plan.

This amount and the net OPEB assets of \$1,427,473 for retiree healthcare and \$2,155,593 for line of duty are recorded as prepaid assets in the government-wide statements.

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, \$480,210 for compensated absences, \$13,009,832 for judgments and claims and \$80,040 for retirement plan obligations 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, 2013	Increases	Decreases	Balance June 30, 2014	Amounts Due Within One Year
Water Fund					
Revenue bonds payable	\$ 38,830,000	\$ -	\$ 1,920,000	\$ 36,910,000	\$ 1,995,000
Add: Premium	137,854	-	16,471	121,383	15,606
Net bonds payable	<u>38,967,854</u>	<u>-</u>	<u>1,936,471</u>	<u>37,031,383</u>	<u>2,010,606</u>
Other liabilities:					
Compensated absences	743,028	478,341	493,257	728,112	423,970
Judgments and claims	1,573,255	-	324,634	1,248,621	358,144
Retirement plan obligations	154,719	1,712	-	156,431	-
Total other liabilities	<u>2,471,002</u>	<u>480,053</u>	<u>817,891</u>	<u>2,133,164</u>	<u>782,114</u>
Total long-term liabilities	<u>41,438,856</u>	<u>480,053</u>	<u>2,754,362</u>	<u>39,164,547</u>	<u>2,792,720</u>
Wastewater Fund					
Revenue bonds payable	42,605,000	-	1,885,000	40,720,000	1,940,000
Add: Premium	821,281	-	86,630	734,651	82,604
Net bonds payable	<u>43,426,281</u>	<u>-</u>	<u>1,971,630</u>	<u>41,454,651</u>	<u>2,022,604</u>
Other liabilities:					
Compensated absences	796,733	477,663	456,139	818,257	439,072
Judgments and claims	325,834	220,805	-	546,639	156,793
Retirement plan obligations	87,196	1,467	-	88,663	-
Total other liabilities	<u>1,209,763</u>	<u>699,935</u>	<u>456,139</u>	<u>1,453,559</u>	<u>595,865</u>
Total long-term liabilities	<u>44,636,044</u>	<u>699,935</u>	<u>2,427,769</u>	<u>42,908,210</u>	<u>2,618,469</u>
Non-major					
Certificates of participation	1,014,878	-	96,309	918,569	95,933
Add: Premium	113,511	-	17,492	96,019	16,990
Net certificates of participation	<u>1,128,389</u>	<u>-</u>	<u>113,801</u>	<u>1,014,588</u>	<u>112,923</u>
Revenue note payable	6,510,000	160,000	-	6,670,000	-
Total certificates of participation and revenue note payable	<u>7,638,389</u>	<u>160,000</u>	<u>113,801</u>	<u>7,684,588</u>	<u>112,923</u>
Other liabilities:					
Compensated absences	24,489	1,976	9,044	17,421	9,927
Retirement plan obligations	4,550	40	-	4,590	-
Total other liabilities	<u>29,039</u>	<u>2,016</u>	<u>9,044</u>	<u>22,011</u>	<u>9,927</u>
Total long-term liabilities	<u>7,667,428</u>	<u>162,016</u>	<u>122,845</u>	<u>7,706,599</u>	<u>122,850</u>
Total Business-type Activities					
Revenue bonds payable	81,435,000	-	3,805,000	77,630,000	3,935,000
Add: Premium	959,135	-	103,101	856,034	98,210
Net bonds payable	<u>82,394,135</u>	<u>-</u>	<u>3,908,101</u>	<u>78,486,034</u>	<u>4,033,210</u>
Certificates of participation	1,014,878	-	96,309	918,569	95,933
Add: Premium	113,511	-	17,492	96,019	16,990
Net certificates of participation	<u>1,128,389</u>	<u>-</u>	<u>113,801</u>	<u>1,014,588</u>	<u>112,923</u>
Revenue note payable	6,510,000	160,000	-	6,670,000	-
Total bonds, certificates of participation and revenue note payable	<u>90,032,524</u>	<u>160,000</u>	<u>4,021,902</u>	<u>86,170,622</u>	<u>4,146,133</u>
Other liabilities:					
Compensated absences	1,564,250	957,980	958,440	1,563,790	872,969
Judgments and claims	1,899,089	220,805	324,634	1,795,260	514,937
Retirement plan obligations	246,465	3,219	-	249,684	-
Total other liabilities	<u>3,709,804</u>	<u>1,182,004</u>	<u>1,283,074</u>	<u>3,608,734</u>	<u>1,387,906</u>
Total long-term liabilities	<u>\$ 93,742,328</u>	<u>\$ 1,342,004</u>	<u>\$ 5,304,976</u>	<u>\$ 89,779,356</u>	<u>\$ 5,534,039</u>

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Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2014, are as follows:

School Board

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Compensated absences	\$ 20,437,818	\$ 6,897,373	\$ 6,079,619	\$ 21,255,572	\$ 9,320,574
Judgments and claims	14,131,773	-	527,650	13,604,123	3,902,125
Retirement plan obligations*	<u>634,285</u>	<u>9,578</u>	<u>-</u>	<u>643,863</u>	<u>-</u>
Total long-term liabilities	<u>\$ 35,203,876</u>	<u>\$ 6,906,951</u>	<u>\$ 6,607,269</u>	<u>\$ 35,503,558</u>	<u>\$ 13,222,699</u>

*The School Board Supplemental Retirement Program reported a net pension asset of \$3,127,877. This amount and the net OPEB asset of \$112,925 are recorded as prepaid assets in the government-wide statements.

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	\$ 299,259,969
Certificates of participation	<u>628,000</u>
Total	<u>\$ 299,887,969</u>

In addition to the general obligation debt and lease obligations, the primary government has also recorded accrued interest payable of \$5,735,055 in the government-wide financial statements on behalf of the School Board component unit.

10. Commitments and Contingent Liabilities

A. Lease Commitments

Rent expense for all operating leases was \$2,120,778 for the County and \$1,609,528 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, 2014, future operating lease payments for the County totaled \$4,284 all of which is due in 2015.

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 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

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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 Authority (RMA) Baseball Stadium Facility

In connection with the RMA's responsibility for maintaining and operating the Richmond metropolitan area's baseball stadium facility 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 2014.

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 have not been any 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. Effective January 1, 2013, the self-insured retention was \$800,000 for non-public safety county employees, \$1,000,000 for public safety employees and \$750,000 for public school employees. 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. Safety professionals and representatives of the third party insurance companies provide loss prevention consultation.

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

	<u>County</u>		<u>School Board</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Workers' Compensation:				
Liability, July 1	\$ 13,608,593	\$ 9,942,232	\$ 14,131,773	\$ 9,935,580
Current year claims	4,624,000	4,250,000	4,100,000	4,118,000
Changes in estimates	(1,448,530)	2,639,077	(738,146)	4,085,312
Claim payments	<u>(3,753,319)</u>	<u>(3,222,716)</u>	<u>(3,889,504)</u>	<u>(4,007,119)</u>
Liability, June 30	<u>\$ 13,030,745</u>	<u>\$ 13,608,593</u>	<u>\$ 13,604,123</u>	<u>\$ 14,131,773</u>

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

	<u>2014</u>	<u>2013</u>
Risk Management Fund:		
Liability, July 1	\$ 4,415,451	\$ 6,127,872
Current year claims	2,063,656	2,211,447
Changes in estimates	(1,173,122)	(938,943)
Claim payments	<u>(1,047,228)</u>	<u>(2,984,925)</u>
Liability, June 30	<u>\$ 4,258,757</u>	<u>\$ 4,415,451</u>

12. Retirement Plans

A. Virginia Retirement System

1. Plan Description

The County and School Board contribute to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. School Board employees participate in a VRS statewide teacher cost sharing pool and non-professional employees participate as a separate group in the VRS. All full-time, salaried permanent employees of participating employers 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 their employer are paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan. VRS administers three different benefit plans 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. 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. They 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, Plan 1 members who were not vested on January 1, 2013, and hazardous duty employees hired after January 1, 2014 are covered under Plan 2. 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. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

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- 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. They 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. They 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 basic 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, 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 (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their web site at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Funding Status and Progress

Plan members are required by Title 51.1 of the Code of Virginia (1950), 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 in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

The County and School Board's contribution rates, including the 5% member contribution for fiscal year 2014, were 20.03% and 16.48%, respectively, of annual covered payroll. As of June 30, 2014, the County and School agent plans were 70.57% and 73.65% funded, respectively. The accrued actuarial liability for benefits for the County agent plan was \$883,621,959 and the actuarial value of assets was \$623,606,290 leaving \$260,015,669 unfunded. The accrued actuarial liability for benefits for the School agent plan was \$107,107,506 and the actuarial value of assets was \$78,880,133 leaving \$28,227,373 unfunded. Covered payroll was \$173,229,930 for the County agent plan and \$27,081,974 for the School agent plan. The ratio of unfunded actuarial accrued liability to annual covered payroll for the County and School agent plans was 150.10% and 104.23%, respectively.

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The School Board's required contribution, including the 5% member contributions for fiscal years 2014, 2013 and 2012, to the VRS statewide teacher cost-sharing pool was \$44,538,530, \$43,173,293 and \$28,373,171 respectively, which as a percentage of covered payroll was 16.66% for fiscal year 2014, 16.66% for fiscal year 2013 and 11.33% for fiscal year 2012.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial value of plan assets and the actuarial accrued liabilities for benefits were determined through the June 30, 2013 actuarial valuation. Some of the June 30, 2013 actuarial valuation assumptions were changed from the prior year's valuation. The remaining amortization period for the unfunded actuarial accrued liability was changed to a closed 30-year period. The assumptions also reflect other changes based on the experience study for the four-year period ending June 30, 2012. These changes include an updated mortality table, a decrease in some service and disability retirement rates and a reduction of 0.25% per year in the salary increase assumptions for non-hazardous duty employees.

3. Annual Pension Cost and Net Pension Obligation

For fiscal year 2014, the County's and School Board's annual required contributions of \$34,770,951 and \$4,567,617, respectively, representing a contribution rate of 15.03% and 11.48%, respectively, were equal to their actual contributions. The required contributions were determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011, included (a) 7.0% investment rate of return, (b) projected salary increases that range from 3.50% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs and (c) a cost-of-living adjustments of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%.

The actuarial value of the plans' assets is a modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The plans' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, for the unfunded actuarial liability was 30 years.

Net Pension Obligation (NPO)

	<u>County</u>	<u>School Board</u>
Annual Required Contribution (ARC)	\$ 34,770,951	\$ 4,567,617
Interest on NPO	203,958	44,400
Adjustment to the ARC	<u>(159,915)</u>	<u>(34,822)</u>
Annual Pension Cost	34,814,994	4,577,195
Contributions made	<u>(34,770,951)</u>	<u>(4,567,617)</u>
Increase in NPO	44,043	9,578
NPO beginning of year	<u>2,913,717</u>	<u>634,285</u>
NPO end of year	<u>\$ 2,957,760</u>	<u>\$ 643,863</u>

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4. Three-year Trend Information:

<u>County</u>			
Fiscal Year Ended	Annual	Percent Contributed	Net
	Pension Cost		Pension Obligation
6/30/2014	\$34,814,994	99.87 %	\$ 2,957,760
6/30/2013	26,258,789	99.85	2,913,717
6/30/2012	19,066,289	99.78	2,873,204

<u>School Board</u>			
Fiscal Year Ended	Annual	Percent Contributed	Net
	Pension Cost		Pension Obligation
6/30/2014	4,577,195	99.79 %	\$ 643,863
6/30/2013	3,072,801	99.71	634,285
6/30/2012	2,301,046	99.60	625,466

B. Chesterfield County Supplemental Retirement Plan - Primary Government

The Chesterfield County Supplemental Retirement Plan (Plan) is a single-employer defined benefit pension plan that covers certain qualified County employees in addition to any benefits to be received under the VRS and Social Security. The Board of Trustees, appointed by the Board of Supervisors, administers this plan. The Plan is considered part of the County of Chesterfield's financial reporting entity and is included in the County's financial statements as a Pension Trust Fund. No separate audited pension plan report is available.

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.

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2. Plan Descriptions and Contribution Information

- a) Plan Description: The Plan provides retirement benefits as well as disability benefits for certain qualified full-time County employees. 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 used shall equal \$110,100 increased by an adjustment factor equal to the smaller of 5% or a ratio, the numerator of which is the consumer price index for urban workers (CPI-U) for the month of September preceding the current January 1 and the denominator of which is the CPI-U for the month of September preceding the previous January 1. The County pays the entire cost of the Plan. The Plan was closed to new employees effective July 1, 2012.

Membership of the Plan consisted of the following at June 30, 2014:

Active members	2,773
Terminated members with vested rights	76
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	<u>298</u>
Total	<u>3,147</u>

- b) Funding Policy: The Plan provides for annual employer contributions at actuarially determined rates, 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. Contribution rates are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. The plan is financed through budget appropriations.

3. Related Party Investments

The Plan's assets do not include any securities issued by the County.

4. Annual Pension Cost and Net Pension Obligation (Asset) - Employer - GASB Statement No. 27

The note disclosure and related required supplementary information reflect the requirements for reporting pension expense and the related net pension obligation (asset) for the Plan as included in the financial statements of the County.

- a) Annual Pension Cost and Net Pension Obligation (Asset): For fiscal year 2014, the County's contribution of \$2,400,000 was greater than the recommended contribution which was determined as a part of the July 1, 2013, actuarial valuation.

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Net Pension Obligation (NPO) (Asset)

Annual Required Contribution (ARC)	\$	1,850,052
Interest on NPO		(705)
Adjustment to the ARC		985
Annual Pension Cost		1,850,332
Contributions made		(2,400,000)
Decrease in NPO (asset)		(549,668)
NPO (asset) beginning of year		(10,851)
NPO (asset) end of year		\$ (560,519)

b) Three-year Trend Information:

Fiscal Year Ended	Annual Pension Cost	Percent Contributed	Net Pension Obligation (Asset)
6/30/2014	\$1,850,332	129.71 %	\$ (560,519)
6/30/2013	1,966,493	99.99	(10,851)
6/30/2012	1,342,638	121.03	(11,433)

c) Actuarial Method and Significant Assumptions: The information presented in the schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date.....	July 1, 2014
Actuarial cost method.....	Entry age actuarial cost
Amortization method	Level dollar
Amortization period - actuarial gains and losses.....	20 years closed
Amortization period - other	40 years closed
Asset valuation method.....	Five-year moving average
Actuarial assumptions:	
Investment rate of return.....	6.5%
Projected salary increases	3.5%
Inflation rate.....	3.0%

d) Funded Status and Funding Progress: As of June 30, 2014, the plan was 75.57% funded. The actuarial accrued liability for benefits was \$35,022,181 and the actuarial value of assets was \$26,467,207 leaving \$8,554,974 unfunded. Covered payroll was \$152,639,449. The ratio of unfunded actuarial liability to annual covered payroll was 5.60%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Pension Liability - Plan - GASB Statement No. 67

Note disclosure and related required supplementary information about the Plan's investment performance, total pension liability, net pension liability and contributions as required under GASB Statement No. 67, are as follows and on page 115 of the required supplementary information. The amounts are not reflected in the financial statements of the County.

a) Rate of Return: As of June 30, 2014, the annual money-weighted rate of return on cash flows on the plan investments, net of pension plan investment expense, was 16.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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- b) Net Pension Liability: The components of the net pension liability as of June 30, 2014 were as follows:

Net Pension Liability	
Total pension liability	\$ 35,022,181
Plan fiduciary net position	(31,142,249)
Net pension liability	<u>\$ 3,879,932</u>
Fiduciary net position as a percent of total pension liability	88.92%

- c) Actuarial Method 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, 2014
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 one year, with no projection scale

- d) Discount Rate: The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. The Plan's fiduciary net position is sufficient to cover all projected future benefit payments for all plan members through June 30, 2023. The long-term expected rate of return on plan investments is 6.50%. The long-term expected rate of return was applied to the periods of projected benefit payments and it is not anticipated that the plan's assets will be exhausted. The expected municipal bond rate was not applied to determine the discount rate.
- e) Sensitivity of net pension liability to changes in the discount rate: The net pension liability is shown below as calculated on the current 6.50% discount rate and also as calculated using discount rates 1 percent lower or 1 percent higher:

1% decrease	Current rate	1% increase
5.50%	6.50%	7.50%
\$ 8,372,135	\$ 3,879,932	\$ 117,662

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 or Social Security.

