

COUNTY OF HENRICO

VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2015**

**Prepared By
The Director of Finance**



**COUNTY OF HENRICO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION



COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO



John A. Vithoulkas
County Manager

November 23, 2015

The Honorable Board of Supervisors
County of Henrico
Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors, investors, creditors, and any other interested readers. It includes all financial statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a supplemental narrative overview and analysis of the financial statements included in this CAFR. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website <http://henrico.us/finance/divisions/accounting/>.

The financial statements included in this report conform to the U.S. generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The County's management is responsible for the establishment and maintenance of accounting and other internal controls to accomplish three purposes: ensuring compliance with applicable laws and County policies, safeguarding assets, and properly recording reliable financial information for the preparation of the County's financial statements and related notes thereto in accordance with GAAP. Because their cost should not outweigh their benefits, the County's comprehensive framework of internal controls is designed to provide reasonable assurance that financial statements will be free from material misstatement rather than absolute assurance. County management is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein and, to the best of management's knowledge, the financial information presented in this CAFR is complete and accurate in all material respects.

The County's financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The independent auditors' responsibility is to express opinions on the County's financial statements based on their audit. The auditors conducted the audit in accordance with professional auditing standards, which require that the auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves 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 concluded, based upon the audit evidence they obtained, that there was a reasonable basis for forming and expressing unmodified opinions that the County's financial statements as of and for the fiscal year ended June 30, 2015 are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report on the County's 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 is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The independent auditors' report on the County's Single Audit for the fiscal year ended June 30, 2015 is included in a separately issued report, which is available upon request from the County's Department of Finance.

Profile of the Government

The County of Henrico is located in central Virginia and surrounds the City of Richmond on the north side of the James River and constitutes approximately a third of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the intersection of Interstate-95 and Interstate-64, as well as its accessibility along Interstate-295, from Route 895 and Route 288, major rail lines, and the James River, which is home to an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 325,283 Henrico County residents (approximately one third of the Richmond Metropolitan area) live in a well-planned community of approximately 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Henrico County's history as a community dates back to 1607 when Captain Christopher Newport and a band of adventurers from Jamestown (consisting of Captain John Smith, George Percy and others) rowed ashore at the foot of the James River. Captain Newport erected a cross and claimed the land for God and England. Four years after the discovery and exploration, Sir Thomas Dale, Deputy Governor of Virginia, founded Henrico and named it for Prince Henry Frederick, eldest son of King James I. In another four months, it was a bustling community as John Rolfe

successfully cultivated a Spanish-type of tobacco similar to that produced in Varinas, Spain, giving birth to America's tobacco industry. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile now appears on the Henrico County Seal as a symbol of Henrico's place in our nation's history. In 1634, Henrico became one of the original eight shires in the Virginia Colony. Since it was adopted by its voters in 1934, the County of Henrico has operated under the County Manager form of government with voter-elected members on the Board of Supervisors who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board of Supervisors is elected annually by the members of the Board, and the Board also hires the County Manager who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County's Department Directors, and managing the day-to-day operations of the County government. Henrico County's Manager is also the Director of Public Safety for the County. The County government is responsible for providing a wide array of public services including public safety (fire and police protection, as well as building code enforcement), a full service water and sewer system, the maintenance of the third largest road system in the Commonwealth of Virginia, and an array of recreational and cultural services. The County government also provides the majority of the funding for a nationally recognized public school system, though the schools are operated by a legally distinct and separately elected School Board.

The financial reporting entity includes all of the funds of the County, the primary government, as well as all of its component units. Two discretely presented component units, the County of Henrico School Board (School Board) and the James River Juvenile Detention Commission (JRJDC), are included in the reporting entity because of the County's financial accountability for these organizations. These component units are reported in separate columns in the County's basic financial statements. Additional information concerning these legally separate organizations can be found in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. The County Manager presents his proposed budget request to the Board in early March of each year. That body then undertakes an intensive review of that budget in a series of public meetings. Those meetings are referred to as the "Legislative Budget Reviews." The Board then holds a public hearing on the proposed budget in April prior to adopting the final budget. Legal budgetary restrictions are established at the governmental function level (i.e., Police Division), with effective administrative controls maintained through detailed line-item budgets. It is County policy that the County Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total budgeted amounts and/or appropriations of any fund must be approved by the Board of Supervisors. Budget to actual comparisons are provided in this report for governmental funds where an appropriated annual budget has been adopted. These comparisons are presented in the Other Required Supplementary Information Section of this report.

Economic Overview

Henrico County continues to observe positive changes in the local economy following the economic downturn that began in the third quarter of 2008. These improvements suggest that the modest pace of growth experienced the past few years may begin to gain momentum; however, the County continues to manage its finances with caution. Real estate assessments have grown for three consecutive years, local consumer spending is strong, and the business community continues to be a strength in Henrico.

Despite the improving economic climate, Henrico County continues to evaluate its governmental practices, identifying opportunities for greater operational efficiencies and thereby best utilizing taxpayer provided resources. As evidenced by a long history of prudent financial management - and the distinction of being one of only 36 triple AAA rated localities in the country - Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, one certainty that does exist is that Henrico County will continue to do everything within its means to create an environment conducive to positive economic growth.

Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation. The local economy continues to be well positioned to expand on the growth enjoyed during the past few years of recovery. The Board of Supervisors has fostered this environment through consistently demanding innovation, effective planning, and financial prudence when allocating public resources, while also incrementally reducing local tax rates when economically feasible. With an emphasis on quality customer service, sound financial management, and sustainable economic development, Henrico County has been and will continue to be a community of choice.

The Richmond Metropolitan Area continues to garner recognition and accolades regarding its financial strength, talented workforce, and pro-business environment. For example, the area was ranked among the “10 Best Places to Start a Business” by Inc. Magazine in August 2015; ranked among the “Top 10 Mid-Sized Cities of the Future” by Foreign Direct Investment (fDi) Magazine in April 2015; was ranked among the “10 Best Cities to Relocate To in the U.S.” by the Huffington Post in April 2015; as well as being among the “50 Best Places to live in America” by Men’s Journal in April 2015. In addition, the Richmond area came in 1st on the list of the top 10 most popular cities to visit, by American Express Travel in May 2015, while also being named the “southern food destination you need to know about” by Conde Nast Traveler in July 2015.

Acknowledgements such as these would not be possible without a strong infrastructure to support the existing business community - such as the 19 *Inc. 5000* companies with a significant presence in Henrico County, as well as the many small businesses and entrepreneurial endeavors that drive our diverse economy. Henrico County is home to 4 of the region’s 10 Fortune 1000 companies, and serves as the corporate headquarters for two Fortune 500 companies; Altria and Genworth Financial, while The Brink’s Company and Markel Corporation are both within the Fortune 1000.

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In addition to these companies, Henrico County is also home to Phillip Morris U.S.A. (a subsidiary of Altria), Alfa Laval, Hamilton Beach-Proctor Silex, Southern States Cooperative, along with over fifty companies based in twelve nations outside the United States that maintain offices in Henrico County. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefitted from their presence.

The Richmond International Raceway (RIR), located in Henrico County, has a seating capacity of 71,000 and hosts NASCAR races that attract fans from across the United States. RIR is one of the most popular facilities among NASCAR drivers and fans in all of motorsports. Known as America's Premier Short Track, RIR annually hosts two NASCAR Doubleheader weekends, featuring the NASCAR Sprint Cup Series and NASCAR Xfinity Series. Only three tracks in the U.S. have continuously hosted NASCAR races at their present locations longer than RIR. A unique feature of RIR's strategic placement within Henrico is that it is accessible within a day's travel to 50 percent of the country's population, which, along with NASCAR's loyal fan base and growing popularity, makes it a popular destination for race enthusiasts. As a result, the economic impact to the local area is significant, with each race generating an estimated \$42.5 million through the fans' patronage of local stores, restaurants and hotels.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. According to the Virginia Employment Commission, as of August 2015 the County's unemployment rate (not seasonally adjusted) of 4.3 percent is less than the Virginia rate of 4.5 percent and considerably lower than the National rate of 5.1 percent. This relatively low unemployment rate is indicative of the fundamental economic strength of the County, as well as the resiliency and perseverance of state and local employers and the County's educated and talented workforce.