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.
- 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

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rates. Investments that do not have an established market are reported at estimated fair value.

2. Program Descriptions and Contribution Information

- a) Program Description: The School Board's Program is provided for full-time employees covered by VRS 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. 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. The School Board's program was closed to employees hired or re-hired after June 30, 2013.

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.

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

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

- b) Funding Policy: The School Board contributes the normal cost plus amortizes the unfunded actuarial accrued liability over a 20 year open rolling period for actives and three year layered closed amortization period for inactive. 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 the funding requirements over the longer term. The Program is funded from available budget allocations and interest earned from the Program.

3. Related Party Investments

The Program's assets do not include any securities issued by the County.

County of Chesterfield, Virginia
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4. Annual Pension Cost and Net Pension Obligation (Asset) - Employer - GASB Statement No. 27

The note disclosure and related required supplementary information reflect the requirements for reporting pension expense and the related net pension obligation (asset) for the Program as included in the financial statements of the School Board.

- a) Annual Pension Cost and Net Pension Obligation (Asset): For fiscal year 2014, the School Board made a contribution of \$9,386,241 to the Program.

Net Pension Obligation (NPO) (Asset)	
Annual Required Contribution (ARC)	\$ 14,424,056
Interest on NPO	(673,136)
Adjustment to the ARC	<u>1,482,593</u>
Annual Pension Cost	15,233,513
Contributions made	<u>(9,386,241)</u>
Decrease in NPO (asset)	5,847,272
NPO (asset) beginning of year	<u>(8,975,149)</u>
NPO (asset) end of year	<u>\$ (3,127,877)</u>

- b) Three-year Trend Information:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>Pension</u> <u>Cost</u>	<u>Percent</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u> <u>(Asset)</u>
6/30/2014	\$15,233,513	61.62 %	\$ (3,127,877)
6/30/2013	15,859,310	50.20	(8,975,149)
6/30/2012	14,810,072	55.80	(16,873,387)

- c) Actuarial Method and Significant Assumptions: The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date.....	July 1, 2014
Actuarial cost method.....	Entry age normal
Amortization method	Level dollar
Amortization period - active.....	20 years - rolling open
Amortization period - retirees	3 years - layered closed
Asset valuation method.....	Market value
Actuarial assumptions:	
Investment rate of return.....	7.5%
Projected salary increases.....	3.5%

- d) Funded Status and Funding Progress: As of June 30, 2014, the program was 26.76% funded. The actuarial accrued liability for benefits was \$80,172,268 and the actuarial value of assets was \$21,456,008 leaving \$58,716,260 unfunded. Covered payroll was \$258,789,820. The ratio of unfunded actuarial liability to annual covered payroll was 22.69%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of program assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Pension Liability - Plan - GASB Statement No. 67

Note disclosure and related required supplementary information about the Program's investment performance, total pension liability, net pension liability and contributions as required

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under GASB Statement No. 67, are as follows and on page 117 of the required supplementary information. The amounts are not reflected in the financial statements of the School Board.

- a) Rate of Return: As of June 30, 2014, the annual money-weighted rate of return on cash flows on the program investments, net of investment expense, was 15.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net Pension Liability: The components of the net pension liability as of June 30, 2014 were as follows:

Net Pension Liability	
Total pension liability	\$ 86,475,216
Program fiduciary net position	(21,456,008)
Net pension liability	<u>\$ 65,019,208</u>
Fiduciary net position as a percent of total pension liability	24.81%

- c) Actuarial Method 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, 2014
Investment rate of return	7.5%
Projected salary increases	3.5%
Inflation rate	No inflation rate assumed
Mortality	RP-2000 Mortality Table for males and females projected to 2020 with Scale AA

- d) Discount Rate: The discount rate used to measure the total pension liability was 6.16%. The projection of cash flows used to determine the discount rate assumed that employer 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 for current program members through June 30, 2037.

The long-term expected rate of return on program investments was applied to periods of projected benefit payments through this date, and the municipal bond rate was used for the period thereafter to determine the total pension liability. The discount used to measure the total pension liability on the municipal bond rate was 3.8%. This is equivalent to an average assumed rate of return of approximately 6.16%.

- e) Sensitivity of net pension liability to changes in the discount rate: The following represents 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 that is 1 percent lower or 1 percent higher than the current rate.

1% decrease	Current rate	1% increase
<u>5.16%</u>	<u>6.16%</u>	<u>7.16%</u>
\$ 70,284,324	\$ 65,019,208	\$ 60,238,726

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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.

County contributions for pre-65 health and dental benefits at July 1, 2013, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	50%	\$174 per month
15 to 19	100%*	\$261 per month
20 to 24	100%*	\$261 per month
25+	100%*	\$348 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, 2014, the County has \$21,277,961 in 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, 2014, and intends to fund at least the ARC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual

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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)	\$ 8,285,239
Interest on NOPEBO	(92,923)
Adjustment to the ARC	<u>100,164</u>
Annual OPEB Cost	8,292,480
Contributions made	<u>(8,392,480)</u>
Increase in NOPEBO (asset)	(100,000)
NOPEBO (asset) beginning of year	<u>(1,327,473)</u>
NOPEBO (asset) end of year	<u>\$ (1,427,473)</u>

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 8,292,480	100.00 %	\$ (1,427,473)
6/30/2013	9,742,108	100.00	(1,327,473)
6/30/2012	9,255,196	100.00	(1,327,473)

4. Funded Status and Funding Progress

As of June 30, 2014, the plan was 19.78% funded. The actuarial accrued liability for benefits was \$107,592,178 and the actuarial value of assets was \$21,277,961 leaving \$86,314,217 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$174,662,020 was 49.42%. 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, 2014, 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

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(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.

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:

<u>Years of Service</u>	<u>Grandfathered</u>	<u>Non-grandfathered</u>
0 to 9	-	-
10 to 14	100%*	-
15 to 19	100%*	\$174 per month
20 to 24	100%*	\$261 per month
25+	100%*	\$348 per month

** as a percentage of the School Board'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 June 30, 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, 2014, and intends to fund at least the ARC amount in future fiscal years. Actual contributions to the plan are

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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)	\$ 17,757,166
Interest on NOPEBO	(7,905)
Adjustment to the ARC	<u>7,302</u>
Annual OPEB Cost	17,756,563
Contributions made	<u>(17,756,563)</u>
Increase in NOPEBO (asset)	-
NOPEBO (asset) beginning of year	<u>(112,925)</u>
NOPEBO (asset) end of year	<u>\$ (112,925)</u>

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 17,756,563	100.00 %	\$ (112,925)
6/30/2013	18,719,363	100.00	(112,925)
6/30/2012	19,463,642	99.68	(112,925)

4. Funded Status and Funding Progress

As of June 30, 2014, the plan was 3.93% funded. The actuarial accrued liability for benefits was \$220,607,063 and the actuarial value of assets was \$8,673,702 leaving \$211,933,361 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$289,001,415 was 73.33%. 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.

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The actuarial assumptions at June 30, 2014, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 6.5% in plan year 2014 reduced by decrements to a rate of 5.0% after 3 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 an open basis for a period of 30 years.

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 2014. 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, 2014, the County has \$4,922,775 in plan assets accumulated for payment of future benefits. The County made contributions of \$833,561 for the fiscal year ended June 30, 2014, which was less 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.

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)	\$ 980,095
Interest on NOPEBO	(159,045)
Adjustment to the ARC	<u>128,993</u>
Annual OPEB Cost	950,043
Contributions made	<u>(833,561)</u>
Decrease in NOPEBO (asset)	116,482
NOPEBO (asset) beginning of year	<u>(2,272,075)</u>
NOPEBO (asset) end of year	<u>\$ (2,155,593)</u>

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Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2014	\$ 950,043	87.74 %	\$ (2,155,593)
6/30/2013	803,477	113.44	(2,272,075)
6/30/2012	928,513	333.07	(2,164,088)

4. Funded Status and Funding Progress

As of June 30, 2014, the plan was 40.46% funded. The actuarial accrued liability for benefits was \$12,165,779 and the actuarial value of assets was \$4,922,775 leaving \$7,243,004 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of \$60,439,854 was 11.98%. 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, 2014, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 6.5% in plan year 2014 reduced by decrements to a rate of 5.0% after 3 years (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.

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.

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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.

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, 2014, were \$5,570,856. 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 2014.

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 \$4,072,726 for transient occupancy tax to the Convention Authority during the year ended June 30, 2014.

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

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\$2,268,390 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2014.

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 services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of \$109,400 to the County during the year ended June 30, 2014. 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, 2014, there were two fixed GRTC routes in the County and a \$328,708 contribution was made by the County in fiscal year 2014. 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, 2014, were \$11,615,040. 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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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, 2014 were \$516,352. Complete financial statements 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 2014, the County received \$79,419 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, 2014, were \$2,944,243.

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 \$320,000 for the year ended June 30, 2014.

D. Petersburg Area Regional Tourism Corporation

The Petersburg Area Regional Tourism Corporation (PART) is comprised of seventeen 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, 2014.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2014

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, 2014.

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 \$193,433 for the year ended June 30, 2014.

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-four member board and contributed \$63,574 to VGRB for the year ended June 30, 2014.



REQUIRED SUPPLEMENTARY INFORMATION

County of Chesterfield, Virginia
 Required Supplementary Information (Unaudited)
 Primary Government
 (See Accompanying Independent Auditors' Report)

Virginia Retirement System
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2013	\$ 623,606,290	\$ 883,621,959	\$ 260,015,669	70.57 %	\$ 173,229,930	150.10 %
6/30/2012	594,780,818	850,005,104	255,224,286	69.97	165,581,724	154.14
6/30/2011	590,093,309	800,869,465	210,776,156	73.68	159,899,472	131.82

Supplemental Retirement Plan - GASB 27
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 26,467,207	\$ 35,022,181	\$ 8,554,974	75.57 %	\$ 152,639,449	5.60 %
7/1/2013	23,060,297	34,117,066	11,056,769	67.59	163,603,931	6.76
7/1/2012	21,407,766	33,958,934	12,551,168	63.04	174,725,013	7.18
7/1/2011	20,885,042	29,331,500	8,446,458	71.20	163,921,213	5.15
7/1/2010	19,628,711	27,541,514	7,912,803	71.27	164,267,683	4.82
7/1/2009	18,881,086	27,659,486	8,778,400	68.26	169,844,780	5.17

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
6/30/2014	\$ 1,850,052	129.73 %
6/30/2013	1,966,206	100.00
6/30/2012	1,475,851	100.00
6/30/2011	1,349,617	120.40
6/30/2010	1,446,369	100.00
6/30/2009	1,586,202	100.00

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	\$ 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
7/1/2009	7,300,857	101,297,900	93,997,043	7.20	160,685,519	58.50

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
7/1/2014	\$ 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

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Independent Auditors' Report)
Supplemental Retirement Plan (Plan) - GASB 67

Schedule of Changes in Net Pension Liability and Related Ratios

	<u>2014</u>
Total pension liability	
Service cost	\$ 436,406
Interest	2,175,203
Difference between expected and actual experience	(326,029)
Benefit payments, including refunds of member contributions	(1,380,465)
Net change in total pension liability	905,115
Plan total pension liability - beginning	34,117,066
Plan total pension liability - ending	<u>\$ 35,022,181</u>
Plan fiduciary net position	
Contributions - employer	\$ 2,400,000
Net investment income	3,988,515
Benefit payments, including refunds of member contributions	(1,292,402)
Administrative expense	(88,063)
Net change in Plan fiduciary net position	5,008,050
Plan fiduciary net position - beginning	26,134,199
Plan fiduciary net position - ending	<u>\$ 31,142,249</u>
Plan net pension liability - ending	<u>\$ 3,879,932</u>
Plan fiduciary net position as a percentage of the total pension liability	88.92%
Covered-employee payroll	\$ 152,639,449
Plan net position liability as a percentage of covered-employee payroll	2.54%

Notes to Schedule:

There were no benefit changes or changes to actuarial assumptions or methods for the 2013-2014 Plan year.

Schedule of Employer Contributions

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

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.

County of Chesterfield, Virginia
 Required Supplementary Information (Unaudited)
 School Board Component Unit
 (See Accompanying Independent Auditors' Report)

Virginia Retirement System - (Non-professional Employees)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2013	\$ 78,880,133	\$ 107,107,506	\$ 28,227,373	73.65 %	\$ 27,081,974	104.23 %
6/30/2012	76,337,871	106,493,500	30,155,629	71.68	25,763,476	117.05
6/30/2011	77,047,799	102,816,121	25,768,322	74.94	26,009,469	99.07

Supplemental Retirement Program - GASB 27

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2014	\$ 21,456,008	\$ 80,172,268	\$ 58,716,260	26.76 %	\$ 258,789,820	22.69 %
7/1/2013	21,108,004	91,811,165	70,703,161	22.99	277,305,525	25.50
7/1/2012	23,555,828	96,040,383	72,484,555	24.53	265,364,139	27.32
7/1/2011	27,757,347	86,244,670	58,467,323	32.19	202,945,820	28.81
7/1/2010	20,458,650	80,178,616	59,719,966	25.52	200,805,579	29.74
7/1/2009	19,420,921	81,225,648	61,804,727	23.91	214,586,061	28.80

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
6/30/2014	\$ 14,424,056	65.07 %
6/30/2013	14,337,521	55.53
6/30/2012	12,320,198	67.07
6/30/2011	7,752,435	190.51
6/30/2010	8,212,740	122.59
6/30/2009	8,764,314	164.89

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	\$ 220,607,063	\$ 211,933,361	3.93 %	\$ 289,001,415	73.33 %
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 Independent Auditors' Report)
Supplemental Retirement Program (Program) - GASB 67
Schedule of Changes in Net Pension Liability and Related Ratios

	2014
Total pension liability	
Service cost	\$ 1,938,164
Interest	6,885,837
Difference between expected and actual experience	(5,862,476)
Changes of assumptions	3,954,534
Benefit payments, including refunds of member contributions	<u>(12,252,008)</u>
Net change in total pension liability	(5,335,949)
Program total pension liability - beginning	<u>91,811,165</u>
Program total pension liability - ending	<u>\$ 86,475,216</u>
Program fiduciary net position	
Contributions - employer	\$ 9,386,241
Net investment income	3,277,353
Benefit payments, including refunds of member contributions	(12,252,008)
Administrative expense	<u>(63,582)</u>
Net change in Program fiduciary net position	348,004
Program fiduciary net position - beginning	<u>21,108,004</u>
Program fiduciary net position - ending	<u>\$ 21,456,008</u>
Program net pension liability - ending	<u>\$ 65,019,208</u>
Program fiduciary net position as a percentage of the total pension liability	24.81%
Covered-employee payroll	\$ 258,789,820
Program net position liability as a percentage of covered-employee payroll	25.12%

Notes to Schedule:

Benefit changes: The Program was closed to all employees hired or rehired with an effective date on or after July 1, 2013.
Changes in assumptions: Salary scale assumption changed to 3.5% effective July 1, 2014. Average payout period assumed to be six years effective July 1, 2014.

Schedule of Employer Contributions

	2014
Actuarially determined contribution	\$ 14,424,056
Contributions in relation to the actuarially determined contribution	<u>9,386,241</u>
Contribution deficiency	<u>\$ 5,037,815</u>
Covered-employee payroll	\$ 258,789,820
Contributions as a percentage of covered-employee payroll	3.63%

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 mortality projection was changed from 2018 to 2020. The payout period assumption was changed from seven years to six years. The salary increase assumption was changed from 4.5% to 3.5%.



SUPPLEMENTARY INFORMATION



Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific 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, 2014

	<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	\$ 5,181,260	\$ 950,531	\$ 14,511	\$ 6,146,302
Accounts receivable, net	1,158,068	61,966	-	1,220,034
Due from other governments	1,174,326	1,193,537	-	2,367,863
Total assets	<u>\$ 7,513,654</u>	<u>\$ 2,206,034</u>	<u>\$ 14,511</u>	<u>\$ 9,734,199</u>
LIABILITIES				
Accounts payable	1,230,679	1,207,467	-	2,438,146
Accrued liabilities	256,967	19,695	-	276,662
Retainages payable	6,994	-	-	6,994
Unearned revenues	54,272	-	-	54,272
Total liabilities	<u>1,548,912</u>	<u>1,227,162</u>	<u>-</u>	<u>2,776,074</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	530,813	-	-	530,813
FUND BALANCES				
Nonspendable	-	-	5,000	5,000
Restricted	1,803,767	-	9,511	1,813,278
Assigned	3,630,162	978,872	-	4,609,034
Total fund balances	<u>5,433,929</u>	<u>978,872</u>	<u>14,511</u>	<u>6,427,312</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,513,654</u>	<u>\$ 2,206,034</u>	<u>\$ 14,511</u>	<u>\$ 9,734,199</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, 2014

	Special Revenue Funds		Permanent Fund	Total Non-major Governmental Funds
	Grants	Comprehensive Services	T. F. Jeffress Memorial Fund	
Revenues				
From local sources:				
Use of money and property	\$ 98	\$ -	\$ 8	\$ 106
Charges for services	6,471,567	141,495	-	6,613,062
Miscellaneous	39,234	-	-	39,234
Recovered costs	77,925	166,493	-	244,418
Donations and contributions	131,846	-	-	131,846
From component unit - School Board	-	921,100	-	921,100
From other governments	6,150,836	5,240,920	-	11,391,756
Total revenues	12,871,506	6,470,008	8	19,341,522
Expenses				
Administration of justice	499,756	-	-	499,756
Public safety	9,455,816	-	-	9,455,816
Public works	23,961	-	-	23,961
Health and welfare	1,764,687	9,145,431	-	10,910,118
Parks, recreation and cultural	244,339	-	-	244,339
Community development	1,856,197	-	-	1,856,197
Total expenditures	13,844,756	9,145,431	-	22,990,187
Excess (deficiency) of revenues over (under) expenditures	(973,250)	(2,675,423)	8	(3,648,665)
Other financing sources (uses)				
Transfers in	1,588,464	1,674,400	-	3,262,864
Transfers out	(1,227,650)	-	-	(1,227,650)
Total other financing sources, net	360,814	1,674,400	-	2,035,214
Net change in fund balances	(612,436)	(1,001,023)	8	(1,613,451)
Total fund balances, July 1, 2013	6,046,365	1,979,895	14,503	8,040,763
Total fund balances, June 30, 2014	\$ 5,433,929	\$ 978,872	\$ 14,511	\$ 6,427,312

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2014

	<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	\$ 281,532,600	\$ 281,532,600	\$ 289,899,514	\$ 8,366,914
Real and personal public service corporation taxes	12,950,000	12,950,000	12,709,368	(240,632)
Personal property taxes	54,157,000	54,157,000	57,355,201	3,198,201
Machinery and tools taxes	4,920,000	4,920,000	4,773,224	(146,776)
Penalties and interest	3,900,000	3,900,000	3,378,332	(521,668)
Special assessments and service districts	2,810,500	2,810,500	3,184,749	374,249
Total general property taxes	<u>360,270,100</u>	<u>360,270,100</u>	<u>371,300,388</u>	<u>11,030,288</u>
Other local taxes:				
Bank stock tax	2,092,300	2,092,300	1,667,115	(425,185)
Business license taxes	17,750,600	17,750,600	18,351,123	600,523
Consumer utility taxes	7,767,700	7,767,700	7,802,992	35,292
Local sales and use taxes	44,126,500	44,126,500	42,924,462	(1,202,038)
Motor vehicle licenses	7,361,900	7,361,900	12,194,196	4,832,296
Recordation tax	4,676,200	4,676,200	4,209,707	(466,493)
Short-term rental tax	307,000	307,000	311,697	4,697
Telecommunications tax	16,067,700	16,067,700	15,070,195	(997,505)
Transient occupancy tax	4,449,000	4,449,000	4,072,726	(376,274)
Incremental sales tax	315,000	315,000	611,686	296,686
Total other local taxes	<u>104,913,900</u>	<u>104,913,900</u>	<u>107,215,899</u>	<u>2,301,999</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	80,000	83,720	77,878	(5,842)
Building permits	3,015,500	3,122,556	3,710,542	587,986
DMV stop fees	480,000	480,000	514,985	34,985
Erosion control fees	72,000	72,000	87,628	15,628
Permits and other licenses	211,600	211,600	377,860	166,260
Plan review fees	121,800	121,800	216,357	94,557
Planning fees	258,500	258,500	290,406	31,906
Total permits, privilege fees and regulatory licenses	<u>4,239,400</u>	<u>4,350,176</u>	<u>5,275,656</u>	<u>925,480</u>
Fines and forfeitures	<u>1,517,500</u>	<u>2,822,569</u>	<u>3,204,800</u>	<u>382,231</u>
Use of money and property:				
Use of money	538,000	556,767	370,785	(185,982)
Use of property	608,600	608,600	732,966	124,366
Total use of money and property	<u>1,146,600</u>	<u>1,165,367</u>	<u>1,103,751</u>	<u>(61,616)</u>
Charges for services:				
Annual recycling fees	1,980,000	1,980,000	1,984,498	4,498
Building inspection administrative fee	75,000	75,000	38,920	(36,080)
Building rental	158,700	158,700	158,680	(20)
Courthouse maintenance fees	95,000	95,000	88,302	(6,698)
Employee Health Center	587,500	587,500	700,541	113,041
False alarm charges	120,000	120,000	85,950	(34,050)
Juvenile Detention Home fees	164,000	164,000	153,430	(10,570)
Landfill fees	1,390,000	1,390,000	1,336,283	(53,717)
Law Library	111,000	111,000	103,315	(7,685)
Library fines and services	402,200	402,200	204,683	(197,517)
Med-flight services	174,100	174,100	71,370	(102,730)

(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, 2014

	<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	\$ 18,793,500	\$ 18,789,400	\$ 17,243,831	\$ (1,545,569)
Parks and Recreation fees	389,700	389,700	484,923	95,223
Police miscellaneous fees	128,000	128,000	106,525	(21,475)
Police officers fees	1,000,000	1,000,000	1,059,867	59,867
Recycling proceeds	146,700	146,700	140,977	(5,723)
Sale of publications and maps	9,700	9,700	9,305	(395)
Sheriff fees	886,500	886,500	777,859	(108,641)
Traffic offenses	329,400	329,400	409,321	79,921
Treasurer's administrative fees	1,210,000	1,210,000	1,296,478	86,478
Other	3,494,600	3,555,552	3,487,959	(67,593)
Total charges for services	<u>31,645,600</u>	<u>31,702,452</u>	<u>29,943,017</u>	<u>(1,759,435)</u>
Miscellaneous:				
Public phone commission	75,000	75,000	68,694	(6,306)
Other miscellaneous	1,320,800	6,054,294	15,430,326	9,376,032
Total miscellaneous	<u>1,395,800</u>	<u>6,129,294</u>	<u>15,499,020</u>	<u>9,369,726</u>
Recovered costs:				
Interfund reimbursements	1,156,000	1,365,838	1,218,715	(147,123)
Reimbursed by other localities	547,300	548,575	586,861	38,286
Reimbursement from Schools	7,840,300	7,840,300	7,815,300	(25,000)
Other	2,039,600	2,039,600	2,290,005	250,405
Total recovered costs	<u>11,583,200</u>	<u>11,794,313</u>	<u>11,910,881</u>	<u>116,568</u>
Donations and contributions	60,400	71,212	122,340	51,128
Total revenues from local sources	<u>516,772,500</u>	<u>523,219,383</u>	<u>545,575,752</u>	<u>22,356,369</u>
From other governments:				
From the Commonwealth:				
Non-categorical aid:				
Clerk's excess fees	375,000	375,000	278,858	(96,142)
DMV Select program commission	45,500	45,500	66,034	20,534
Mobile home sales tax	61,700	61,700	51,128	(10,572)
Personal property tax relief	41,092,000	41,092,000	41,092,048	48
Rolling stock tax	96,100	96,100	126,040	29,940
State recordation tax	1,489,100	1,489,100	1,372,972	(116,128)
Vehicle rental tax	800,000	800,000	948,597	148,597
Total non-categorical aid	<u>43,959,400</u>	<u>43,959,400</u>	<u>43,935,677</u>	<u>(23,723)</u>
Shared expenditures:				
Clerk of Circuit Court	1,027,600	1,064,252	1,149,492	85,240
Commissioner of the Revenue	427,000	427,000	486,850	59,850
Commonwealth's Attorney	1,796,400	1,796,400	2,070,716	274,316
Sheriff	2,830,700	2,580,700	2,634,666	53,966
Treasurer	405,900	405,900	469,926	64,026
Other	75,000	75,000	74,636	(364)
Total shared expenditures	<u>6,562,600</u>	<u>6,349,252</u>	<u>6,886,286</u>	<u>537,034</u>
Categorical aid:				
Annexation House Bill 599	7,458,800	7,458,800	7,458,784	(16)
Chesterfield County Jail	494,000	494,000	396,230	(97,770)
Education-state sales tax	58,084,600	56,293,600	55,980,750	(312,850)
Emergency medical services	302,600	302,600	308,306	5,706

(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, 2014

	<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	\$ 949,751	\$ 99,751
Juvenile Detention Home	1,800,000	1,880,000	1,898,136	18,136
Library	191,200	191,200	196,233	5,033
Mental Health Support Services	4,664,100	4,664,100	4,908,952	244,852
Sheriff programs	2,098,700	2,348,700	2,500,052	151,352
Welfare	4,999,400	4,999,400	4,265,135	(734,265)
Other	<u>2,069,600</u>	<u>2,168,906</u>	<u>2,368,790</u>	<u>199,884</u>
Total categorical aid	<u>83,013,000</u>	<u>81,651,306</u>	<u>81,231,119</u>	<u>(420,187)</u>
Total from the Commonwealth	<u>133,535,000</u>	<u>131,959,958</u>	<u>132,053,082</u>	<u>93,124</u>
From the federal government:				
Categorical aid:				
Mental Health Block Grant	953,600	953,600	919,137	(34,463)
Public safety	26,400	76,409	76,409	-
Welfare	7,001,900	7,001,900	7,235,889	233,989
Other	<u>21,100</u>	<u>162,988</u>	<u>160,554</u>	<u>(2,434)</u>
Total from the federal government	<u>8,003,000</u>	<u>8,194,897</u>	<u>8,391,989</u>	<u>197,092</u>
Total revenues from other governments	<u>141,538,000</u>	<u>140,154,855</u>	<u>140,445,071</u>	<u>290,216</u>
Total revenues	<u>658,310,500</u>	<u>663,374,238</u>	<u>686,020,823</u>	<u>22,646,585</u>
Expenditures				
General government:				
Accounting	3,645,200	3,638,500	3,519,820	118,680
Board of Supervisors	351,900	351,900	322,559	29,341
Budget and Management	1,071,100	1,054,800	1,034,515	20,285
Center for Organizational Excellence	1,220,831	1,170,331	1,090,348	79,983
Clerk to the Board	258,800	258,800	231,703	27,097
Commissioner of the Revenue	3,157,213	3,027,313	2,966,506	60,807
County Administration	1,032,033	1,021,833	946,628	75,205
County Attorney	1,576,580	1,676,580	1,646,812	29,768
Document Services	1,163,954	1,163,954	1,098,177	65,777
Employee benefits	6,982,500	4,670,200	3,836,130	834,070
General Services	686,100	700,100	675,880	24,220
Human Resource Management	3,144,257	3,628,422	3,139,622	488,800
Information Systems Technology	13,012,959	12,981,959	12,578,161	403,798
Interest paid on tax refunds	109,000	105,325	78,473	26,852
Intergovernmental Relations	171,100	178,600	169,216	9,384
Internal Audit	818,800	856,800	836,110	20,690
License Inspector	504,900	504,900	501,163	3,737
Management Services Administration	308,200	318,000	308,891	9,109
Non-departmental	37,000	1,812,316	1,811,582	734
Public Affairs	804,800	809,800	784,827	24,973
Purchasing	1,623,690	1,631,190	1,581,514	49,676
Real Estate Assessments	2,892,184	2,643,684	2,534,168	109,516
Registrar	969,700	1,079,700	1,071,944	7,756
Treasurer	<u>3,769,526</u>	<u>3,760,226</u>	<u>3,599,585</u>	<u>160,641</u>
Total general government	<u>49,312,327</u>	<u>49,045,233</u>	<u>46,364,334</u>	<u>2,680,899</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, 2014

	<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	\$ 3,242,900	\$ 3,279,552	\$ 3,237,595	\$ 41,957
Circuit Court Judges	930,112	954,112	937,523	16,589
Commonwealth's Attorney	4,158,771	4,288,330	4,280,962	7,368
General District Court	160,800	346,800	320,319	26,481
Juvenile and Domestic Relations Court	98,900	118,900	109,930	8,970
Law Library	113,183	113,183	110,871	2,312
Magistrate	5,900	5,900	4,844	1,056
Total administration of justice	<u>8,710,566</u>	<u>9,106,777</u>	<u>9,002,044</u>	<u>104,733</u>
Public safety:				
Building Inspections	4,915,112	4,994,012	4,826,228	167,784
Community Corrections	2,762,129	2,893,064	2,797,401	95,663
Emergency Communications Center	6,553,000	6,404,275	6,325,461	78,814
Fire and EMS	51,240,515	52,678,585	51,670,916	1,007,669
Juvenile Detention Home	4,463,699	4,642,299	4,538,939	103,360
Juvenile Probation	99,400	99,400	84,719	14,681
Police	59,841,044	62,085,469	60,581,236	1,504,233
Regional Jail	10,074,000	11,642,000	11,615,040	26,960
Sheriff and Jail	20,648,370	20,731,259	20,725,888	5,371
Total public safety	<u>160,597,269</u>	<u>166,170,363</u>	<u>163,165,828</u>	<u>3,004,535</u>
Public works:				
Buildings and Grounds	6,203,438	6,326,338	5,914,278	412,060
Environmental Engineering	4,263,748	4,326,940	4,193,548	133,392
Hydrant rental and right of way	644,600	630,667	628,776	1,891
Street lights and road improvements	755,500	826,060	803,951	22,109
Waste and Resource Recovery	5,135,489	5,201,495	5,096,326	105,169
Total public works	<u>17,002,775</u>	<u>17,311,500</u>	<u>16,636,879</u>	<u>674,621</u>
Health and welfare:				
Health	5,464,496	5,653,496	5,576,981	76,515
Human Services Administration	594,807	599,582	567,122	32,460
Mental Health Support Services	38,562,347	37,741,847	35,701,268	2,040,579
Social Services	17,370,095	16,920,095	16,409,714	510,381
Tax relief for the elderly	5,050,000	5,279,814	5,279,814	-
Youth Planning and Development	314,900	329,900	321,647	8,253
Total health and welfare	<u>67,356,645</u>	<u>66,524,734</u>	<u>63,856,546</u>	<u>2,668,188</u>
Parks, recreation and cultural:				
Community Contracts	635,100	635,100	623,800	11,300
District Improvements Funds	167,500	89,115	-	89,115
Library	7,454,680	7,408,279	7,338,540	69,739
Parks and Recreation	10,413,234	10,596,955	10,428,892	168,063
Total parks, recreation and cultural	<u>18,670,514</u>	<u>18,729,449</u>	<u>18,391,232</u>	<u>338,217</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, 2014