While the economic downturn had a significant impact on the real estate market in Henrico in both the residential and commercial sectors, the County has now experienced three successive years of growth in the total assessed value of real property. For the most recent assessment of new and existing commercial and residential real estate, as of January 1, 2015, the total taxable assessed value of the County was approximately \$33.1 billion, which represents an increase of about \$1.2 billion compared to January 1, 2014. The increase in existing residential and commercial properties totaled 2.5 percent, while new residential and commercial construction increased \$392 million. The most recent year-over-year increase in reassessments is similar to the prior year's 2.8 percent increase. These increases reflect a significant improvement from two years prior, in which the total tax base increased just 0.36 percent, while 2012 and 2011 saw drops in the total tax base of 3.3 percent and 1.0 percent, respectively. Henrico remains cautiously optimistic about the improving economy and local real estate market as it continues to recover the nearly \$4.0 billion in tax base that was lost between 2009 and 2012.

There are some clear positive trends occurring in Virginia's housing market, and in the Central Virginia/Richmond region, with increases in the year-over-year median sales price, as well as decreases in inventory and the number of days on the market, recognized through August 2015.

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For example, the median sale price of homes as of August 2015 stands at \$211,000, representing a 7.0 percent increase from the prior year. The average number of days on the market has decreased 11.0 percent from the prior year, while active inventory is down 17.0 percent. In fact, year-over-year residential sales growth in Henrico increased at the highest rate in the Central Virginia area, at 28.0 percent growth from Q1 2014 to Q1 2015.

In addition, for the fiscal year ended June 30, 2015, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, is continuing to show improvements. For example, the total number of permits increased from the prior year and the total permit value increased 88.0 percent from June 30, 2014.

Henrico County continues to be a retail sales leader in Virginia ranking 2nd in the state and 1st in Central Virginia in total annual taxable sales. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2014 were \$5.2 billion, representing a 2.0 percent increase from 2013. In addition, Henrico ranks 1st in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. These statistics are another indication that the County has grown to be a destination for shoppers locally, regionally, and statewide. Henrico County was able to establish itself as a destination for shoppers starting with Regency Square, built in the 1970s, and more recently with Short Pump Town Center, White Oak Village, and Short Pump Station.

The presence of these business and corporate entities would not be possible were it not for the favorable business environment that Henrico County has fostered throughout the years. Since 1978, the Board of Supervisors has prudently decreased the Real Estate Tax Rate six times. In addition to these decreases, Henrico County is also the lowest taxing metropolitan locality in Virginia when compared to the 15 largest localities. The low tax burden combined with a record of prudent fiscal management and excellent services creates an enticing environment for businesses that are looking to relocate their operations.

Financial Guidelines

The following informal guidelines represent principles and practices that guide the County and help to foster the County's financial stability. These are not the only financial guidelines, but are those that have had a major impact in recent years or will have a major impact on Henrico's future financial position. For a complete listing of the County's Financial Guidelines, please see the County's Annual Fiscal Plan at <http://www.henrico.us/finance/divisions/office-of-management-and-budget/>.

General Guidelines:

The County will strive to maintain its (AAA/Aaa/AAA) General Obligation Bond ratings with Standard and Poor's, Moody's Investor Service, and Fitch IBCA, respectively. These excellent bond ratings mean two things for our residents. First, our financial management has been

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examined by three separate agencies that analyze local government finances and they have awarded Henrico County the highest possible scores. Second, the County's high credit rating allows us to obtain the most competitive interest rates when financing long-term capital improvement projects.

The County will utilize technological advances as a means of increasing employee productivity and reducing the need for new positions.

The County will allocate new dollars (after meeting fixed commitments such as debt service requirements and benefits changes) to the areas of Education and Public Safety first.

The County will attempt to utilize benefits of new economic development successes as a means of maintaining the low tax rate environment our residents currently enjoy. In addition, the County will maintain a balance between the need for real estate tax relief for our residents with the long-term operational needs of the County.

Capital Improvement Program Guidelines:

The County will develop a Five-Year Capital Improvement Program annually, inclusive of the capital needs of the Henrico County Public Schools. The Board of Supervisors approves a "Capital Budget" after legal advertising and public hearing requirements have been met.

The County's Capital Improvement Program will utilize debt financing as a funding source only after it has been determined that the County can afford to service this debt and associated operating costs in subsequent years. The County will attempt to maximize the use of pay-as-you-go financing for capital projects.

The County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, through the compilation of an annual crosswalk analysis that captures all such costs.

The County will maintain its physical assets at a level adequate to protect the County's capital investment and minimize future maintenance and replacement costs. The operating budget will provide for the adequate maintenance of these facilities and infrastructure.

Debt Guidelines:

A long-term debt affordability analysis will be completed on an annual basis as a means of ensuring that the County does not exceed its ability to service current and future debt requirements. This analysis will verify that the County is maintaining the following prescribed ratios and will be performed in conjunction with the County's Capital Improvement Program Process. The guidelines that are utilized are as follows:

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- Debt Service as a Percentage of General Fund Expenditures: 7.75%
- Net Bonded Debt as a Percentage of Assessed Value: 1.49%
- General Obligation Bonded Debt per Capita: \$1,650

The County will adopt annual water and sewer rates that will generate sufficient revenues to meet the legal requirements of Enterprise Fund bond covenants. These rates will also allow for adequate capital replacement in the water and sewer systems.

Revenues:

Multi-Year revenue and expenditure forecasts for all County funds will be included as a part of the Adopted Annual Fiscal Plan.

The County will attempt to maintain a stable but diversified revenue base as a means of protecting it from fluctuations in the economy.

The County will continue to strive to maintain a 70% residential – 30% commercial real estate tax base. Maintaining a healthy commercial/residential ratio will help the County maintain current tax rates while continuing to enhance service delivery efforts – particularly in the areas of Education and Public Safety.

While revenues are monitored continually, a report is compiled quarterly that depicts current year trends, receipts, and explains any unanticipated revenue variances.

Fund Balance Guidelines:

The County has, over time, maintained a healthy unassigned fund balance – as compared to similar sized Virginia localities. As a percentage of actual General Fund expenditures, the County's unassigned fund balance has been:

FY04: 18.0%	FY10: 18.0%
FY05: 18.0%	FY11: 18.0%
FY06: 18.0%	FY12: 15.0%
FY07: 18.0%	FY13: 15.0%
FY08: 18.0%	FY14: 15.0%
FY09: 18.0%	FY15: 15.0%

During the FY06 budget process, the Board of Supervisors (the Board) agreed with a policy recommendation to maintain the unassigned fund balance at a level of 18.0 percent of General Fund expenditures effective June 30, 2006. This policy was reviewed during the annual budget process for FY13 and it was recommended that the Board approve a reduction in the percentage. The percentage of unassigned fund balance was reduced to 15.0 percent of General Fund expenditures, effective June 30, 2012. The County will continue to monitor this percentage during

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the annual budget process for future fiscal years. The County will not use its unassigned fund balance to subsidize current operations.

Major Initiatives and Accomplishments

On November 5, 2013, a majority of voters in Henrico County approved a referendum that would allow the Board of Supervisors to impose a tax on prepared food and beverages, commonly known as a “meals tax”, equal to four (4) percent of the amount charged. The January 28, 2014 Board of Supervisors agenda included the introduction of an ordinance to amend the County Code to levy a four percent food and beverage tax, and at the February 25, 2014 Board of Supervisors meeting, a public hearing was held on the amendment to the Code of the County of Henrico to levy a four percent meals tax. After the public hearing, the Board of Supervisors approved the amendment to levy a four percent meals tax. The collection of this tax began on June 1, 2014. The four percent meals tax generated approximately \$26.8 million in additional revenue in the fiscal year that ended June 30, 2015. All of these funds are dedicated to the operational and capital project needs of Henrico County Public Schools.

A significant portion of meals tax revenues are raised from non-County residents including tourists and commuters. In 2014, Henrico County saw an increase in sports tourism for the County with the County hosting 135 sports tournaments. This is one of many areas of projected growth as projects such as the Henrico Sports Complex on Greenwood Road allow the County to accommodate more sports events. The County also hosted the starting point of the UCI Road World Championships in September, 2015 at Lewis Ginter Botanical Gardens. The UCI brought an estimated 645,000 spectators over ten days to the region. The Monday following the UCI was the busiest travel day at Richmond International Airport in seven years.

While Henrico County continues to observe positives within the local economy, the County remains committed to cutting costs and streamlining its operations to gain efficiencies. Over the past several years, the County has made over \$125 million in budget reductions, allowing Henrico County to continue to provide a high level of customer service at the lowest possible cost – a concept known within the Richmond Metropolitan Area as “the Henrico Way.”

Henrico County has also continued its commitment to delivering the quality and quantity of services that Henrico’s citizens expect. Henrico County has continued to issue debt and expand its infrastructure to meet the growing needs of the County, and in doing so has saved millions of dollars in debt service costs, taking advantage of low construction prices due in part to the prevailing economic environment, and also to the County’s AAA bond rating.

In August 2011, shortly after Standard and Poor’s had downgraded the U.S.’s long-term credit rating, Henrico County reaffirmed its AAA rating from the three primary bond rating agencies - Moody’s, Standard and Poor’s, and Fitch - maintaining its position as one of the best financially managed localities in the nation. Furthermore, it is believed that Henrico County was the first municipality in the country to achieve this AAA reaffirmation by all three rating agencies

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following the historic credit rating downgrade of the U.S. As of this writing, fewer than 40 counties in the nation enjoy the triple AAA distinction, which represents just over 1 percent of all localities nationwide. Despite the poor economic conditions that persist, Henrico County has capitalized on its premier credit rating by taking advantage of extremely low interest rates.

Henrico County has been proactive in capitalizing on its AAA bond rating and the attractive interest rate environment by refunding existing debt to realize significant cost savings. Most recently, in March 2015, Henrico County refunded \$60.1 million in Series 2008 General Obligation and Virginia Public School Authority (VPSA) bonded debt, achieving a remarkably low true interest cost of 2.39 percent, and a savings of \$3.3 million. Since 2009, the County has refunded over \$426 million in debt, averaging a true interest cost of 2.84 percent and achieving \$32.3 million in debt service cost savings.

As the County, like the rest of the nation, continues to rebound from the recession, many companies have sought to position themselves in Henrico County to take advantage of its low tax burden, high quality infrastructure, talented and diverse workforce and overall business friendly atmosphere. For example, several new, large scale retail and mixed-use projects are in various stages of development throughout the County. Among these, the West Broad Marketplace development, slated for completion in 2016, will host a 97,000 square foot Cabela's, a Nebraska based retail chain specializing in outdoor hunting, fishing and camping related gear. It will employ approximately 150 people and become the anchor tenant of the development located just one mile west of the Short Pump Town Center. In addition, the development will include an upscale grocer whose presence is entirely new to the Central Virginia region. The 140,000 square foot Wegman's location in Short Pump is expected to employ 550 to 600 people in full and part-time positions.

In addition, the Libbie Mill development, located at the intersections of Staples Mill Road, Bethlehem Road and Libbie Avenue in the County's Near-West End area is an 80 acre mixed-use neighborhood that will feature 100,000 square feet of retail space, 60,000 square feet of office space, as well as over 2,000 housing units planned both for sale and luxury rental. The development is anchored by the upscale grocer, Southern Seasons, as well as the new Libbie Mill Library, which opened October 29, 2015.

The low tax, business friendly environment in Henrico County is not only attracting new and expanding businesses, but redevelopment continues to be an important component of strengthening the local economy. The shops at Willow Lawn are an example of the County's focus on redevelopment. First opened in 1956, Willow Lawn has been through several transformations, the most recent of which occurred in 2012, when a \$9 million renovation and redesign added a new open-air layout, greater visibility and 17,000 square feet of new tenant space. Presently, more than 60 shops and restaurants exist within the development. The County's commitment to the redevelopment of the property, as well as the area's attractive demographics has contributed to the commercial success of the shops at Willow Lawn, as well as the revitalization of the surrounding area.

Fiscal year 2015 represents the eighth full year under the County's employee healthcare self-insurance program, whereby the County began paying claims and third party administrative fees. Self-insurance allows the County to more fully control all aspects of the employee benefit plan, including setting rates to smooth out the impact of increases on employees and the County, while maintaining adequate funding to cover claims, expenses, and reserves. Since the transition to the self-insurance program, the County's healthcare cost increases have been well below the growth trend experienced nationally, resulting in significant savings relative to the national average. For example, in 2015 the national cost of healthcare coverage increased by 7.5 percent, while Henrico County recognized an increase of 2.9 percent, resulting in an estimated comparable savings of \$3.9 million. Through fiscal year 2015, Henrico County has saved an estimated \$20.4 million in healthcare premium cost avoidance as a result of becoming self-insured. Henrico County remains committed to evaluating and proposing plan design options that best meet the healthcare needs of a large, diverse population, while conforming to the dynamic budgetary and regulatory requirements of a constantly evolving healthcare landscape.

Future Challenges

The lingering impacts of the "Great Recession" and the slow pace of growth have had a significant impact on the County's finances, as the two largest sources of revenue – state aid and real estate taxes – declined dramatically during the protracted economic downturn.

The Approved Annual Fiscal Plan for FY 2016 projects state aid at approximately \$328 million, or 36.4 percent of General Fund revenues, reflecting an increase of approximately \$5.6 million or 1.7 percent from the FY2014-15 allocation. However, despite the overall increase from the recent fiscal years, budgeted estimates remain below State revenues collected in FY2008-09. In addition, while state aid is currently below what it was seven fiscal years ago, it comprises a larger portion of the General Fund budget than it has historically. This is due to the steep declines in other locally generated revenues and the unprecedented budget reductions that were required. With state aid now comprising over 36 percent of total General Fund revenues, there is concern over Henrico County's growing dependency on this revenue source, as economic volatility, and the political dynamic in Washington, DC could continue to have severe repercussions on the state's fiscal situation, and correspondingly, Henrico County's budgetary resources.

Another issue of importance is the dramatic increase in Virginia Retirement System (VRS) pension plan employer contribution rates - particularly for school teacher pensions - that took effect in FY 2015. As a result of legislation passed in the General Assembly to address the systemic underfunding of VRS, the state legislature was statutorily obligated to fund a fixed percentage of the actuarial rate for teachers, equal to 80 percent of the VRS Board of Trustees approved rate in the current biennium. While the approved employer contribution rate for teacher pensions in FY 2013 and FY 2014 was 11.66 percent, the employer contribution rate for teachers adopted by the General Assembly for FY 2015 was 14.5 percent and for FY 2016 is 14.06 percent meaning higher VRS contributions for Henrico County despite improving market conditions.