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive Negative
Community development:				
Community Development Administration	\$ 1,167,700	\$ 1,185,700	\$ 1,125,738	\$ 59,962
Convention Center	4,449,000	4,449,000	4,072,726	376,274
Cooperative Extension	390,846	390,846	379,019	11,827
Economic Development	2,851,505	3,009,236	2,951,974	57,262
Economic Development Incentives	555,000	397,269	525,139	(127,870)
Planning	4,039,293	4,064,293	4,029,217	35,076
Tax increment financing payments	2,725,500	2,725,500	2,565,873	159,627
Transportation	1,249,800	1,338,400	1,308,929	29,471
Total community development	<u>17,428,644</u>	<u>17,560,244</u>	<u>16,958,615</u>	<u>601,629</u>
Non-departmental	<u>1,894,500</u>	<u>1,851,500</u>	-	<u>1,851,500</u>
Debt service:				
Retirement of principal	14,018,800	17,472,504	17,260,029	212,475
Interest	7,694,300	5,944,300	6,180,793	(236,493)
Other	899,800	879,576	227,346	652,230
Total debt service	<u>22,612,900</u>	<u>24,296,380</u>	<u>23,668,168</u>	<u>628,212</u>
Total expenditures	<u>363,586,140</u>	<u>370,596,180</u>	<u>358,043,646</u>	<u>12,552,534</u>
Excess of revenues over expenditures	<u>294,724,360</u>	<u>292,778,058</u>	<u>327,977,177</u>	<u>35,199,119</u>
Other financing sources (uses)				
Transfers in:				
County Capital Projects Fund	-	134,500	134,500	-
Grant Funds	1,251,300	1,255,400	1,227,650	(27,750)
Water Fund	593,000	593,000	593,000	-
Wastewater Fund	2,200	2,200	2,200	-
Vehicle and Communications Maintenance Fund	12,900	12,900	12,900	-
Total transfers in	<u>1,859,400</u>	<u>1,998,000</u>	<u>1,970,250</u>	<u>(27,750)</u>
Transfers out:				
County Capital Projects Fund	(14,659,000)	(84,549,362)	(16,679,342)	67,870,020
School Capital Projects Fund	-	(5,662,620)	(2,243,667)	3,418,953
Grants Fund	(875,700)	(2,324,861)	(968,565)	1,356,296
Comprehensive Services Fund	(1,229,200)	(1,229,200)	(1,229,200)	-
Airport Fund	(36,500)	(420,830)	(230,361)	190,469
School Operating Fund	(303,344,200)	(301,468,838)	(294,400,359)	7,068,479
Total transfers out	<u>(320,144,600)</u>	<u>(395,655,711)</u>	<u>(315,751,494)</u>	<u>79,904,217</u>
Premium on refunding bonds issued	-	1,345,764	1,345,764	-
Premium on bonds issued	-	16,638	16,638	-
Payment to refunded bonds escrow agent	-	(12,418,535)	(12,418,535)	-
Proceeds from refunding bonds issued	-	11,085,409	11,085,409	-
Total other financing uses, net	<u>(318,285,200)</u>	<u>(393,628,435)</u>	<u>(313,751,968)</u>	<u>79,876,467</u>
Net change in fund balance	(23,560,840)	(100,850,377)	14,225,209	115,075,586
Fund balance, July 1, 2013	254,155,151	254,155,151	254,155,151	-
Fund balance, June 30, 2014	<u>\$ 230,594,311</u>	<u>\$ 153,304,774</u>	<u>\$ 268,380,360</u>	<u>\$ 115,075,586</u>

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, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ -	\$ -	\$ 141,495	\$ 141,495
Recovered costs	273,000	307,988	166,493	(141,495)
From the Commonwealth	3,807,400	4,985,785	4,985,785	-
From the federal government	-	255,135	255,135	-
Total revenues	<u>4,080,400</u>	<u>5,548,908</u>	<u>5,548,908</u>	<u>-</u>
Expenditures				
Health and welfare	<u>7,412,900</u>	<u>8,881,408</u>	<u>9,145,431</u>	<u>(264,023)</u>
Deficiency of revenues under expenditures	<u>(3,332,500)</u>	<u>(3,332,500)</u>	<u>(3,596,523)</u>	<u>(264,023)</u>
Other financing sources				
Transfers in	1,674,400	1,674,400	1,674,400	-
Transfers from component unit - School Board	<u>921,100</u>	<u>921,100</u>	<u>921,100</u>	<u>-</u>
Total other financing sources, net	<u>2,595,500</u>	<u>2,595,500</u>	<u>2,595,500</u>	<u>-</u>
Net change in fund balance	(737,000)	(737,000)	(1,001,023)	(264,023)
Fund balance, July 1, 2013	<u>1,979,895</u>	<u>1,979,895</u>	<u>1,979,895</u>	<u>-</u>
Fund balance, June 30, 2014	<u>\$ 1,242,895</u>	<u>\$ 1,242,895</u>	<u>\$ 978,872</u>	<u>\$ (264,023)</u>

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.	\$ 5,548,908
Transfers from the School Board component unit are revenues for financial reporting purposes.	<u>921,100</u>
Total revenues on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds.	<u>\$ 6,470,008</u>

Other financing sources

Total other financing sources, net, on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 2,595,500
Transfers from the School Board component unit are revenues for financial reporting purposes.	<u>(921,100)</u>
Total other financing sources, net, on the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds.	<u>\$ 1,674,400</u>

See accompanying independent auditors' report.



Non-major Enterprise Funds

Enterprise Funds are used to account for the reporting entity'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, 2014

	<u>Enterprise Funds</u>		
	<u>Economic Development Authority</u>	<u>Airport</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,047,462	\$ 445,214	\$ 6,492,676
Restricted cash equivalents with trustees	326,416	-	326,416
Receivables	32,000	40,006	72,006
Due from other funds	20,904	-	20,904
Due from component unit	6,696,800	-	6,696,800
Due from other governments	-	131	131
Total current assets	<u>13,123,582</u>	<u>485,351</u>	<u>13,608,933</u>
Non-current assets:			
Capital assets:			
Land and land improvements	11,913,106	1,663,935	13,577,041
Buildings	-	7,143,405	7,143,405
Improvements other than buildings	87,608	27,201,405	27,289,013
Infrastructure	1,171,221	-	1,171,221
Machinery and equipment	-	1,613,478	1,613,478
Construction in progress	1,735,598	700,381	2,435,979
Total capital assets	<u>14,907,533</u>	<u>38,322,604</u>	<u>53,230,137</u>
Less accumulated depreciation	<u>(291,759)</u>	<u>(18,853,904)</u>	<u>(19,145,663)</u>
Net capital assets	<u>14,615,774</u>	<u>19,468,700</u>	<u>34,084,474</u>
Total assets	<u>27,739,356</u>	<u>19,954,051</u>	<u>47,693,407</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	45,200	45,200
LIABILITIES			
Current liabilities:			
Accounts payable	23,766	35,004	58,770
Due to other funds	-	275,000	275,000
Accrued liabilities	336,391	18,700	355,091
Compensated absences	-	9,927	9,927
Certificates of participation, net	-	112,923	112,923
Total current liabilities	<u>360,157</u>	<u>451,554</u>	<u>811,711</u>
Non-current liabilities:			
Deposits and advances	-	6,645	6,645
Retainages payable	86,780	-	86,780
Compensated absences	-	7,494	7,494
Retirement plan obligations	-	4,590	4,590
Revenue note payable	6,670,000	-	6,670,000
Certificates of participation, net	-	901,665	901,665
Total non-current liabilities	<u>6,756,780</u>	<u>920,394</u>	<u>7,677,174</u>
Total liabilities	<u>7,116,937</u>	<u>1,371,948</u>	<u>8,488,885</u>
NET POSITION			
Net investment in capital assets	14,615,774	18,499,312	33,115,086
Unrestricted	<u>6,006,645</u>	<u>127,991</u>	<u>6,134,636</u>
Total net position	<u>\$ 20,622,419</u>	<u>\$ 18,627,303</u>	<u>\$ 39,249,722</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, 2014

	<u>Enterprise Funds</u>		
	<u>Economic Development Authority</u>	<u>Airport</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 160,894	\$ 723,673	\$ 884,567
From the Commonwealth	50,000	12,013	62,013
Other	<u>32,000</u>	<u>16,415</u>	<u>48,415</u>
Total operating revenues	<u>242,894</u>	<u>752,101</u>	<u>994,995</u>
Operating expenses			
Salaries and wages	-	237,602	237,602
Contractual services	107,334	169,954	277,288
Materials and supplies	-	170,039	170,039
Heat, light and power	-	92,663	92,663
Depreciation	50,353	1,302,211	1,352,564
Repairs and maintenance	-	30,472	30,472
Other	<u>980,721</u>	<u>28,251</u>	<u>1,008,972</u>
Total operating expenses	<u>1,138,408</u>	<u>2,031,192</u>	<u>3,169,600</u>
Operating loss	<u>(895,514)</u>	<u>(1,279,091)</u>	<u>(2,174,605)</u>
Non-operating revenues (expenses)			
Interest and dividend income	3,222	-	3,222
Interest expense	-	(36,959)	(36,959)
Gain on disposal of capital assets	3,866,638	-	3,866,638
Other	<u>(849,169)</u>	<u>-</u>	<u>(849,169)</u>
Total non-operating revenues (expenses)	<u>3,020,691</u>	<u>(36,959)</u>	<u>2,983,732</u>
Income (loss) before capital contributions and transfers	2,125,177	(1,316,050)	809,127
Capital contributions	-	186,979	186,979
Transfers in	<u>247,325</u>	<u>230,361</u>	<u>477,686</u>
Change in net position	2,372,502	(898,710)	1,473,792
Total net position - July 1, 2013	<u>18,249,917</u>	<u>19,526,013</u>	<u>37,775,930</u>
Total net position - June 30, 2014	<u>\$ 20,622,419</u>	<u>\$ 18,627,303</u>	<u>\$ 39,249,722</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, 2014

	Enterprise Funds		
	Economic Development Authority	Airport	Total
Cash flows from operating activities			
Receipts from customers	\$ 610,067	\$ 791,979	\$ 1,402,046
Payments to suppliers	(1,894,459)	(486,216)	(2,380,675)
Payments to employees	-	(242,778)	(242,778)
Net cash provided by (used in) operating activities	<u>(1,284,392)</u>	<u>62,985</u>	<u>(1,221,407)</u>
Cash flows from non-capital financing activities			
Transfers in	<u>582,325</u>	<u>-</u>	<u>582,325</u>
Cash flows from capital and related financing activities			
Advance from General Fund	-	(145,000)	(145,000)
Purchase of capital assets	(1,828,499)	(257,997)	(2,086,496)
Proceeds from sale of capital assets	4,699,800	-	4,699,800
Capital contributions	-	498,078	498,078
Interest paid on certificates of participation	-	(41,328)	(41,328)
Principal paid on certificates of participation	-	(96,309)	(96,309)
Net cash provided by (used in) capital and related financing activities	<u>2,871,301</u>	<u>(42,556)</u>	<u>2,828,745</u>
Cash flows from investing activities			
Interest received	<u>3,367</u>	<u>-</u>	<u>3,367</u>
Net increase in cash and cash equivalents	2,172,601	20,429	2,193,030
Cash and cash equivalents, July 1, 2013	4,201,277	424,785	4,626,062
Cash and cash equivalents, June 30, 2014	<u>\$ 6,373,878</u>	<u>\$ 445,214</u>	<u>\$ 6,819,092</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (895,514)	\$ (1,279,091)	\$ (2,174,605)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	50,353	1,302,211	1,352,564
Changes in assets and liabilities:			
Receivables, net	317,172	39,878	357,050
Accounts and other payables	(756,403)	(13)	(756,416)
Net cash provided by (used in) operating activities	<u>\$ (1,284,392)</u>	<u>\$ 62,985</u>	<u>\$ (1,221,407)</u>
Noncash transactions related to financing, capital and investing activities:			
Contributions of capital assets	\$ -	\$ 35,527	\$ 35,527

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, 2014

	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Healthcare	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,099,537	\$ 18,012,957	\$ 136,119	\$ 8,442,346	\$ 36,690,959
Receivables	107,654	8,507	-	-	116,161
Due from other governments	-	190,699	-	-	190,699
Inventories	677,633	-	-	-	677,633
Total current assets	<u>10,884,824</u>	<u>18,212,163</u>	<u>136,119</u>	<u>8,442,346</u>	<u>37,675,452</u>
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	14,138,104	82,424	15,447	-	14,235,975
Construction in progress	34,787	-	-	-	34,787
Total capital assets	16,570,602	399,941	30,439	-	17,000,982
Less accumulated depreciation	<u>(10,579,448)</u>	<u>(136,990)</u>	<u>(21,025)</u>	<u>-</u>	<u>(10,737,463)</u>
Net capital assets	5,991,154	262,951	9,414	-	6,263,519
Total assets	<u>16,875,978</u>	<u>18,475,114</u>	<u>145,533</u>	<u>8,442,346</u>	<u>43,938,971</u>
LIABILITIES					
Current liabilities:					
Accounts payable	1,011,313	127,225	3,170	-	1,141,708
Accrued liabilities	297,804	37,432	35,902	-	371,138
Compensated absences	218,330	25,899	40,644	-	284,873
Judgments and claims	8,575	3,446,057	-	8,721,180	12,175,812
Total current liabilities	<u>1,536,022</u>	<u>3,636,613</u>	<u>79,716</u>	<u>8,721,180</u>	<u>13,973,531</u>
Non-current liabilities:					
Compensated absences	156,710	13,672	24,955	-	195,337
Judgments and claims	21,320	812,700	-	-	834,020
Retirement plan obligations	62,623	9,173	8,244	-	80,040
Total non-current liabilities	<u>240,653</u>	<u>835,545</u>	<u>33,199</u>	<u>-</u>	<u>1,109,397</u>
Total liabilities	<u>1,776,675</u>	<u>4,472,158</u>	<u>112,915</u>	<u>8,721,180</u>	<u>15,082,928</u>
NET POSITION					
Net investment in capital assets	5,991,154	262,951	9,414	-	6,263,519
Unrestricted	9,108,149	13,740,005	23,204	(278,834)	22,592,524
Total net position	<u>\$ 15,099,303</u>	<u>\$ 14,002,956</u>	<u>\$ 32,618</u>	<u>\$ (278,834)</u>	<u>\$ 28,856,043</u>

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, 2014

	<u>Vehicle and Communications Maintenance</u>	<u>Risk Management</u>	<u>Capital Projects Management</u>	<u>Healthcare</u>	<u>Total</u>
Operating revenues					
Charges for services	\$ 20,553,506	\$ 7,311,300	\$ 712,240	\$ 47,812,269	\$ 76,389,315
Change in actuarial estimate of claims	-	1,173,122	-	-	1,173,122
Other	634,276	135,772	-	-	770,048
Total operating revenues	<u>21,187,782</u>	<u>8,620,194</u>	<u>712,240</u>	<u>47,812,269</u>	<u>78,332,485</u>
Operating expenses					
Salaries and wages	5,679,767	807,194	639,695	-	7,126,656
Contractual services	610,083	288,303	30,085	-	928,471
Materials and supplies	11,120,916	7,683	14,746	-	11,143,345
Heat, light and power	68,144	5,451	-	-	73,595
Depreciation	1,414,671	2,477	2,296	-	1,419,444
Repairs and maintenance	932,842	65,023	12,225	-	1,010,090
Insurance	-	2,674,791	-	-	2,674,791
Claims	2,066	2,116,530	-	48,091,103	50,209,699
Other	16,538	6,589	3,673	-	26,800
Total operating expenses	<u>19,845,027</u>	<u>5,974,041</u>	<u>702,720</u>	<u>48,091,103</u>	<u>74,612,891</u>
Operating income (loss)	<u>1,342,755</u>	<u>2,646,153</u>	<u>9,520</u>	<u>(278,834)</u>	<u>3,719,594</u>
Non-operating revenues					
Interest and dividend income	-	10,580	-	-	10,580
Gain on disposal of capital assets	3,120	-	-	-	3,120
Total non-operating revenues	<u>3,120</u>	<u>10,580</u>	<u>-</u>	<u>-</u>	<u>13,700</u>
Income (loss) before capital contributions and transfers	1,345,875	2,656,733	9,520	(278,834)	3,733,294
Capital contributions	169,448	-	-	-	169,448
Transfers out	(93,233)	-	-	-	(93,233)
Change in net position	1,422,090	2,656,733	9,520	(278,834)	3,809,509
Total net position - July 1, 2013	<u>13,677,213</u>	<u>11,346,223</u>	<u>23,098</u>	<u>-</u>	<u>25,046,534</u>
Total net position - June 30, 2014	<u>\$ 15,099,303</u>	<u>\$ 14,002,956</u>	<u>\$ 32,618</u>	<u>\$ (278,834)</u>	<u>\$ 28,856,043</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