On a similar note, beginning in FY 2015, a new GASB accounting pronouncement – known as GASB 68 – requires the reporting of a governmental entity’s net unfunded pension liability on the entity’s statement of net position. The County’s adoption of this new pension accounting standard in FY 2015 had a significant impact on Henrico County and its discretely presented School Board component unit, due in large part to the Commonwealth’s systemic underfunding of teacher pensions. The effect of GASB 68 requiring school boards in the Commonwealth to report a net unfunded pension liability has, in Henrico County’s case, resulted in its liabilities and deferred inflows of resources exceeding its assets and deferred outflows of resources and for the first time resulted in a negative total net position being reported on the statement of net position as of June 30, 2015. The net unfunded pension liability cannot be reduced without significant future pension plan contribution increases, which may have significant budgetary impacts for Henrico County well into the future.

Real Estate valuations have presented significant revenue challenges the past several years, registering slow to negative growth through 2013. However, for the third consecutive year, the reassessment of real estate in Henrico County increased in January 2015. As of January 2015, the assessed value of real property in the County totaled \$33.1 billion, which represents an increase of 3.7 percent, or approximately \$1.2 billion compared to January 1, 2014. The increase in reassessments, both residential and commercial properties, totaled 2.5 percent while new residential and commercial construction increased \$392 million. However, while increased property values are a welcome sign, the overall increase in the real estate tax base of \$1.2 billion only partially offsets the \$4.0 billion in tax base lost since 2009. Further, in spite of this increase in the tax base, the overall real estate tax base remains below 2007 levels. Like the rest of the nation, the severity and duration of the economic downturn has had a sizable impact on the local real estate market.

Reducing unemployment is a vital step toward improving the economy. Nationally, unemployment was at 5.1 percent in August 2015, while both the State and County unemployment rates stood at 4.5 percent and 4.3 percent respectively. While Henrico County’s unemployment rate remains lower than the national average, and slightly lower than that of the State, the loss of several large employers during the recession pushed the County’s unemployment rate to levels not seen in many years. However, there are some positives occurring in the local economy that serve as an indication that Henrico County is recovering, and poised to return to an unemployment rate that more mirrors pre-recession historical averages for the County.

Because economic indicators having the greatest impact on the County’s revenues often lag during an economic recovery, Henrico County’s leadership is continuing to examine opportunities to redefine the way Henrico does business. The efficiencies and savings identified as a result of this effort, combined with the conservative fiscal management routinely employed by Henrico County should allow the County to continue to provide services to our citizens at the level they have come to expect and depend upon.

The Honorable Board of Supervisors
November 23, 2015

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Henrico, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This was the thirty-fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

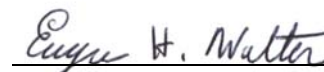
Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the County's Department of Finance. We would like to express our particular appreciation to all members of the Accounting Division who directly assisted and contributed to its preparation. We would also like to thank the Board of Supervisors for their interest, guidance and support in their oversight of the financial operations of the County in a responsible and prudent manner.

Respectfully submitted,



John A. Vithoukas
County Manager



Eugene H. Walter
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Henrico
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2015

BOARD OF SUPERVISORS

Frank J. Thornton, Chairman	.....	Fairfield District
Tyrone E. Nelson, Vice Chairman	.....	Varina District
David A. Kaechele	.....	Three Chopt District
Patricia S. O'Bannon	.....	Tuckahoe District
Richard W. Glover	.....	Brookland District

ADMINISTRATIVE OFFICIALS

John A. Vithoulkas	.....	County Manager
Jane D. Crawley	.....	Deputy County Manager for Community Services
Randall R. Silber	.....	Deputy County Manager for Community Development
Joseph P. Casey	.....	Deputy County Manager for Administration
Timothy A. Foster	.....	Deputy County Manager for Community Operations
Eugene H. Walter	.....	Director of Finance
Joseph P. Rapisarda, Jr.	.....	County Attorney

ELECTED SCHOOL BOARD

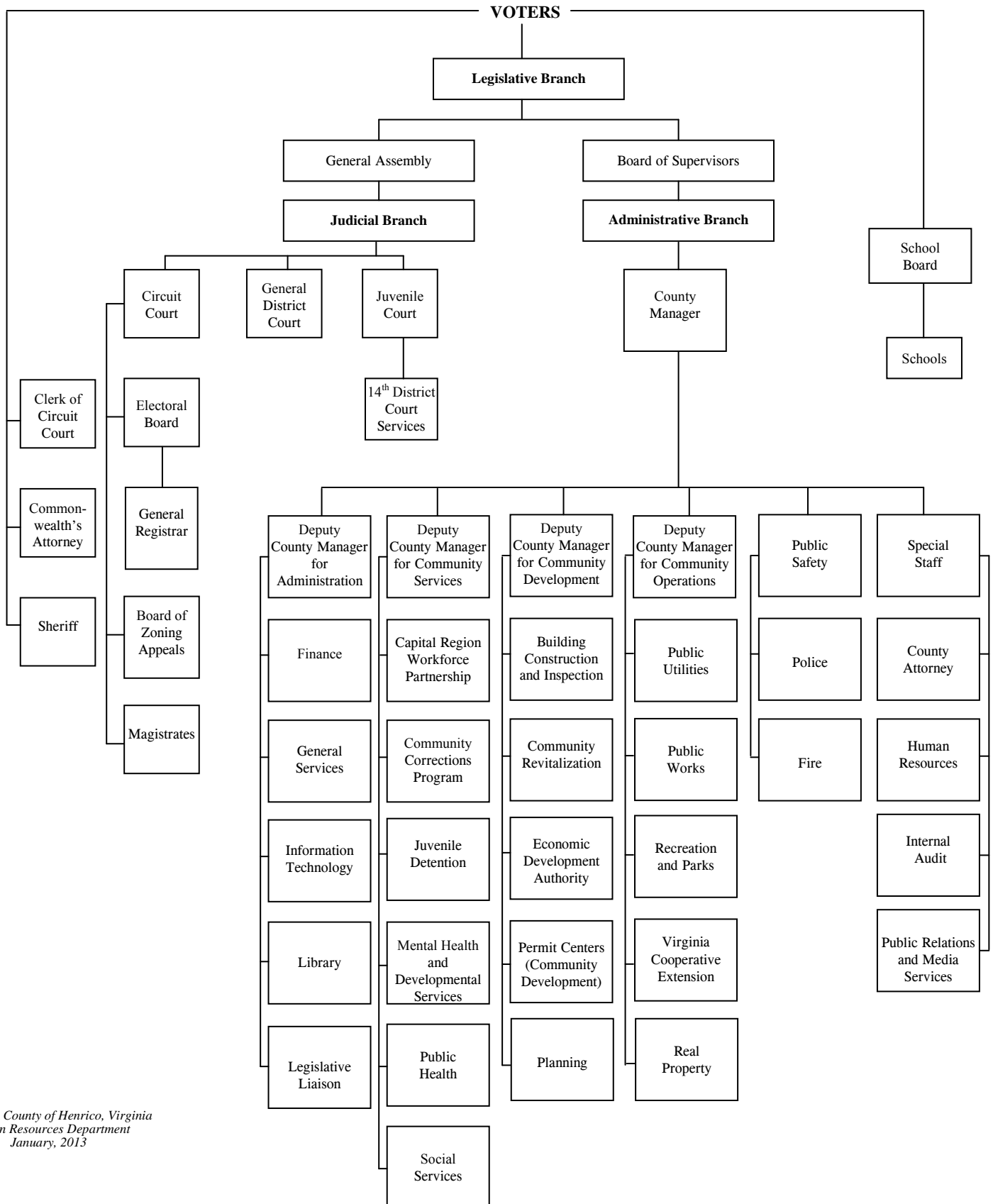
John W. Montgomery, Jr., Chair	.....	Varina District
Lisa A. Marshall, Vice Chair	.....	Tuckahoe District
Beverly L. Cocke	.....	Brookland District
Pierre L. Greene	.....	Fairfield District
Michelle Ogburn	.....	Three Chopt District