	Vehicle and Communications Maintenance	Risk Management	Capital Projects Management	Healthcare	Total
Cash flows from operating activities					
Receipts from customers	\$ 20,607,063	\$ 7,447,072	\$ 712,241	\$ 47,812,269	\$ 76,578,645
Payments to suppliers	(12,725,446)	(3,019,630)	(58,891)	-	(15,803,967)
Payments to employees	(5,662,317)	(827,163)	(645,610)	-	(7,135,090)
Claims recovered	-	613,385	-	-	613,385
Claims paid	-	(1,809,740)	-	(39,369,923)	(41,179,663)
Other receipts	380,499	-	-	-	380,499
Net cash provided by operating activities	<u>2,599,799</u>	<u>2,403,924</u>	<u>7,740</u>	<u>8,442,346</u>	<u>13,453,809</u>
Cash flows from non-capital financing activities					
Transfers out	(93,233)	-	-	-	(93,233)
Cash flows from capital and related financing activities					
Purchase of capital assets	(1,179,521)	-	-	-	(1,179,521)
Proceeds from sale of capital assets	159,640	-	-	-	159,640
Net cash used in capital and related financing activities	<u>(1,019,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,019,881)</u>
Cash flows from investing activities					
Interest received	-	10,580	-	-	10,580
Net increase in cash and cash equivalents	1,486,685	2,414,504	7,740	8,442,346	12,351,275
Cash and cash equivalents, July 1, 2013	8,612,852	15,598,453	128,379	-	24,339,684
Cash and cash equivalents, June 30, 2014	<u>\$ 10,099,537</u>	<u>\$ 18,012,957</u>	<u>\$ 136,119</u>	<u>\$ 8,442,346</u>	<u>\$ 36,690,959</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 1,342,755	\$ 2,646,153	\$ 9,520	\$ (278,834)	\$ 3,719,594
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	1,414,671	2,477	2,296	-	1,419,444
Changes in assets and liabilities:					
Receivables, net	(74,486)	(102,238)	-	-	(176,724)
Inventories	(14,005)	-	-	-	(14,005)
Accounts and other payables	56,598	(142,468)	(4,076)	8,721,180	8,631,234
Unearned revenue	(125,734)	-	-	-	(125,734)
Net cash provided by operating activities	<u>\$ 2,599,799</u>	<u>\$ 2,403,924</u>	<u>\$ 7,740</u>	<u>\$ 8,442,346</u>	<u>\$ 13,453,809</u>
Noncash transactions related to financing, capital and investing activities are as follows:					
Contributions of capital assets	\$ 169,448	\$ -	\$ -	\$ -	\$ 169,448

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, 2014

	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	\$ 2,705,514	\$ -	\$ -	\$ -	\$ 2,705,514
Accounts receivable	26,882	-	-	-	26,882
Due from other governments	-	-	-	-	-
Restricted assets:					-
Cash and cash equivalents	-	-	-	-	-
Investments	-	-	-	-	-
Cash, cash equivalents, and investments with trustee	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interest receivable	-	-	-	-	-
Total restricted assets	-	-	-	-	-
Investments:					
Mutual funds	1,364,949	-	-	-	1,364,949
Common and preferred stocks	14,703,405	-	-	-	14,703,405
Corporate bonds	2,239,976	-	-	-	2,239,976
U.S. government and agency securities	2,230,934	-	-	-	2,230,934
Exchange traded funds	5,045,880	-	-	-	5,045,880
Collateralized mortgage obligations	248,588	-	-	-	248,588
Fund of funds	4,238,189	-	-	-	4,238,189
Pooled funds	-	21,995,799	9,593,596	5,448,767	37,038,162
Total investments	30,071,921	21,995,799	9,593,596	5,448,767	67,110,083
Total assets	32,804,317	21,995,799	9,593,596	5,448,767	69,842,479
LIABILITIES					
Due to broker	1,662,068	717,838	919,894	525,992	3,825,792
Total liabilities	1,662,068	717,838	919,894	525,992	3,825,792
FIDUCIARY NET POSITION					
Restricted for pension/other postemployment benefits	\$ 31,142,249	\$ 21,277,961	\$ 8,673,702	\$ 4,922,775	\$ 66,016,687

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2014

	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	\$ 2,400,000	\$ 8,392,480	\$ 17,756,563	\$ 833,561	\$ 29,382,604
Investment earnings:					
Interest and dividends	541,710	5,271	1,923	750	549,654
Accrued income	26,882	2	-	-	26,884
Net increase in the fair value of investments	<u>3,600,593</u>	<u>2,340,653</u>	<u>882,807</u>	<u>500,947</u>	<u>7,325,000</u>
Total investment income	4,169,185	2,345,926	884,730	501,697	7,901,538
Less investment expenses	<u>(163,023)</u>	<u>(20,357)</u>	<u>(7,589)</u>	<u>(4,343)</u>	<u>(195,312)</u>
Net investment income	<u>4,006,162</u>	<u>2,325,569</u>	<u>877,141</u>	<u>497,354</u>	<u>7,706,226</u>
Total additions, net	<u>6,406,162</u>	<u>10,718,049</u>	<u>18,633,704</u>	<u>1,330,915</u>	<u>37,088,830</u>
Deductions:					
Benefit payments	1,292,401	7,674,642	16,836,667	307,507	26,111,217
Administrative expenses	<u>105,711</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>107,211</u>
Total deductions	<u>1,398,112</u>	<u>7,675,142</u>	<u>16,837,167</u>	<u>308,007</u>	<u>26,218,428</u>
Increase in net position restricted for pensions/other postemployment benefits	5,008,050	3,042,907	1,796,537	1,022,908	10,870,402
Fiduciary net position - July 1, 2013	<u>26,134,199</u>	<u>18,235,054</u>	<u>6,877,165</u>	<u>3,899,867</u>	<u>55,146,285</u>
Fiduciary net position - June 30, 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>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
 Combining Balance Sheet
 Agency Funds
 June 30, 2014

	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	\$ 5,953,351	\$ 37,645	\$ 64,151	\$ 401,732	\$ 33,748	\$ 340,714	\$ 1,816,058	\$ 8,647,399
Accounts receivable	298,624	-	-	-	-	18,622	22,396	339,642
Due from other governments	1,349,636	-	721	-	-	-	-	1,350,357
Restricted assets:								
Cash and cash equivalents	6,500,069	-	-	-	-	-	-	6,500,069
Investments	15,862,421	-	-	-	-	-	-	15,862,421
Cash, cash equivalents and investments with trustee	2,056,849	-	-	-	-	-	-	2,056,849
Due from other governments	2,336,084	-	-	-	-	-	-	2,336,084
Interest receivable	4,466	-	-	-	-	-	-	4,466
Total restricted assets	26,759,889	-	-	-	-	-	-	26,759,889
Total assets	\$ 34,361,500	\$ 37,645	\$ 64,872	\$ 401,732	\$ 33,748	\$ 359,336	\$ 1,838,454	\$ 37,097,287
LIABILITIES								
Amounts held for others	\$ 34,361,500	\$ 37,645	\$ 64,872	\$ 401,732	\$ 33,748	\$ 359,336	\$ 1,838,454	\$ 37,097,287

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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<i>GREATER RICHMOND CONVENTION CENTER AUTHORITY</i>				
Assets				
Cash and cash equivalents	\$ 7,251,463	\$ 7,210,111	\$ 8,508,223	\$ 5,953,351
Accounts receivable	100,023	298,624	100,023	298,624
Due from other governments	1,272,419	1,349,636	1,272,419	1,349,636
Restricted assets:				
Cash and cash equivalents	5,933,650	10,998,007	10,431,588	6,500,069
Investments	4,995,100	16,867,321	6,000,000	15,862,421
Cash, cash equivalents and Investments with trustee	13,010,932	17,001,692	27,955,775	2,056,849
Due from other governments	1,889,838	2,336,084	1,889,838	2,336,084
Interest receivable	396	4,466	396	4,466
Total restricted assets	<u>25,829,916</u>	<u>47,207,570</u>	<u>46,277,597</u>	<u>26,759,889</u>
Total assets	<u>\$ 34,453,821</u>	<u>\$ 56,065,941</u>	<u>\$ 56,158,262</u>	<u>\$ 34,361,500</u>
Liabilities				
Amounts held for others	<u>\$ 34,453,821</u>	<u>\$ 56,065,941</u>	<u>\$ 56,158,262</u>	<u>\$ 34,361,500</u>
<i>SPECIAL WELFARE</i>				
Assets				
Cash and cash equivalents	<u>\$ 58,763</u>	<u>\$ 86,959</u>	<u>\$ 108,077</u>	<u>\$ 37,645</u>
Liabilities				
Amounts held for others	<u>\$ 58,763</u>	<u>\$ 86,959</u>	<u>\$ 108,077</u>	<u>\$ 37,645</u>
<i>MENTAL HEALTH SUPPORT SERVICES SOCIAL SECURITY ADMINISTRATION</i>				
Assets				
Cash and cash equivalents	\$ 48,653	\$ 649,431	\$ 633,933	\$ 64,151
Due from other governments	108	721	108	721
Total assets	<u>\$ 48,761</u>	<u>\$ 650,152</u>	<u>\$ 634,041</u>	<u>\$ 64,872</u>
Liabilities				
Amounts held for others	<u>\$ 48,761</u>	<u>\$ 650,152</u>	<u>\$ 634,041</u>	<u>\$ 64,872</u>
<i>POLICE SAFEKEEPING</i>				
Assets				
Cash and cash equivalents	<u>\$ 192,312</u>	<u>\$ 496,383</u>	<u>\$ 286,963</u>	<u>\$ 401,732</u>
Liabilities				
Amounts held for others	<u>\$ 192,312</u>	<u>\$ 496,383</u>	<u>\$ 286,963</u>	<u>\$ 401,732</u>

(Continued)

County of Chesterfield, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
INMATE TRUST FUND				
Assets				
Cash and cash equivalents	\$ 30,636	\$ 586,937	\$ 583,825	\$ 33,748
Liabilities				
Amounts held for inmates	\$ 30,636	\$ 586,937	\$ 583,825	\$ 33,748
JAIL CANTEEN FUND				
Assets				
Cash and cash equivalents	\$ 306,050	\$ 74,373	\$ 39,709	\$ 340,714
Accounts receivable	7,537	18,622	7,537	18,622
Total assets	<u>\$ 313,587</u>	<u>\$ 92,995</u>	<u>\$ 47,246</u>	<u>\$ 359,336</u>
Liabilities				
Amounts held for others	<u>\$ 313,587</u>	<u>\$ 92,995</u>	<u>\$ 47,246</u>	<u>\$ 359,336</u>
APPOMATTOX REGIONAL GOVERNOR'S SCHOOL				
Assets				
Cash and cash equivalents	\$ 2,088,239	\$ 3,537,193	\$ 3,809,374	\$ 1,816,058
Accounts receivable	1,715	23,005	2,324	22,396
Total assets	<u>\$ 2,089,954</u>	<u>\$ 3,560,198</u>	<u>\$ 3,811,698</u>	<u>\$ 1,838,454</u>
Liabilities				
Amounts held for others	<u>\$ 2,089,954</u>	<u>\$ 3,560,198</u>	<u>\$ 3,811,698</u>	<u>\$ 1,838,454</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 9,976,116	\$ 12,641,387	\$ 13,970,104	\$ 8,647,399
Accounts receivable	109,275	340,251	109,884	339,642
Due from other governments	1,272,527	1,350,357	1,272,527	1,350,357
Restricted assets:				
Cash and cash equivalents	5,933,650	10,998,007	10,431,588	6,500,069
Investments	4,995,100	16,867,321	6,000,000	15,862,421
Cash, cash equivalents and investments with trustees	13,010,932	17,001,692	27,955,775	2,056,849
Due from other governments	1,889,838	2,336,084	1,889,838	2,336,084
Interest receivable	396	4,466	396	4,466
Total restricted assets	<u>25,829,916</u>	<u>47,207,570</u>	<u>46,277,597</u>	<u>26,759,889</u>
Total assets	<u>\$ 37,187,834</u>	<u>\$ 61,539,565</u>	<u>\$ 61,630,112</u>	<u>\$ 37,097,287</u>
Liabilities				
Amounts held for others	<u>\$ 37,187,834</u>	<u>\$ 61,539,565</u>	<u>\$ 61,630,112</u>	<u>\$ 37,097,287</u>

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, 2014

	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	\$ 250,250	\$ 6,846	\$ 257,096
Investments	1,800,000	-	1,800,000
Receivables	28,947	-	28,947
Due from primary government	-	435,544	435,544
Prepays	400	-	400
Total assets	<u>2,079,597</u>	<u>442,390</u>	<u>2,521,987</u>
LIABILITIES			
Accounts payable and other liabilities	277,014	175	277,189
Due to primary government	-	6,696,800	6,696,800
Non-current liabilities:			
Due within one year	1,915,055	-	1,915,055
Due in more than one year	<u>12,770,044</u>	<u>-</u>	<u>12,770,044</u>
Total liabilities	<u>14,962,113</u>	<u>6,696,975</u>	<u>21,659,088</u>
NET POSITION			
Unrestricted (deficit)	<u>(12,882,516)</u>	<u>(6,254,585)</u>	<u>(19,137,101)</u>
Total net position (deficit)	<u>\$ (12,882,516)</u>	<u>\$ (6,254,585)</u>	<u>\$ (19,137,101)</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, 2014

<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	\$ 915,979	\$ (915,979)	\$ -	\$ (915,979)
Chippenham Place Community Development Authority	145,677	-	(145,677)	(145,677)
Total non-major component units	<u>\$ 1,061,656</u>	<u>(915,979)</u>	<u>(145,677)</u>	<u>(1,061,656)</u>
General revenues:				
Payment from primary government		2,565,873	435,544	3,001,417
Investment earnings		86,007	-	86,007
Total general revenues		<u>2,651,880</u>	<u>435,544</u>	<u>3,087,424</u>
Change in net position		1,735,901	289,867	2,025,768
Total net position (deficit) - July 1, 2013 (restated)		<u>(14,618,417)</u>	<u>(6,544,452)</u>	<u>(21,162,869)</u>
Total net position (deficit) - June 30, 2014		<u>\$ (12,882,516)</u>	<u>\$ (6,254,585)</u>	<u>\$ (19,137,101)</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, 2014

	<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	\$ 41,301	\$ -	\$ -	\$ -	\$ 41,301	\$ -
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	-	-	-	427,869	-
General Services	9,392,584	584,668	8,107,741	-	700,175	-
Human Resource Management	51,965	-	-	-	51,965	-
Information Systems Technology	31,334,819	129,800	5,895,653	162,719	25,146,647	-
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	1,733,487	-	-	-	1,733,487	-
Total general government	<u>44,301,633</u>	<u>949,968</u>	<u>14,596,544</u>	<u>162,719</u>	<u>28,592,402</u>	<u>-</u>
Administration of justice:						
Circuit Court Clerk	104,830	-	-	-	104,830	-
Circuit Court Judges	275,990	-	-	-	275,990	-
Commonwealth's Attorney	135,010	-	114,474	-	20,536	-
Community Corrections	1,524,814	336,091	1,157,648	-	31,075	-
General District Court	33,553,463	22,441	32,444,562	118,080	968,380	-
Juvenile and Domestic Relations Court	17,412,144	53,173	17,250,223	-	108,748	-
Total administration of justice	<u>53,006,251</u>	<u>411,705</u>	<u>50,966,907</u>	<u>118,080</u>	<u>1,509,559</u>	<u>-</u>
Public safety:						
Animal Control	2,984,933	181,324	2,491,522	33,304	278,783	-
Building Inspections	2,245,087	105,932	110,100	-	2,029,055	-
Communications Center	29,743,757	71,740	63,857	-	29,608,160	-
Fire and EMS	81,510,633	1,857,093	35,993,937	1,213,842	42,445,761	-
Jail	31,952,431	19,950	31,145,693	-	786,788	-
Juvenile Detention Home	17,061,237	14,000	16,942,509	-	104,728	-
Juvenile Probation	41,884	-	-	-	41,884	-
Police	54,710,502	1,607,606	32,173,542	136,626	20,792,728	-
Sheriff	4,685,391	-	-	-	4,685,391	-
Youth Group Home	880,485	-	799,600	-	80,885	-
Total public safety	<u>225,816,340</u>	<u>3,857,645</u>	<u>119,720,760</u>	<u>1,383,772</u>	<u>100,854,163</u>	<u>-</u>
Public works:						
Buildings and Grounds	22,388,599	8,323,190	9,155,980	2,589,788	2,319,641	-
Environmental Engineering	39,044,654	1,100	355,951	-	2,005,727	36,681,876
Waste and Resource Recovery	10,083,465	800,254	688,185	7,513,236	1,081,790	-
Total public works	<u>71,516,718</u>	<u>9,124,544</u>	<u>10,200,116</u>	<u>10,103,024</u>	<u>5,407,158</u>	<u>36,681,876</u>
Health and welfare:						
Health	28,199	-	-	-	28,199	-
Mental Health Support Services	9,539,098	28,000	8,168,318	-	1,342,780	-
Social Services	7,354,229	297,200	7,001,955	-	55,074	-
Total health and welfare	<u>16,921,526</u>	<u>325,200</u>	<u>15,170,273</u>	<u>-</u>	<u>1,426,053</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, 2014

	<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	\$ 37,503,810	\$ 3,087,257	\$ 31,380,661	\$ 20,603	\$ 3,015,289	\$ -
Parks and Recreation	71,927,532	14,570,989	9,235,896	43,951,115	4,169,532	-
Total parks, recreation and cultural	<u>109,431,342</u>	<u>17,658,246</u>	<u>40,616,557</u>	<u>43,971,718</u>	<u>7,184,821</u>	<u>-</u>
Education:						
School Board	<u>944,885,704</u>	<u>28,556,639</u>	<u>897,906,596</u>	<u>18,422,469</u>	<u>-</u>	<u>-</u>
Community development:						
Community Development	21,369,603	-	18,712,365	-	2,657,238	-
Economic Development	20,406	-	-	-	20,406	-
Total community development	<u>21,390,009</u>	<u>-</u>	<u>18,712,365</u>	<u>-</u>	<u>2,677,644</u>	<u>-</u>
Total governmental funds capital assets allocated by function	1,487,269,523	<u>\$ 60,883,947</u>	<u>\$ 1,167,890,118</u>	<u>\$ 74,161,782</u>	<u>\$ 147,651,800</u>	<u>\$ 36,681,876</u>
Redevelopment asset	12,473,327					
Construction in progress	<u>40,294,223</u>					
Total governmental funds capital assets	<u>\$ 1,540,037,073</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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
General government:				
Accounting	\$ 41,301	\$ -	\$ -	\$ 41,301
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	411,365	16,504	-	427,869
General Services	9,202,020	232,394	41,830	9,392,584
Human Resource Management	68,325	-	16,360	51,965
Information Systems Technology	30,150,310	1,399,713	215,204	31,334,819
Internal Audit	313,695	-	-	313,695
Real Estate Assessments	561,654	5,459	-	567,113
Registrar	12,400	369,135	-	381,535
Treasurer	1,733,487	-	-	1,733,487
Total general government	<u>42,551,822</u>	<u>2,023,205</u>	<u>273,394</u>	<u>44,301,633</u>
Administration of justice:				
Circuit Court Clerk	104,830	-	-	104,830
Circuit Court Judges	5,974	270,016	-	275,990
Commonwealth's Attorney	135,010	-	-	135,010
Community Corrections	1,188,723	336,091	-	1,524,814
General District Court	32,872,411	681,052	-	33,553,463
Juvenile and Domestic Relations Court	17,412,144	-	-	17,412,144
Total administration of justice	<u>51,719,092</u>	<u>1,287,159</u>	<u>-</u>	<u>53,006,251</u>
Public safety:				
Animal Control	2,315,887	669,046	-	2,984,933
Building Inspections	2,263,223	-	18,136	2,245,087
Communications Center	29,240,088	503,669	-	29,743,757
Fire and EMS	79,845,025	3,834,943	2,169,335	81,510,633
Jail	31,377,564	574,867	-	31,952,431
Juvenile Detention Home	17,043,226	18,011	-	17,061,237
Juvenile Probation	41,884	-	-	41,884
Police	53,833,337	2,261,391	1,384,226	54,710,502
Sheriff	4,698,817	-	13,426	4,685,391
Youth Group Home	870,121	10,364	-	880,485
Total public safety	<u>221,529,172</u>	<u>7,872,291</u>	<u>3,585,123</u>	<u>225,816,340</u>
Public works:				
Buildings and Grounds	21,793,115	963,871	368,387	22,388,599
Environmental Engineering	37,780,200	1,279,850	15,396	39,044,654
Waste and Resource Recovery	10,027,718	55,747	-	10,083,465
Total public works	<u>69,601,033</u>	<u>2,299,468</u>	<u>383,783</u>	<u>71,516,718</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, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Health and welfare:				
Health	\$ 28,199	\$ -	\$ -	\$ 28,199
Mental Health Support Services	9,539,098	-	-	9,539,098
Social Services	7,354,229	-	-	7,354,229
Total health and welfare	<u>16,921,526</u>	<u>-</u>	<u>-</u>	<u>16,921,526</u>
Parks, recreation and cultural:				
Library	36,368,850	1,134,960	-	37,503,810
Parks and Recreation	70,920,350	1,803,771	796,589	71,927,532
Total parks, recreation and cultural	<u>107,289,200</u>	<u>2,938,731</u>	<u>796,589</u>	<u>109,431,342</u>
Education:				
School Board	924,500,517	23,567,095	3,181,908	944,885,704
Community development:				
Community Development	21,298,572	71,031	-	21,369,603
Economic Development	20,406	-	-	20,406
Total community development	<u>21,318,978</u>	<u>71,031</u>	<u>-</u>	<u>21,390,009</u>
Redevelopment asset	15,731,070	49,514	3,307,257	12,473,327
Construction in progress	27,412,491	43,142,242	30,260,510	40,294,223
Total governmental funds' capital assets	<u>\$ 1,498,574,901</u>	<u>\$ 83,250,736</u>	<u>\$ 41,788,564</u>	<u>\$ 1,540,037,073</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, 2014

Governmental funds' capital assets:	
Land	\$ 60,883,947
Buildings	1,167,890,118
Improvements other than buildings	74,161,782
Machinery and equipment	147,651,800
Infrastructure	36,681,876
Redevelopment asset	12,473,327
Construction in progress	40,294,223
Total governmental funds' capital assets	<u>\$ 1,540,037,073</u>
Investment in governmental funds' capital assets by source:	
General obligation bonds	\$ 1,042,759,102
General government revenues	345,430,315
Federal and State grants	26,026,627
Capital lease purchases	57,751,390
Special Revenue Fund revenues	6,930,167
Contributions from public	61,139,472
Total investment in governmental funds' capital assets	<u>\$ 1,540,037,073</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, 2014

		<u>Special Revenue Fund</u>
		<u>School Operating</u>
ASSETS		
Cash and cash equivalents	\$	31,880,065
Accounts receivable		741,212
Due from other governments		5,077,144
Due from primary government		56,409,628
Inventories		625,730
Total assets	\$	<u>94,733,779</u>
LIABILITIES		
Accounts payable	\$	3,952,385
Accrued liabilities		38,067,648
Unearned revenues		112,492
Total liabilities		<u>42,132,525</u>
FUND BALANCE		
Nonspendable		625,730
Restricted		5,737,676
Assigned		46,237,848
Total fund balance		<u>52,601,254</u>
Total liabilities and fund balance	\$	<u>94,733,779</u>
 Total fund balance for School Operating Fund		 \$ 52,601,254
 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.		
		14,461,919
 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:		
Compensated absences	\$	(21,255,572)
Judgments and claims		(13,604,123)
Retirement plan obligations, net		2,484,014
Other postemployment benefits obligation - asset		112,925
Total net position of the School Board's governmental activities		<u>(32,262,756)</u>
	\$	<u>34,800,417</u>

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, 2014

Special Revenue Fund

	<u>School Operating</u>	
Revenues		
From local sources:		
Use of money and property	\$ 734,817	
Charges for services	14,608,832	
Donations	495,848	
Miscellaneous	1,416,483	
Payment from primary government	251,029,300	
From other governments	<u>256,904,783</u>	
Total revenues	<u>525,190,063</u>	
Expenditures		
Current:		
Education	522,752,923	
Payment to primary government	<u>5,375,603</u>	
Total expenditures	<u>528,128,526</u>	
Deficiency of revenues over expenditures	(2,938,463)	
Total fund balance, July 1, 2013	<u>55,539,717</u>	
Total fund balance, June 30, 2014	<u>\$ 52,601,254</u>	
Net change in fund balance		\$ (2,938,463)
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. This is the amount by which capital outlays (\$966,716) were less than depreciation (\$3,921,406) in the current period.		
		(2,954,690)
The net effect of miscellaneous transactions involving capital assets (prepayments, trade-ins, donations, and disposals) increased net assets.		
		4,257,062
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	\$ (817,754)	
Judgments and claims	527,650	
Retirement plan obligations	<u>(5,856,850)</u>	<u>(6,146,954)</u>
Change in net position of governmental activities		<u>\$ (7,783,045)</u>

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, 2014

	<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	\$ 1,944,911	\$ 1,867,601	\$ 1,677,207	\$ (190,394)
Charges for services	16,269,739	16,216,065	15,085,208	(1,130,857)
Donations	428,000	495,240	495,848	608
Miscellaneous	1,437,350	1,490,204	1,416,483	(73,721)
Recovered costs	3,074,500	2,838,691	3,322,748	484,057
From the Commonwealth	224,194,600	229,607,050	226,156,475	(3,450,575)
From the federal government	33,034,100	33,018,424	30,748,308	(2,270,116)
Total revenues	<u>280,383,200</u>	<u>285,533,275</u>	<u>278,902,277</u>	<u>(6,630,998)</u>
Expenditures				
Current:				
Education:				
Instruction	384,255,220	396,386,762	390,687,401	5,699,361
Administration, attendance and health	21,443,608	21,661,707	20,421,372	1,240,335
Pupil transportation	29,618,700	29,624,250	29,053,862	570,388
Operations and maintenance	59,196,193	59,236,632	54,918,196	4,318,436
Technology	12,574,670	16,951,450	11,639,196	5,312,254
Food service	23,704,652	23,704,652	20,774,410	2,930,242
Debt service	43,360,000	43,303,660	43,410,918	(107,258)
Total expenditures	<u>574,153,043</u>	<u>590,869,113</u>	<u>570,905,355</u>	<u>19,963,758</u>
Deficiency of revenues under expenditures	<u>(293,769,843)</u>	<u>(305,335,838)</u>	<u>(292,003,078)</u>	<u>13,332,760</u>
Other financing sources (uses)				
Transfers in:				
General Fund	294,344,200	301,468,838	294,400,359	(7,068,479)
Transfers out:				
School Capital Projects Fund	(3,023,200)	(32,765,408)	(4,454,503)	28,310,905
Comprehensive Services Fund	(921,100)	(921,100)	(921,100)	-
Total transfers out	<u>(3,944,300)</u>	<u>(33,686,508)</u>	<u>(5,375,603)</u>	<u>28,310,905</u>
Refunding bonds issued	-	34,964,591	34,964,591	-
Premium on refunding bonds issued	-	4,244,686	4,244,686	-
Payment to refunded bonds escrow agent	-	(39,169,418)	(39,169,418)	-
Total other financing sources, net	<u>290,399,900</u>	<u>267,822,189</u>	<u>289,064,615</u>	<u>21,242,426</u>
Net change in fund balance	(3,369,943)	(37,513,649)	(2,938,463)	34,575,186
Fund balance, July 1, 2013	55,539,717	55,539,717	55,539,717	-
Fund balance, June 30, 2014	<u>\$ 52,169,774</u>	<u>\$ 18,026,068</u>	<u>\$ 52,601,254</u>	<u>\$ 34,575,186</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, 2014

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.	\$ 278,902,277
For budgetary purposes, interfund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(4,741,514)
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>251,029,300</u>
Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u><u>\$ 525,190,063</u></u>

Expenditures

Total expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 570,905,355
For budgetary purposes, interfund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(4,741,514)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	5,375,603
Payments of debt "on behalf" of the School Board are eliminated for financial reporting purposes.	<u>(43,410,918)</u>
Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u><u>\$ 528,128,526</u></u>

Other financing sources (uses)

Total other financing sources on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 289,064,615
Budgetary transfers from the primary government are revenues for financial reporting purposes.	(294,400,359)
Net proceeds from debt issued by the primary government "on behalf" of the School Board are eliminated for financial reporting purposes.	(39,859)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	<u>5,375,603</u>
Total other financing sources on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund.	<u><u>\$ -</u></u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Net Position
Fiduciary Funds
June 30, 2014

	<u>Pension Trust</u>	<u>Agency Funds</u>
	Supplemental Retirement Program <u>Fund</u>	School Activities <u>Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 5,605,869
Cash, cash equivalents and investments with trustees	20,611,305	-
Interest receivable	18,648	-
Due from broker	826,055	-
Total assets	<u>21,456,008</u>	<u>\$ 5,605,869</u>
LIABILITIES		
Amounts held for others	<u>-</u>	<u>\$ 5,605,869</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 21,456,008</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, 2014

	<u>Pension Trust</u>
	<u>Supplemental Retirement Program</u>
Additions	
Contributions	\$ 9,386,241
Investment earnings:	
Interest and dividends	429,280
Net increase in the fair value of investments	<u>2,848,073</u>
Net investment earnings	<u>3,277,353</u>
Total additions	<u>12,663,594</u>
Deductions	
Benefit payments	12,252,008
Administrative expenses	<u>63,582</u>
Total deductions	<u>12,315,590</u>
Increase in net position	348,004
Net position - July 1, 2013	<u>21,108,004</u>
Net position - June 30, 2014	<u>\$ 21,456,008</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, 2014

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	\$ 1,663,101
Fresh Fruit and Vegetable Program	10.582	173,570
Department of Health:		
Child and Adult Care Food Program	10.558	16,159
Department of Agriculture:		
National School Lunch Program	10.555	\$ 1,077,886
Department of Education:		
National School Lunch Program	10.555	6,272,811
Department of Juvenile Justice:		
National School Lunch Program	10.555	<u>72,024</u>
Total for federal catalog number 10.555		7,422,721
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	<u>1,643,453</u>
Total Department of Agriculture		<u>10,919,004</u>
DEPARTMENT OF DEFENSE:		
Direct payments:		
JROTC	12.XXX	321,055
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	<u>24,639</u>
Total Department of Defense		<u>345,694</u>
DEPARTMENT OF EDUCATION:		
Direct payments:		
Office of Elementary and Secondary Education:		
Impact Aid	84.041	71,081
Office of Innovation and Improvement:		
Fund for the Improvement of Education	84.215	414,465
Pass through payments:		
City of Richmond, Virginia School Board:		
Adult Education - Basic Grants to States	84.002	356,606
Education for Homeless Children and Youth	84.196	15,300
Department of Education:		
Title I Grants to Local Educational Agencies	84.010	5,532,491
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	71,605
Special Education - Grants to States	84.027	10,142,910
Career and Technical Education - Basic Grants to States	84.048	566,706
Special Education - Preschool Grants	84.173	195,727
Special Education - Grants for Infants and Families	84.181	304,275
Twenty-First Century Community Learning Centers	84.287	407,590
Advanced Placement Program	84.330	5,490
Teacher Quality Partnership Grants	84.336	87,128
English Language Acquisition State Grants	84.365	410,410
Improving Teacher Quality State Grants	84.367	1,306,450
Grants for State Assessments and Related Activities	84.369	<u>128</u>
Total Department of Education		<u>19,888,362</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Schedule D-1

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal catalog number</u>	<u>Federal expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Direct payments:		
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	\$ 1,097
Head Start	93.600	1,260,023
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	798,583
Department of Social Services:		
Promoting Safe and Stable Families	93.556	140,249
Temporary Assistance for Needy Families	93.558	1,265,823
Refugee and Entrant Assistance - State Administered Programs	93.566	11,615
Low-Income Home Energy Assistance	93.568	94,691
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	162,045
Chafee Education and Training Vouchers Program (ETV)	93.599	3,921
Child Welfare Services - State Grants		
Stephanie Tubbs Jones Child Welfare Services Program	93.645	7,982
Foster Care - Title IV-E	93.658	813,095
Adoption Assistance	93.659	878,808
Social Services Block Grant	93.667	1,001,248
Chafee Foster Care Independence Program	93.674	14,764
Children's Health Insurance Program	93.767	47,575
Medical Assistance Program	93.778	1,437,390
Total Department of Health and Human Services		<u>8,032,148</u>
DEPARTMENT OF HOMELAND SECURITY:		
Direct payments:		
Assistance to Firefighters Grant	97.044	791,516
Pass through payments:		
City of Richmond:		
Metropolitan Medical Response System	97.071	49,568
Department of Criminal Justice:		
Homeland Security Grant Program	97.067	98,472
Department of Emergency Management:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	104,121
Emergency Management Performance Grants	97.042	76,409
Citizens - Community Resilience Innovation Challenge	97.053	25,397
State Homeland Security Program (SHSP)	97.073	143,217
Total Department of Homeland Security		<u>1,288,700</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct payments:		
Community Development Block Grants/Entitlement Grants	14.218	1,272,991
Home Investment Partnerships Program	14.239	301,962
Pass through payments:		
Housing Development Authority:		
Section 8 Housing Choice Vouchers	14.871	194,660
Total Department of Housing and Urban Development		<u>1,769,613</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Schedule D-1