ADMINISTRATIVE OFFICIALS - SCHOOLS

Dr. Patrick C. Kinlaw	.....	Superintendent of Schools
Dr. Katrise Perera	.....	Assistant Superintendent for Instruction
Nyah Hamlett	.....	Assistant Superintendent for Instructional Support
Al Ciarochi	.....	Assistant Superintendent for Operations
Terry Stone	.....	Assistant Superintendent for Finance and Administration
Mandy Baker	.....	Director of Human Resources
Andy Jenks	.....	Director of Communications and Public Relations



County of Henrico, Virginia Organization Chart



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 Henrico, 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 Henrico, Virginia (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 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, 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 Henrico, Virginia, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1.N to the financial statements, in fiscal year 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which provide new accounting guidance that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 12, the budgetary comparison information on pages 84 through 90, the Schedules of Required Supplementary Information, including the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, Schedule of Schools' Proportionate Share of the Net Pension Liability, Schedule of School Contributions, and Notes to Required Supplemental Information, on pages 91 through 96, and the Schedules of Funding Progress on page 75 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 and Schedule of Expenditures of Federal Awards

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

The Introductory 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 23, 2015 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 23, 2015

COUNTY OF HENRICO, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the County of Henrico's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2015 (FY 2015). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements and related notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2015

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$563.0 million. The general revenues of \$593.2 million exceeded expenses net of program revenues by \$30.2 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$2,227.0 million at June 30, 2015 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financial sources and uses by \$12.0 million (Exhibit 4) after making transfers out of \$104.6 million, which include transfers to the Capital Projects Fund for \$26.7 million, Special Revenue Fund for \$22.8 million and Debt Service Fund for \$57.6 million. In addition, the General Fund contributed \$205.8 million to the County's component units.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The County's Comprehensive Annual Financial Report (CAFR) is comprised of three sections: Introductory, Financial and Statistical. The Financial Section, which includes the audited basic financial statements, is comprised of four components: 1) the independent auditors' report, 2) management's discussion and analysis (MD&A), 3) the basic financial statements, and 4) notes to the basic financial statements. This CAFR also contains required supplementary information, other than MD&A, and other supplementary information in addition to the basic financial statements themselves.

The primary focus of the basic governmental financial statements is on both the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements focus on the individual components of the County government, reporting the County's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund statements) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the County's financial accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole in better financial condition or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide financial statements, report information about the County as a whole and about its activities in a way that helps answer this question. These financial statements include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two financial statements report the County's net position and the changes in net position. One can think of the County's net position – the difference between the total of assets and deferred outflows of resources, less the total of liabilities and deferred inflows of resources – as one way to measure the County's financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial position is improving or deteriorating. Other nonfinancial factors should also be considered; such as, changes in the County's property tax base and the physical condition of the County's infrastructure, to assess the overall financial position of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into three types of activities:

Governmental Activities – Most of the County's basic services are reported here: Police, Fire, Public Works, Recreation and Parks, and general administration. Property taxes, other local taxes, and state and federal grants finance most of these activities.

Business-Type Activities – The County's operation, maintenance and construction of the County-owned water and wastewater (sewer) utility and the County-owned golf course are reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide.

Discretely Presented Component Units – The County includes two separate legal entities in its report – the County of Henrico School Board (School Board) and the James River Juvenile Detention Commission (JRJDC). Although legally separate, these "component units" are important because the County is financially accountable for them, and provides operating and capital funding.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more information about the County's most significant funds, not the County as a whole.

The County has three types of funds:

Governmental Funds – The County's basic services are included in four major governmental funds. The general fund, special revenue fund, debt service fund and capital projects fund financial information is presented separately in the governmental fund balance sheet and within the governmental fund statement of revenues, expenditures, and changes in fund balance.

The governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as, *balances of spendable resources* available at the end of the fiscal year. The governmental funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs. Since this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided at the bottom of the governmental funds financial statements that explains the relationship (or reconciles the differences) between the two types of statements. (Exhibits 3 and 4)

Proprietary Funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide financial statements, provide both long and short-term financial information.

In fact, the County's Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide financial statements, but the fund financial statements

provide more detail and additional information, such as cash flow. The County's Enterprise Fund accounts for the operation of the County's water and sewer utility and the County-owned golf course.

The County uses Internal Service Funds (the other kind of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities. The Internal Service Funds account for the County's Central Automotive Maintenance operations, the Technology Replacement Fund and the self insured Healthcare Fund. Resources for these Funds come from interdepartmental charges.

Fiduciary Funds – The County is the trustee, or fiduciary, for Agency Funds. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use the assets of these Funds to finance its own operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects a summary of the County's net position at June 30, 2014 and 2015 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾
Current and Other Assets	\$ 571.2	\$ 550.3	\$ 166.3	\$ 153.7	\$ 737.5	\$ 704.0	\$ 48.8	\$ 57.6
Capital Assets	<u>1,430.2</u>	<u>1,440.3</u>	<u>1,164.3</u>	<u>1,192.6</u>	<u>2,594.5</u>	<u>2,632.9</u>	<u>268.8</u>	<u>253.4</u>
Total Assets	<u>2,001.4</u>	<u>1,990.6</u>	<u>1,330.6</u>	<u>1,346.3</u>	<u>3,332.0</u>	<u>3,336.9</u>	<u>317.6</u>	<u>311.0</u>
Deferred Outflow of Resources	-	28.3	7.1	8.8	34.3	37.1	-	41.7
Long-term Liabilities	545.5	515.2	240.7	232.7	786.2	747.9	55.9	45.7
Net Pension Liability	-	174.3	-	12.4	-	186.7	-	426.8
Other Liabilities	<u>106.9</u>	<u>99.5</u>	<u>33.0</u>	<u>35.5</u>	<u>139.9</u>	<u>135.0</u>	<u>6.0</u>	<u>7.5</u>
Total Liabilities	<u>652.4</u>	<u>789.0</u>	<u>273.7</u>	<u>280.6</u>	<u>926.1</u>	<u>1,069.6</u>	<u>61.9</u>	<u>480.0</u>
Deferred Inflow of Resources	15.7	73.8	-	3.6	15.7	77.4	11.0	83.6
Net Position:								
Net Investment in Capital Assets	1,049.9	1,082.8	1,015.3	1,006.6	2,065.2	2,089.4	224.9	221.1
Restricted	157.7	148.8	17.0	17.0	174.7	165.8	11.3	11.6
Unrestricted	<u>125.7</u>	<u>(75.5)</u>	<u>31.7</u>	<u>47.3</u>	<u>157.4</u>	<u>(28.2)</u>	<u>8.5</u>	<u>(443.6)</u>
Total Net Position	<u>\$ 1,333.3</u>	<u>\$ 1,156.1</u>	<u>\$ 1,064.0</u>	<u>\$ 1,070.9</u>	<u>\$ 2,397.3</u>	<u>\$ 2,227.0</u>	<u>\$ 244.7</u>	<u>\$ (210.9)</u>

⁽¹⁾ The County implemented GASB Statement Nos. 68 and 71 in fiscal year 2015. See Notes 1.N, 9 and 10 of the notes to the financial statements for more information. Fiscal year 2014 was not restated herein.

The County implemented GASB Statement Nos. 68 and 71 for the fiscal year ended June 30, 2015. GASB Statement No. 68 requires employers to recognize a net pension liability (asset) on the statement of net position for the net funded status of pension plans as employees earn their pension benefits and recognize annual pension cost under an "earnings" approach rather than a "funding" approach. GASB Statement No. 71 specifies the treatment of contributions made subsequent to the liability measurement date pursuant to GASB Statement No. 68. As a result of adopting GASB Statement Nos. 68 and 71 in fiscal year 2015, the net position of the County's Governmental Activities as of June 30, 2014 was reduced by \$207.4 million,

the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date. The net position of the County's Business-Type Activities as of June 30, 2014 was reduced by \$14.8 million, the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date. The net position of the County's aggregate discretely presented Component Units as of June 30, 2014 was reduced by \$467.2 million, the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date. More detailed information about the County's adoption of GASB No. 68 is presented in Notes 1.N, 9 and 10 of the notes to the financial statements.