<u>Federal Granting Agency/Recipient State Agency/Grant Program</u>	<u>Federal catalog number</u>	<u>Federal expenditures</u>
DEPARTMENT OF THE INTERIOR:		
Direct payments:		
Fish and Wildlife Service:		
National Wildlife Refuge Fund	15.659	\$ 5,823
National Park Service:		
Save America's Treasures	15.929	83,753
Total Department of the Interior		89,576
DEPARTMENT OF JUSTICE:		
Direct payments:		
Drug Court Discretionary Grant Program	16.585	5,357
State Criminal Alien Assistance Program	16.606	121,272
Public Safety Partnership and Community Policing Grants	16.710	1,549
Edward Byrne Memorial Justice Assistance Grant Program	16.738	12,617
Edward Byrne Memorial Competitive Grant Program	16.751	20,744
Equitable Sharing Program	16.922	123,354
Pass through payments:		
Department of Criminal Justice Services:		
Juvenile Accountability Block Grants	16.523	11,237
Crime Victim Assistance	16.575	156,055
Byrne Formula Grant Program	16.579	12,086
Violence Against Women Formula Grants	16.588	128,818
Total Department of Justice		593,089
DEPARTMENT OF LABOR:		
Pass through payments:		
County of Henrico, Virginia:		
WIA Youth Activities	17.259	219,234
Total Department of Labor		219,234
DEPARTMENT OF TRANSPORTATION:		
Direct payments:		
Department of Aviation:		
Airport Improvement Program	20.106	139,088
Pass through payments:		
Department of Motor Vehicles:		
State and Community Highway Safety	20.600	55,676
Alcohol Open Container Requirements	20.607	145,820
Total Department of Transportation		340,584
DEPARTMENT OF TREASURY:		
Pass through payments:		
Office of the Attorney General of Virginia	21.000	755,562
Total Department of Treasury		755,562

(Continued)

County of Chesterfield, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2014

Schedule D-1

<u>Federal Granting Agency/Recipient State</u> <u>Agency/Grant Program</u>	<u>Federal</u> <u>catalog</u> <u>number</u>	<u>Federal</u> <u>expenditures</u>
ENVIRONMENTAL PROTECTION AGENCY		
Pass through payments:		
Department of Environmental Quality		
Chesapeake Bay Program	66.466	\$ <u>35,820</u>
Total Environmental Protection Agency		<u>35,820</u>
NATIONAL SCIENCE FOUNDATION:		
Pass through payments:		
Harvard University:		
Education and Human Resources	47.076	<u>130,000</u>
Total National Science Foundation		<u>130,000</u>
Total expenditures of federal awards		<u>\$ 44,407,386</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, 2014

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 and the accrual basis of accounting for proprietary funds, which are described in Note 1 to the reporting entity 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 reporting entity basic financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
<u>Primary Government</u>	
Governmental Activities	
General Fund	\$ 9,212,064
Risk Management - Internal Service Fund	91,387
Non-major - Comprehensive Services Fund	255,135
Non-major - Grants Fund	<u>3,971,391</u>
Total Governmental Activities	13,529,977
Business-type Activities	
Non-major - Airport Fund	<u>139,088</u>
Total Primary Government	13,669,065
 <u>Component Unit</u>	
Governmental Activities	
School Operating Fund	<u>30,738,321</u>
Total	<u>\$ 44,407,386</u>

4. Subrecipient Payments

The total amount of \$544,296 received by subrecipients from the County during the fiscal year included \$386,159 from the Community Development Block Grants (CFDA Number 14.218) and \$158,137 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, 2014

5. Expenditures for Clusters of Federal Programs

<u>Name of Cluster</u>	<u>CFDA Number</u>		<u>Cluster Total</u>
Child Nutrition	10.553	\$ 1,663,101	
	10.555	<u>7,422,721</u>	\$ 9,085,822
Special Education	84.027	10,142,910	
	84.173	<u>195,727</u>	10,338,637



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 government's overall financial position.

	<u>Pages</u>
Financial Trends	173-177
<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	178-182
<i>These schedules contain information to help the reader assess Chesterfield's most significant local revenue source, property tax.</i>	
Debt Capacity	183-185
<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	186-187
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Chesterfield operates.</i>	
Operating Information	188-190
<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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities ⁽¹⁾										
Net investment in capital assets	\$ 394,677,734	\$ 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
Restricted	21,171,516	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
Unrestricted ⁽⁵⁾	93,680,842	139,045,238	147,996,016	143,352,794	149,288,745	160,465,007	187,964,641	188,996,281	185,082,324	207,131,489
Total governmental activities net position ⁽³⁾⁽⁴⁾	\$ 509,530,092	\$ 582,993,004	\$ 629,843,945	\$ 681,389,452	\$ 722,090,223	\$ 764,658,576	\$ 821,662,886	\$ 850,270,360	\$ 863,637,291	\$ 911,200,108
Business-type activities										
Net investment in capital assets ⁽²⁾	\$ 559,917,886	\$ 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
Restricted	14,745,218	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
Unrestricted ⁽²⁾⁽⁵⁾	96,023,650	105,207,647	111,033,540	117,696,445	114,292,930	117,421,774	130,992,671	140,426,616	159,659,711	187,783,548
Total business-type activities net position ⁽³⁾⁽⁴⁾	\$ 670,686,754	\$ 716,703,744	\$ 773,506,925	\$ 817,530,423	\$ 853,625,181	\$ 884,569,736	\$ 912,040,744	\$ 926,539,546	\$ 961,331,027	\$ 991,481,384
Primary government										
Net investment in capital assets	\$ 954,595,620	\$ 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
Restricted	35,916,734	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
Unrestricted ⁽⁵⁾	189,704,492	313,851,970	259,029,556	261,049,239	263,581,675	277,886,781	318,957,312	329,422,897	344,742,035	394,915,037
Total primary government net position ⁽³⁾⁽⁴⁾	\$ 1,180,216,846	\$ 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	\$ 1,902,681,492

(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.

(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.

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 45,695,112	\$ 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
Administration of justice	9,333,004	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
Public safety	121,761,928	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
Public works	24,776,442	21,642,615	39,031,478	37,044,887	32,749,415	31,583,528	28,851,217	38,710,140	41,785,217	31,041,438
Health and welfare	56,999,992	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
Parks, recreation and cultural	20,155,901	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
Education - School Board	275,058,438	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
Community development	13,978,515	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
Interest on long-term debt	19,752,479	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
Total governmental activities expenses	587,511,811	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
Business-type activities:										
Water	24,413,374	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
Wastewater	28,322,391	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
Non-major funds	1,544,038	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
Total business-type activities expenses	54,279,803	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
Total primary government expenses	\$ 641,791,614	\$ 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
Program Revenues										
Governmental activities:										
Charges for services:										
General government ⁽⁵⁾	\$ 14,740,613	\$ 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
Public safety	12,515,330	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
Health and welfare	15,000,118	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
Other activities ⁽⁶⁾	13,397,249	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
Operating grants and contributions	89,610,129	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
Capital grants and contributions	14,010,139	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
Total governmental activities program revenues	159,273,578	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
Business-type activities:										
Charges for services:										
Water	24,061,227	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
Wastewater	24,917,744	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
Non-major funds	734,227	793,318	713,269	815,883	626,602	614,093	651,579	612,878	2,029,452	994,995
Capital grants and contributions	40,249,985	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
Total business-type activities program revenues	89,963,183	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
Total primary government program revenues	\$ 249,236,761	\$ 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

(Continued)

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (Expense)/Revenue										
Governmental activities	\$ (428,238,233)	\$ (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)
Business-type activities	35,683,380	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
Total primary government net expense	\$ (392,554,853)	\$ (401,297,917)	\$ (470,113,740)	\$ (499,519,778)	\$ (533,230,106)	\$ (499,585,885)	\$ (484,346,511)	\$ (477,457,523)	\$ (490,632,344)	\$ (462,300,752)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes: ⁽¹⁾										
Property taxes, levied for general purposes	\$ 280,625,081	\$ 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
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
Utility taxes	15,510,660	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
Sales taxes	34,673,367	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
Motor vehicle licenses	6,187,924	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
Business license taxes	16,392,877	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
Other	17,974,278	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
Payment from School Board	56,724,170	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
Unrestricted grants and contributions ⁽²⁾	51,785,443	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
Investment earnings	4,638,160	9,046,080	13,396,400	14,571,536	5,823,371	1,517,603	1,096,015	730,507	633,538	540,383
Miscellaneous	66,645	322,305	506,935	298,620	1,425,727	713,621	607,932	6,239,952	814,327	15,663
Special item - Meadowville Support Agreement	(18,120,000)	-	-	-	-	-	(8,345,000)	-	-	-
Transfers	2,151,628	1,602,708	2,115,625	2,082,572	1,528,448	3,126,266	700,079	608,273	(2,154,078)	(183,577)
Total governmental activities	468,610,233	517,451,273	568,455,677	589,873,404	607,638,891	574,507,195	568,533,901	520,587,070	517,392,314	535,500,243
Business-type activities:										
Investment earnings	3,394,012	4,929,254	7,427,810	7,297,951	3,915,192	1,717,864	988,007	585,002	264,515	463,468
Miscellaneous	-	-	-	-	-	-	-	-	-	3,866,638
Transfers	(2,151,628)	(1,602,708)	(2,115,625)	(2,082,572)	(1,528,448)	(3,126,266)	(700,079)	(608,273)	2,154,078	183,577
Total business-type activities	1,242,384	3,326,546	5,312,185	5,215,379	2,386,744	(1,408,402)	287,928	(23,271)	2,418,593	4,513,683
Total primary government	\$ 469,852,617	\$ 520,777,819	\$ 573,767,862	\$ 595,088,783	\$ 610,025,635	\$ 573,098,793	\$ 568,821,829	\$ 520,563,799	\$ 519,810,907	\$ 540,013,926
Change in Net Position ⁽³⁾⁽⁴⁾										
Governmental activities	\$ 40,372,000	\$ 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
Business-type activities	36,925,764	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
Total primary government	\$ 77,297,764	\$ 119,479,902	\$ 103,654,122	\$ 95,569,005	\$ 76,795,529	\$ 73,512,908	\$ 84,475,318	\$ 43,106,276	\$ 29,178,563	\$ 77,713,174

(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, Public Works, 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)

	2005	2006	2007	2008	2009	2010	2011 ⁽²⁾	2012	2013	2014
General Fund										
Reserved	\$ 60,217,325	\$ 57,567,067	\$ 56,654,285	\$ 60,076,202	\$ 67,004,317	\$ 68,057,843	\$ -	\$ -	\$ -	\$ -
Unreserved:										
Designated	24,644,489	44,509,640	74,513,087	76,568,430	94,647,808	108,860,017	-	-	-	-
Undesignated	56,277,457	71,444,558	65,204,348	70,704,544	53,495,000	53,495,000	-	-	-	-
Total unreserved	80,921,946	115,954,198	139,717,435	147,272,974	148,142,808	162,355,017	-	-	-	-
	<u>\$ 141,139,271</u>	<u>\$ 173,521,265</u>	<u>\$ 196,371,720</u>	<u>\$ 207,349,176</u>	<u>\$ 215,147,125</u>	<u>\$ 230,412,860</u>	<u>\$ 248,045,929</u>	<u>\$ 257,962,492</u>	<u>\$ 254,155,151</u>	<u>\$ 268,380,360</u>
Restricted	-	-	-	-	-	-	11,486,173	13,461,857	13,554,070	14,600,770
Committed	-	-	-	-	-	-	690,074	736,367	755,493	710,785
Assigned	-	-	-	-	-	-	182,374,682	190,269,268	186,350,588	198,068,805
Unassigned	-	-	-	-	-	-	53,495,000	53,495,000	53,495,000	55,000,000
Total General Fund	<u>\$ 141,139,271</u>	<u>\$ 173,521,265</u>	<u>\$ 196,371,720</u>	<u>\$ 207,349,176</u>	<u>\$ 215,147,125</u>	<u>\$ 230,412,860</u>	<u>\$ 248,045,929</u>	<u>\$ 257,962,492</u>	<u>\$ 254,155,151</u>	<u>\$ 268,380,360</u>
All Other Governmental Funds										
Reserved	\$ 79,831,868	\$ 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	(206,838)	-	1,132,514	2,281,047	2,782,267	3,118,649	-	-	-	-
Nonspendable	-	-	-	-	-	-	5,000	5,000	5,000	5,000
Restricted	-	-	-	-	-	-	120,021,503	137,170,899	112,858,827	95,619,953
Assigned, reported in:										
School Capital Projects Fund	-	-	-	-	-	-	215,000	215,000	215,671	153,848
Special Revenue Funds	-	-	-	-	-	-	6,086,966	5,989,380	6,332,718	4,609,034
Total all other governmental funds	<u>\$ 79,625,030</u>	<u>\$ 110,878,641</u>	<u>\$ 117,755,133</u>	<u>\$ 146,278,317</u>	<u>\$ 164,237,146</u>	<u>\$ 131,497,879</u>	<u>\$ 126,328,469</u>	<u>\$ 143,380,279</u>	<u>\$ 119,412,216</u>	<u>\$ 100,387,835</u>

(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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
General property taxes	\$ 279,900,006	\$ 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
Other local taxes ⁽¹⁾	90,739,106	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
Permits, fees and licenses	7,928,524	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
Fines and forfeitures	2,180,571	1,682,991	1,584,802	2,555,991	2,097,014	2,119,362	2,296,228	2,301,977	2,278,991	3,204,800
Use of money and property	4,631,122	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
Charges for services	25,811,910	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
Donations and miscellaneous	11,303,788	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
Recovered costs	8,722,741	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
From component unit - School Board	56,715,270	42,568,721	64,105,686	51,289,900	74,630,044	55,662,221	61,378,052	10,243,723	7,988,893	5,375,603
From component unit - Economic Development Authority ⁽²⁾	-	-	-	-	-	-	-	2,769,593	-	-
From other governments ⁽¹⁾	145,595,474	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
Total revenues	633,528,512	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
Expenditures										
General government	34,046,235	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
Administration of justice	8,457,969	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
Public safety	118,326,162	127,463,261	139,138,082	145,924,583	150,999,210	151,122,446	156,223,287	156,149,462	168,719,717	172,409,410
Public works	17,793,956	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
Health and welfare	56,877,271	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
Parks, recreation and cultural	17,563,791	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
Education - School Board	252,976,793	261,521,532	311,151,647	314,603,869	316,966,577	286,137,953	286,952,462	237,812,405	250,493,166	251,029,300
Community development	12,975,808	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
Debt service:										
Principal	33,843,492	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
Interest	17,941,758	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
Other	911,410	421,006	964,441	550,556	565,906	85,997	667,429	1,318,521	261,685	427,758
Capital outlay	99,491,245	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
Total expenditures	671,205,890	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
Excess of expenditures over revenues	(37,677,378)	(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)
Other Financing Sources (Uses)										
Transfers in	24,869,121	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
Transfers out	(22,750,163)	(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)
Certificates of participation issued	25,432,065	-	-	22,885,927	7,371,199	-	-	-	-	-
Bonds issued	17,643,695	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	-	-	-	-	-	-	-	-	-	-
Payments to escrow agent	21,563,926	-	25,680,236	-	22,425,825	-	7,399,075	82,654,235	-	51,645,470
Sale of land for redevelopment	(21,043,376)	-	(25,626,218)	-	(22,404,380)	-	(7,462,503)	(82,086,894)	-	(61,587,953)
Total other financing sources, net	45,715,268	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
Net change in fund balances	\$ 8,037,890	\$ 63,635,605	\$ 29,726,947	\$ 39,500,640	\$ 25,756,778	\$ (17,473,552)	\$ 12,463,659	\$ 26,968,373	\$ (27,775,404)	\$ (4,799,172)
Debt service as a percentage of noncapital expenditures	8.82%	8.97%	8.40%	8.68%	9.12%	9.71%	9.70%	9.74%	9.46%	9.57%

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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real property taxes	\$ 218,288,289	\$ 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
Property taxes for special purposes	-	52,565	158,435	318,644	953,614	1,357,751	2,196,240	2,632,222	2,970,251	3,184,749
Personal property taxes ⁽¹⁾	84,205,053	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
Real and personal public service corporation taxes	11,381,857	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
Machinery and tools taxes	4,399,948	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
Local sales and use tax ⁽²⁾	34,673,367	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
Business license taxes	16,392,877	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
Consumer utility tax ⁽⁴⁾	15,510,660	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
Emergency 911 tax ⁽³⁾	3,708,252	3,616,838	1,748,921	-	-	-	-	-	-	-
Motor vehicle licenses	6,187,924	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
Recordation tax	6,292,804	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
Transient occupancy tax	3,637,137	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
Cable franchise fees ⁽⁴⁾	3,134,764	3,426,398	3,773,163	3,227,272	3,332,022	-	-	-	-	-
Other taxes ^{(4) (5)}	4,271,805	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
Total	\$ 412,084,737	\$ 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

(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 under non-categorical aid from the Commonwealth in the financial statements.

(2) Includes Watkins and Chippenham Place CDA 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)

Fiscal Year	Assessed Values						Public service	Total
	Real Estate ⁽²⁾		Commercial/ industrial	Personal property	Machinery and tools			
	Residential							
2005	\$ 16,889,432,228	\$ 4,503,087,387	\$ 3,137,616,107	\$ 404,752,040	\$ 1,060,282,022	\$ 25,995,169,784		
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		

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		
2005	\$ 1.07	\$ 0.50	\$ 3.24	\$ 0.96	\$ 0.01	\$ 0.01	\$ 0.96	\$ 3.60	\$ 1.00	\$ 1.37	
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	

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)**

	2014			2005		
	Assessed value ⁽¹⁾	Percentage of total assessed valuation	Rank	Assessed value ⁽¹⁾	Percentage of total assessed valuation	Rank
Dominion Virginia Power	\$ 874,357,678	2.42 %	1	\$ 633,324,430	2.43%	1
E. I. duPont De Nemours and Company	247,546,690	0.68	2	408,569,441	1.57	2
Verizon Communications	224,831,440	0.62	3	208,803,022	0.80	3
Bon Secours St. Francis Medical Center	131,495,400	0.36	4			
Macerich Partnership	128,629,700	0.36	5	101,345,900	0.39	4
Philip Morris, USA	113,137,320	0.31	6	87,061,951	0.34	5
Brandywine Operating Partnership	92,921,400	0.26	7	44,501,000	0.17	9
Cole Real Estate Investors	85,939,700	0.24	8			
Zaremba Metropolitan Mid LLC	78,907,700	0.22	9			
Columbia Gas of Virginia, Inc.	69,183,525	0.19	10			
Wal-Mart Stores, Inc.				42,750,579	0.16	10
C. J. W. Medical Center				77,232,166	0.30	6
Honeywell International				49,336,107	0.19	8
Liberty Property Development Corporation				73,308,600	0.28	7
	<u>\$ 2,046,950,553</u>	<u>5.66%</u>		<u>\$ 1,726,233,196</u>	<u>6.64%</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
2005	\$ 322,950,302	\$ (1,756,159)	\$ 321,194,143	\$ 313,803,911	97.17 %	\$ 6,633,794	\$ 320,437,705	99.76 %
2006	353,487,419	(2,649,711)	350,837,708	343,153,993	97.08	6,430,460	349,584,453	99.64
2007	379,450,995	(2,412,203)	377,038,792	364,202,059	95.98	11,591,194	375,793,253	99.67
2008	411,660,361	(2,976,330)	408,684,031	393,666,244	95.63	13,345,649	407,011,893	99.59
2009	418,267,041	(2,577,345)	415,689,696	400,440,812	95.74	13,545,428	413,986,240	99.59
2010	413,886,463	(2,644,573)	411,241,890	395,328,026	95.52	13,860,642	409,188,668	99.50
2011	405,337,481	(2,594,895)	402,742,586	386,437,915	95.34	12,450,229	398,888,144	99.04
2012	399,214,675	(2,229,515)	396,985,160	380,070,636	95.20	12,021,523	392,092,159	98.77
2013	401,085,271	(2,015,882)	399,069,389	381,522,800	95.12	10,567,579	392,090,380	98.25
2014	409,264,558	-	409,264,558	391,757,211	95.72	-	391,757,211	95.72

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 bonds	Certificates of participation ⁽¹⁾	Capital leases	Revenue bonds	Certificates of participation	Total primary government ⁽²⁾	Percentage of personal income	Debt per capita	
2005	\$ 352,400,228	\$ 2,079,718	\$ 18,120,000	\$ 12,075,000	\$ 61,053,062	\$ 2,010,789	\$ 23,663,924	\$ 1,809,955	\$ 473,212,676	4.33 %	\$ 1,626	
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	N/A	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	

(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>
2005	\$ 348,130,000	291,000	\$ 1,196	\$ 25,995,169,784	1.34 %
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

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				
2005	\$ 71,023,369	\$ 35,124,746	\$ 35,898,623	\$ 4,201,629	\$ 3,650,296			457%	
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	

(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 revenue, 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⁾
2005	291,000	\$ 10,934,444	\$ 37,911	2.9%	37.5
2006	299,000	11,704,457	39,834	2.8	37.7
2007	306,000	12,525,294	41,888	2.7	37.9
2008	311,000	13,194,842	43,425	4.3	36.0
2009	314,000	12,713,000	41,454	7.1	36.0
2010	316,000	13,283,489	41,883	7.2	35.9
2011	318,000	14,155,553	44,198	6.3	37.6
2012	319,000	14,957,656	46,889	5.9	37.6
2013	323,000	N/A	N/A	5.8	37.0
2014	328,000	N/A	N/A	5.3	37.5

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>2014⁽¹⁾</u>			<u>2005⁽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	1.35 %	2,503	1	1.63 %
United Parcel Service	1,967	2	1.06	1,757	3	1.15
Wal-Mart Stores, Incorporated	1,555	3	0.84	1,177	5	0.77
Hill PHOENIX	1,250	4	0.68	750	7	0.49
Capital One Financial Corporation	1,230	5	0.67			
C. J. W. Medical Center	1,182	6	0.64	1,367	4	0.89
Bon Secours St. Francis Medical Center	1,150	7	0.62			
The Kroger Company	1,126	8	0.61			
Amazon.com	1,100	9	0.60			
Ukrop's/Martin's Super Markets, Incorporated	1,005	10	0.54	1,930	2	1.26
Food Lion, Incorporated				860	6	0.56
J.C. Penney Company, Incorporated				735	8	0.48
Honeywell, Incorporated				731	9	0.48
DuPont Teijin Films				726	10	0.47
Total	14,051		7.61 %	12,536		8.18 %
Total civilian labor force	184,800			153,150		

Source: Chesterfield County Economic Development Department

(1) Reported as of January 2014 and January 2005

**County of Chesterfield, Virginia
Full-time County Employees by Function
Last Ten Fiscal Years
(unaudited)**

<u>Function</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
General government	468	468	475	501	519	490	476	479	467	459
Administration of justice	149	155	161	161	160	156	154	157	159	156
Public safety:										
Fire	447	450	454	460	463	462	461	474	471	469
Police	526	545	551	568	567	593	575	573	600	595
Sheriff	219	236	242	245	244	235	222	246	238	253
Other	195	202	203	200	201	198	190	187	184	184
Total public safety	1,387	1,433	1,450	1,473	1,475	1,488	1,448	1,480	1,493	1,501
Public works	169	170	172	169	159	152	147	147	138	138
Health and welfare	490	515	530	566	580	547	554	553	557	574
Parks, recreation and cultural	174	167	174	184	187	179	161	165	162	165
Community development	75	80	84	90	91	84	74	74	75	71
Total governmental activities	2,912	2,988	3,046	3,144	3,171	3,096	3,014	3,055	3,051	3,064
Business-type activities (1)										
Water	144	145	146	151	153	148	151	152	151	148
Wastewater	123	122	125	129	129	130	128	128	126	124
Airport	5	4	4	4	5	5	4	5	3	3
Total business-type activities	272	271	275	284	287	283	283	285	280	275
Grand total	3,184	3,259	3,321	3,428	3,458	3,379	3,297	3,340	3,331	3,339
Number of County employees per 1,000 population	10.9	10.9	10.9	11.0	11.0	10.7	10.4	10.5	10.3	10.2

Source: Chesterfield County Accounting Department

(1) Excludes Economic Development Authority.

**County of Chesterfield, Virginia
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police ⁽¹⁾										
Police Initiated Activities ⁽²⁾	218,247	225,824	380,982	415,521	485,401	591,749	672,668	726,521	725,962	730,179
IBR Group A Incidents/Part 1 Offenses	16,903	16,980	17,385	17,414	17,224	17,145	17,079	17,173	16,182	16,242
IBR Group A Clearance Rate/Uniform Clearance Rate	48%	44%	46%	44%	46%	48%	50%	51%	51%	53%
Average Response Time for Priority 1 (life threatening calls)	3:55 min.	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.
Fire Protection										
Emergency operations dispatches	28,337	29,241	31,389	32,737	32,946	32,924	34,314	36,856	36,245	36,881
Emergency medical ambulance dispatches	21,432	21,754	23,492	24,835	25,354	25,784	26,143	27,846	28,322	28,319
Fire engine medical support calls	9,719	11,915	14,511	13,871	13,459	12,792	11,351	11,901	11,833	11,218
Firefighter staffed ambulance calls	15,965	16,559	17,853	19,777	20,220	20,804	22,967	22,776	23,648	24,789
Building inspections conducted	4,735	3,889	4,672	4,793	4,575	3,459	3,438	3,083	2,857	3,092
Construction plans reviewed	2,947	2,150	1,656	1,663	2,065	1,408	943	974	890	911
Library ^{(4) (7)}										
Total circulation ⁽⁵⁾	4,234,893	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
Number of visitors ⁽⁸⁾	1,758,505	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
Number of reference and general assistance questions ⁽⁸⁾	851,931	729,285	732,148	591,203	625,521	603,058	416,031	404,500	3,683,524	3,355,392
Number of public access computer sessions ⁽³⁾⁽⁶⁾	N/A	N/A	N/A	N/A	548,332	557,588	444,636	376,970	449,030	565,293
Elections										
Registered voters	179,286	184,384	186,181	202,640	209,078	207,273	210,946	216,135	220,162	222,826
Utilities										
Water customers serviced	93,525	96,523	98,521	99,921	100,054	100,668	101,147	102,000	103,132	104,447
Wastewater customers serviced	78,204	80,891	82,681	83,948	84,067	84,566	85,010	85,843	86,893	88,122
Parks and Recreation										
Number of park visitors	3,781,035	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⁾
Cost per visitor	\$ 0.35	\$ 0.20	\$ 0.24	\$ 0.22	\$ 0.27	\$ 0.20	\$ 0.18	\$ 0.25	\$ 0.24	N/A ⁽⁹⁾

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 2012 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.

N/A = Not available

**County of Chesterfield, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)**

	<u>2005</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>
Airport										
Number of airplane hangars	110	110	110	110	110	110	110	110	110	110
Police										
Number of stations	3	3	4	4	4	4	4	4	4	4
Fire Protection										
Number of fire companies	21	21	21	21	21	21	21	21	21	21
Library (1)										
Number of facilities	10	10	10	10	9	9	9	9	9	9
Utilities										
Water line in system (miles)	1,656	1,693	1,750	1,780	1,823	1,839	1,857	1,871	1,889	1,902
Wastewater line in system (miles)	1,751	1,790	1,850	1,898	1,926	1,945	1,962	1,970	1,984	2,000
Parks and Recreation (2)										
Number of parks	43	43	43	45	44	45	45	46	51	52
Park acreage	3,778	3,783	3,903	4,009	4,009	4,387	4,412	4,494	4,532	4,535
Number of athletic complexes maintained	10	10	10	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



KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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* (Specifications), 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, 2014, 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 14, 2014, which included a paragraph emphasizing that in fiscal year 2014, the County retrospectively adopted new accounting guidance requiring the reclassification, as deferred out flows of resources or deferred inflows of resources, of certain items that were previously reported as assets and liabilities, and the recognition, as outflows of resources or inflows of resources, of certain items that were previously reported as assets and liabilities and also adopted new accounting guidance relating to financial reporting for pension plans requiring additional note disclosures and required supplemental information. Our report includes a reference to other auditors who audited the financial statements of the Economic Development Authority of the County of Chesterfield, Virginia, a blended component unit of the County, and the Chippenham Place Community Development Authority, a discretely presented component unit of the County, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 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, and certain provisions of other laws and regulations specified in the Specifications, Chapters Two and Three. 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 herein under *Government Auditing Standards* or the Specifications.

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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the Specifications in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

November 14, 2014



KPMG LLP
Suite 2000
1021 East Cary Street
Richmond, VA 23219-4023

Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance as Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

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 (the County) 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's major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditors' 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.

Auditors' 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, 2014.

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.

KPMG LLP

November 14, 2014

COUNTY OF CHESTERFIELD, VIRGINIA

Schedule of Findings and Questioned Costs

Year ended June 30, 2014

(1) Summary of Auditors' Results

- (a) The type of report issued on the financial statements: **unmodified opinions**
- (b) Significant deficiencies in internal control over financial reporting disclosed by the audit of the financial statements: **none reported**
- (c) Material weaknesses in internal control over financial reporting disclosed by the audit of the financial statements: **none**
- (d) Noncompliance which is material to the financial statements: **none**
- (e) Significant deficiencies in internal control over major programs: **none reported**
- (f) Material weaknesses in internal control over major programs: **none**
- (g) The type of report issued on compliance for major programs: **unmodified opinion**
- (h) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133:
- (i) Major programs:
 - **State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (CFDA Number 10.561)**
 - **Title I Grants to Local Educational Agencies (CFDA Number 84.010)**
 - **Special Education Cluster (CFDA Numbers 84.027 and 84.173)**
 - **Improving Teacher Quality State Grants (CFDA Number 84.367)**
 - **Head Start (CFDA Number 93.600)**
 - **Adoption Assistance (CFDA Number 93.659)**
 - **Medical Assistance Program (CFDA Number 93.778)**
- (j) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,332,222**
- (k) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **no**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

This report was prepared by the Accounting Department
Chesterfield County, Chesterfield, Virginia, 23832

Dedicated in memory of our colleague, Steve Arritt

ACCOUNTING DEPARTMENT EMPLOYEES

06/30/2014

<i>June Albrecht</i>	<i>Stephanie Burton</i>	<i>Lorraine Kosobucki</i>	<i>Kristie Smith</i>
<i>Angela Anderson</i>	<i>Kimberly Collette</i>	<i>Diane Lanier</i>	<i>Kristie Szafranski</i>
<i>Donna Arrington</i>	<i>Michael Dance</i>	<i>Rebecca Longnaker</i>	<i>Kathy Taylor</i>
<i>Steve Arritt</i>	<i>Dana Davis</i>	<i>Dawana Lowry</i>	<i>Lindsey Thornton</i>
<i>Debbie Baicy</i>	<i>Art Franks</i>	<i>Nicole Nicolosi</i>	<i>Donna Tucker</i>
<i>Ronda Bailey</i>	<i>Elizabeth Fritts</i>	<i>Loretta Otey</i>	<i>Catie Wilson</i>
<i>Karen Brittain</i>	<i>April Green</i>	<i>Kevin Payne</i>	<i>Consuela Wilson</i>
<i>Mattie Brown</i>	<i>Mandy Haasch</i>	<i>Shelly Pignona</i>	<i>Jackie Winston</i>
<i>Patsy Brown</i>	<i>Wanda Jenkins</i>	<i>Bridget Pillow</i>	<i>Pam Young</i>
<i>Virginia Brown</i>	<i>Kathy Jones</i>	<i>Diane Shiflett</i>	
<i>Kristina Buchanan</i>	<i>Carol Kelley</i>	<i>Drecilla Smith</i>	

Cover:

From top left - Bon Air Library, Metro Richmond Zoo giraffe calf and mother, Evergreen elementary school students, Dutch Gap Conservation Area, Rockwood Park Archery Range, Firefighters of Station #4 -Bon Air and Meadowdale Library.

Photos from Chesterfield County Public Affairs archive and Chesterfield County School Board Community Relations.

Photos from Metro Richmond Zoo and Dutch Gap Conservation Area from Catie Wilson.



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