The County's combined net position increased by 2.4 percent, or \$51.9 million to \$2,227.1 million from \$2,175.1 million, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 1).

The net position of the County's governmental activities increased 2.7 percent, or \$30.2 million to \$1,156.1 million (Exhibit 1). Net Investment in Capital Assets increased by \$32.9 million due to capital assets acquired and debt payments made for both bonds and capital leases. Restricted net position decreased by \$8.9 million due to an increase in funds expended for capital projects offset by additional funds reserved for debt service and grants. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by \$201.2 million to (\$75.5) million at June 30, 2015 (Exhibit 1) due mainly to the deferred pension outflows, deferred pension inflows and net pension liability that are required by GASB No. 68 to be presented on the Statement of Net Position.

The net position in the Governmental Statement of Activities (Exhibit 2) increased mainly due to an increase to capital outlay expenditures of \$64.2 million, which are added back to net position for capital assets capitalized during the year, and \$40.1 million in debt service activities. This increase was offset by depreciation expense of \$51.6 million and a decrease of \$16.4 million in the total governmental fund balance. Other significant activities effecting net position are activities which are not reported in the governmental funds that provide current financial resources of \$1.2 million and a decrease in the use of current financial resources of \$4.9 million.

The net position of business-type activities increased by 2.1 percent, or \$21.7 million from \$1,049.2 million to \$1,070.9 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$47.4 million as of June 30, 2015.

The net position of the aggregate discretely presented component units decreased 186.2 percent, or \$455.6 million from \$244.7 million to (\$210.9) million. Net Investment in Capital Assets decreased by \$3.8 million due to capital assets acquired and debt payments made for capital leases. Restricted net position increased by \$.3 million due to an increase in funds expended for grants. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by \$452.2 million to (443.6) million at June 30, 2015 (Exhibit 1) due mainly to the deferred pension outflows, deferred pension inflows and net pension liability that are required by GASB No. 68 to be presented on the Statement of Net Position.

Schedule of Activities

The following chart summarizes the revenues and expenses of the County's activities for the fiscal years ended June 30, 2014 and 2015 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾	2014	2015 ⁽¹⁾
Revenues:								
Program Revenues:								
Charges for Services	\$ 48.2	\$ 39.6	\$ 102.2	\$ 111.8	\$ 150.4	\$ 151.4	\$ 12.4	\$ 11.6
Operating Grants and Contributions	117.4	137.5	-	-	117.4	137.5	276.2	288.5
Capital Grants and Contributions	-	-	7.3	10.3	7.3	10.3	.1	.1
General Revenues:								
Property Taxes	368.0	377.4	-	-	368.0	377.4	-	-
Other Taxes	127.0	160.2	-	-	127.0	160.2	-	-
Other	55.2	55.6	4.7	3.6	59.9	59.2	1.3	5.4
Payment from Primary Government	-	-	-	-	-	-	189.5	205.8
Total Revenues	<u>\$ 715.8</u>	<u>\$ 770.3</u>	<u>\$ 114.2</u>	<u>\$ 125.7</u>	<u>\$ 830.0</u>	<u>\$ 896.0</u>	<u>\$ 479.5</u>	<u>\$ 511.4</u>
Expenses:								
General Government	\$ 86.8	\$ 101.6	\$ -	\$ -	\$ 86.8	\$ 101.6	\$ -	\$ -
Judicial Administration	10.9	11.2	-	-	10.9	11.2	-	-
Public Safety	179.0	181.6	-	-	179.0	181.6	5.2	5.0
Public Works	77.6	82.6	-	-	77.6	82.6	-	-
Health and Welfare	58.7	61.8	-	-	58.7	61.8	-	-
Education	200.4	217.1	-	-	200.4	217.1	473.2	494.9
Parks, Recreation and Cultural	34.2	35.1	-	-	34.2	35.1	-	-
Community Development	27.7	31.8	-	-	27.7	31.8	-	-
Interest on Long-term Debt	15.9	17.2	-	-	15.9	17.2	-	-
Water and Sewer	-	-	96.9	103.0	96.9	103.0	-	-
Golf Course	-	-	1.1	1.0	1.1	1.0	-	-
Total Expenses	<u>\$ 691.2</u>	<u>\$ 740.0</u>	<u>\$ 98.0</u>	<u>\$ 104.0</u>	<u>\$ 789.2</u>	<u>\$ 844.0</u>	<u>\$ 478.4</u>	<u>\$ 499.9</u>
Change in Net Position	<u>24.6</u>	<u>30.3</u>	<u>16.2</u>	<u>21.7</u>	<u>40.8</u>	<u>52.0</u>	<u>1.1</u>	<u>11.5</u>
Net Position, beginning of year⁽¹⁾	<u>1,308.7</u>	<u>1,125.9</u>	<u>1,047.8</u>	<u>1,049.2</u>	<u>2,356.5</u>	<u>2,175.1</u>	<u>243.6</u>	<u>(222.4)</u>
Net Position, end of year	<u>\$ 1,333.3</u>	<u>\$ 1,156.2</u>	<u>\$ 1,064.0</u>	<u>\$ 1,070.9</u>	<u>\$ 2,397.3</u>	<u>\$ 2,227.1</u>	<u>\$ 244.7</u>	<u>\$ (210.9)</u>

⁽¹⁾ The County implemented GASB Statement Nos. 68 and 71 in fiscal year 2015. See Notes 1.N, 9 and 10 of the notes to the financial statements for more information. Fiscal year 2014 was not restated herein.

REVENUES

For the fiscal year ended June 30, 2015, revenues from governmental activities totaled \$770.3 million, an increase of \$54.5 million from fiscal year 2014. Real Estate Tax Revenues, the County's largest revenue source, which reflects the recognition of the second half calendar year 2014 and the first half of calendar year 2015 real property tax, collected during fiscal year 2015 totaled \$286.4 million an increase of \$8.6 million, or 3.1 percent from fiscal 2014. The County Board of Supervisor maintained the Real Estate Tax Rate at the current amount of 87 cents per \$100 of assessed value for calendar year 2015.

During fiscal year 2015, the County collected \$71.7 million in personal property tax revenue from County residents, and received Personal Property Tax Relief from the Commonwealth of Virginia (the Commonwealth) of \$37.0 million for a total personal property tax related receipts of \$108.7 million. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth's share of the

local personal property tax payment for a calendar year was frozen at 70 percent for qualified vehicles. During the 2004 General Assembly, the Commonwealth's obligation for car tax relief was capped at \$950 million annually. Each jurisdiction's share of the \$950 million is based on the total 2004 reimbursement as of December 31, 2005. The County's share for 2015 of \$37.0 million is paid in three installments. At June 30, 2015, the County accrued \$18.4 million for the first half of the 2015 calendar year.

Business-type activities produced total revenues of \$125.7 million, an increase of \$11.5 million from fiscal year 2014. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$111.0 million in charges for services and \$10.3 million in capital grants and contributions. (Exhibit 2)

EXPENSES

For the fiscal year ended June 30, 2015, expenses for governmental activities totaled \$740.0 million, an increase of \$48.8 million from fiscal year 2014. Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as public safety, recreation, and libraries.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include \$201.8 million for School operations and \$3.4 million for School capital improvement projects (Exhibit 4).

The expenses of business-type activities, which result from the operations of the County's Water and Sewer activity and Golf Course activity, totaled \$104.0 million, an increase of \$6.0 million or 6.1 percent over fiscal year 2014 (Exhibit 2). The Water and Sewer activity accounts for \$103.0 million of the total expenses of \$104.0 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2015, the governmental funds reflect a combined fund balance of \$382.6 million, a decrease of \$16.4 million from fiscal year 2014 (Exhibit 3). The General Fund accounts for \$214.6 million (Exhibit 3) of the total combined balance. This is an increase of \$12.0 million or 5.9 percent from the General Fund balance of \$202.6 million recorded at June 30, 2014. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$32.7 million from fiscal year 2014. The most significant increases occurred in Other Local Taxes, which increased by \$33.3 million. At the same time, General Fund Expenditures increased by \$11.4 million or 2.0 percent from fiscal year 2014. Other Financing Uses, net increased by \$20.0 million or 22.9 percent over fiscal year 2014. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed \$26.7 million to the Capital Projects Fund to finance various capital projects, \$22.8 million to the Special Revenue Fund and \$57.6 million for debt service.
- The General Fund contributed \$201.8 million to fund the fiscal year 2015 School Board operations, an increase of \$15.0 million or 8.0 percent from the fiscal 2014 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$47.1 million (Exhibit 4) decreased \$0.1 million from fiscal year 2014. The decrease is due to expenditures of \$93.7 million which exceeded revenues of \$73.3 million and other financing sources and uses of \$20.3 million. The major function of the Special Revenue Fund is to account for State and Federal grants received by the County, Social Services programs and solid waste operations. State and Federal grants are received on a reimbursement

basis and accounted for \$43.1 million in revenues. The County's Social Services operations accounted for \$19.1 million in State and Federal grant revenues and \$27.8 million in expenditures during fiscal year 2015.

- The Debt Service Fund Balance increased to \$1.1 million (Exhibit 4) during fiscal year 2015. During the fiscal year, expenditures for debt service were \$57.7 million and the Fund received transfers from the General Fund of \$57.7 million.
- The Capital Projects Fund Balance of \$119.7 million (Exhibit 4) is a decrease of \$28.6 million, or 23.9 percent in comparison to fiscal year 2014. During the fiscal year, expenditures for capital projects were \$58.2 million, and transfers from the General Fund totaled \$24.2 million and transfers from the Special Revenue Fund totaled \$2.5 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget (in millions)

	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 492.5	\$ 494.5	\$ 530.1
Intergovernmental	126.6	127.0	128.8
Other	26.6	26.7	27.6
Total Revenues	<u>\$ 645.7</u>	<u>\$ 648.2</u>	<u>\$ 686.5</u>
Expenditures and Other Financing Uses:			
Expenditures	\$ 559.5	\$ 574.5	\$ 569.9
Other Financing Uses	106.9	104.6	104.6
Total Expenditures and Other Financing Uses	<u>666.4</u>	<u>679.1</u>	<u>674.5</u>
Change in Fund Balance	<u>\$ (20.7)</u>	<u>\$ (30.9)</u>	<u>\$ 12.0</u>

Revenues and other financing uses exceeded expenditures by \$12.0 million in the General Fund for fiscal year 2015.

Actual General Fund revenues were more than the original budgeted revenues by \$40.8 million during fiscal year 2015. Actual revenue collections exceeded the revised budget by 38.3 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes which exceeded the revised budget by \$16.5 million and other local taxes, such as the meals tax and bank franchise taxes, which exceeded the revised budget by \$19.1 million. Actual General Fund expenditures were more than the original budget by \$10.4 million, and less than the revised budget by \$4.5 million.

During fiscal year 2015, the County Board of Supervisors amended the budget four times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

- To reappropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2014.
- To reappropriate grant revenues authorized in fiscal year 2014 or earlier, but not expended or encumbered as of June 30, 2014.
- To appropriate grants or donations accepted or adjusted in fiscal year 2015.

- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2015 budget.

CAPITAL ASSETS

At the end of fiscal year 2015, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,440.3 million, which represents a net increase of \$10.1 million or 0.7 percent over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2014	2015	2014	2015	2014	2015	2014	2015
Non-Depreciable Assets:								
Land	\$ 367.0	\$ 370.1	\$ 19.0	\$ 19.1	\$ 386.0	\$ 389.2	\$ 42.6	\$ 42.5
Construction in Progress	93.9	77.8	103.0	96.2	196.9	174.0	12.6	3.4
Other Capital Assets:								
Building	832.1	870.3	360.2	375.0	1,192.3	1,245.3	276.7	285.2
Infrastructure	656.1	665.4	1,033.9	1,062.6	1,690.0	1,728.0	-	-
Equipment	215.3	231.8	135.4	155.5	350.7	387.3	183.6	189.3
Improvements other than Buildings	60.0	67.1	3.7	3.8	63.7	70.9	29.6	29.6
Accumulated Depreciation								
On Other Capital Assets	(794.2)	(842.2)	(490.9)	(519.6)	(1,285.1)	(1,361.8)	(276.3)	(296.6)
Total	<u>\$ 1,430.2</u>	<u>\$ 1,440.3</u>	<u>\$ 1,164.3</u>	<u>\$ 1,192.6</u>	<u>\$ 2,594.5</u>	<u>\$ 2,632.9</u>	<u>\$ 268.8</u>	<u>\$ 253.4</u>

The business-type net activities capital assets grew by \$28.3 million to \$1,192.6 million, an increase of 2.4 percent over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities and the County-owned golf course.

The Component Units' capital assets decreased by \$15.4 million to \$253.4 million, a decrease of 5.7 percent from the previous fiscal year. The School Board accounted for the major portion of the net decrease. More detailed information about the County's capital assets is presented in Note 6 of the notes to the financial statements.

LONG-TERM DEBT

In March 2005, the County voters authorized the issuance of \$349.3 million of general obligation bonds. Proceeds from the issuance of these bonds provide financing for future public improvements, including County and School facilities. To date, the County has issued \$339.7 million of the voter approved bonds, which reduced the amount of approved but not issued to \$9.6 million as of June 30, 2015.

In March 2015, the County issued \$50,485,000 in General Obligation refunding bonds. The advance refunding bonds defeased a portion of the County's Series 2008 and Series 2008A bonds. In addition, the County defeased all of the General Obligation Series 2008 issued for the County by the Virginia Public School Authority.

At the end of fiscal year 2015, the County had \$387.8 million in outstanding General Obligation Bonds, a decrease of \$37.9 million, or 8.9 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

OTHER INFORMATION

During fiscal year 2008, the County joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions (OPEB). For the year ended June 30, 2015, the County contributed \$9.7 million, which fully funded the Annual Required Contribution (ARC) of \$9.761 million which maintained the Net OPEB Asset at \$2.4 million. More detailed information about the County's OPEB Plan is presented in Note 11 of the notes to the financial statements.

Funds of the Primary Government are invested in accordance with the County's Investment Guidelines which were created by the Director of Finance to ensure the effective management of the day-to-day investment activity of the County. The objective of these guidelines is to obtain the highest possible yield on available financial resources, within the constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds.

At June 30, 2015, the County's investment portfolio amounted to \$322.1 million, and contained obligations of the United States and agencies thereof, high quality municipal bonds and prime commercial paper. The County's investment strategy has remained unchanged during fiscal 2015. While this strategy has resulted in reduced yields, which impacted investment earnings available for operations in fiscal year 2015, the County has not experienced any significant adverse decline in the fair value of the County's investments and cash equivalents. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2015, the County had a net increase of 26,744 jobs since 2005, resulting in total employment of 180,876. The County's unemployment rate, which was reported at 4.9 percent as of June 30, 2015, was slightly lower than that posted for the state (5.0 percent) and well below the federal rate (5.5 percent) as of June 30, 2015. As of 2013 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$47,482 registered higher than the national average of \$44,438 and less than the Commonwealth of Virginia average of \$48,956.

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 funds it receives. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, P.O. Box 90775, Henrico, VA 23273-0775. Additional financial information can be found on our web-site www.henrico.us.

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2015

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and temporary investments	\$ 485,776,577	\$ 55,689,150	\$ 541,465,727	\$ 30,248,269
Receivables, net	24,263,026	20,432,234	44,695,260	-
Due from other governments	35,477,499	-	35,477,499	27,208,744
Internal balances	(2,491,830)	2,491,830	-	-
Due from component unit	799,853	-	799,853	-
Inventories	769,920	1,500,891	2,270,811	-
Prepays	-	20,000	20,000	-
Other assets	5,703,980	5,465,758	11,169,738	107,327
Restricted cash	-	68,145,558	68,145,558	35,703
Capital assets:				
Land and construction in progress	447,983,125	115,277,668	563,260,793	45,941,295
Other capital assets, net	992,306,193	1,077,293,733	2,069,599,926	207,429,292
Capital assets, net	1,440,289,318	1,192,571,401	2,632,860,719	253,370,587
Total Assets	1,990,588,343	1,346,316,822	3,336,905,165	310,970,630
Deferred Outflow of Resources:				
Pension contributions after measurement date	28,290,290	1,993,961	30,284,251	40,139,338
Change in pension proportionate share allocation	-	20,164	20,164	1,574,722
Deferred loss on debt refunding, net	-	6,759,255	6,759,255	-
Total Deferred Outflow of Resources	28,290,290	8,773,380	37,063,670	41,714,060
Total Assets and Deferred Outflow of Resources	2,018,878,633	1,355,090,202	3,373,968,835	352,684,690
Liabilities:				
Accounts payable	60,666,089	14,591,593	75,257,682	4,332,952
Deposits payable	-	963,087	963,087	-
Accrued liabilities	30,889,551	2,025,473	32,915,024	2,018,907
Amounts held for others	7,731,011	-	7,731,011	83,738
Unearned revenues	184,320	17,898,073	18,082,393	1,451
Due to Primary Government	-	-	-	819,118
Due to component units	218	-	218	-
Net pension liability	174,291,363	12,382,132	186,673,495	426,785,710
Long-term liabilities due within one year	74,579,692	8,868,708	83,448,400	21,120,999
Long-term liabilities due in more than one year	440,631,811	223,801,178	664,432,989	24,792,139
Total Liabilities	788,974,056	280,530,244	1,069,504,300	479,955,014
Deferred Inflow of Resources:				
Change in pension proportionate share allocation	1,594,887	-	1,594,887	-
Net difference between projected and actual pension earnings	50,613,920	3,648,069	54,261,989	73,525,783
Unavailable revenue	21,554,362	-	21,554,362	10,113,814
Total Deferred Inflow of Resources	73,763,169	3,648,069	77,411,238	83,639,597
Total Liabilities and Deferred Inflow of Resources	862,737,225	284,178,313	1,146,915,538	563,594,611
Net Position:				
Net investment in capital assets	1,082,833,534	1,006,549,553	2,089,383,087	221,139,039
Restricted for:				
Highways, streets and buildings	65,923,556	-	65,923,556	-
Debt service	35,729,065	17,002,141	52,731,206	-
Grants	47,142,458	-	47,142,458	11,576,586
Unrestricted (deficit)	(75,487,204)	47,360,195	(28,127,009)	(443,625,546)
Total Net Position	\$ 1,156,141,409	\$ 1,070,911,889	\$ 2,227,053,298	\$ (210,909,921)

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 101,642,263	\$ 13,164,165	\$ 1,913,341	\$ -
Judicial administration	11,215,058	185,362	5,575,492	-
Public safety	181,589,908	3,196,881	27,654,536	-
Public works	82,583,145	3,391,775	64,457,542	-
Health and welfare	61,796,381	10,763,657	34,420,407	-
Education	217,148,314	-	-	-
Parks, recreation and culture	35,058,239	1,360,427	338,506	-
Community development	31,812,968	7,560,655	3,074,264	-
Interest on long-term debt	17,194,747	-	-	-
Total Governmental Activities	740,041,023	39,622,922	137,434,088	-
Business-type activities:				
Water and Sewer	102,976,640	110,953,423	-	10,247,565
Belmont Park Golf Course	965,403	853,127	-	-
Total Business-type Activities	103,942,043	111,806,550	-	10,247,565
Total Primary Government	<u>\$ 843,983,066</u>	<u>\$ 151,429,472</u>	<u>\$ 137,434,088</u>	<u>\$ 10,247,565</u>
Component Units:				
School Board	\$ 494,846,185	\$ 6,925,017	\$ 288,456,994	\$ -
James River Juvenile Detention Commission	5,010,912	4,660,971	-	68,063
Total Component Units	<u>\$ 499,857,097</u>	<u>\$ 11,585,988</u>	<u>\$ 288,456,994</u>	<u>\$ 68,063</u>

General Revenues:

Taxes:
Property
Local sales and use
Business licenses
Hotel and motel
Bank franchise
Other
Interest and investment earnings
Grants and contributions not restricted to specific programs
Recovered costs
Miscellaneous
Payment from Primary Government
Total general revenues

Change in net position

Total Net Position at June 30, 2014, as restated (Note 1.N)

Total Net Position at June 30, 2015

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

Exhibit 2

Net (Expenses) Revenues and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Units	
\$ (86,564,757)	\$ -	\$ (86,564,757)	\$ -	
(5,454,204)	-	(5,454,204)	-	
(150,738,491)	-	(150,738,491)	-	
(14,733,828)	-	(14,733,828)	-	
(16,612,317)	-	(16,612,317)	-	
(217,148,314)	-	(217,148,314)	-	
(33,359,306)	-	(33,359,306)	-	
(21,178,049)	-	(21,178,049)	-	
(17,194,747)	-	(17,194,747)	-	
(562,984,013)	-	(562,984,013)	-	
-	18,224,348	18,224,348	-	
-	(112,276)	(112,276)	-	
-	18,112,072	18,112,072	-	
<u>\$ (562,984,013)</u>	<u>\$ 18,112,072</u>	<u>\$ (544,871,941)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (199,464,174)	
-	-	-	(281,878)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (199,746,052)</u>	
\$ 377,405,564	\$ -	\$ 377,405,564	\$ -	
58,094,788	-	58,094,788	-	
32,086,401	-	32,086,401	-	
12,193,553	-	12,193,553	-	
11,481,542	-	11,481,542	-	
46,344,321	-	46,344,321	-	
2,271,000	799,161	3,070,161	5,910	
50,726,664	1,607,475	52,334,139	-	
694,652	-	694,652	362,785	
1,896,358	1,214,461	3,110,819	5,024,685	
-	-	-	205,830,271	
593,194,843	3,621,097	596,815,940	211,223,651	
30,210,830	21,733,169	51,943,999	11,477,599	
1,125,930,579	1,049,178,720	2,175,109,299	(222,387,520)	
<u>\$ 1,156,141,409</u>	<u>\$ 1,070,911,889</u>	<u>\$ 2,227,053,298</u>	<u>\$ (210,909,921)</u>	

**COUNTY OF HENRICO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 264,247,574	\$ 50,493,247	\$ 1,129,065	\$ 128,519,885	\$ 444,389,771
Receivables, net	21,139,515	2,815,213	-	-	23,954,728
Due from other governmental units	32,194,504	3,279,119	-	3,876	35,477,499
Due from component unit	564,040	-	-	-	564,040
Due from other funds	1,143,296	-	-	-	1,143,296
Advance to other fund	112,500	-	-	-	112,500
Total assets	<u>\$ 319,401,429</u>	<u>\$ 56,587,579</u>	<u>\$ 1,129,065</u>	<u>\$ 128,523,761</u>	<u>\$ 505,641,834</u>
Liabilities:					
Accounts payable	\$ 55,909,170	1,620,489	\$ -	\$ 2,192,274	\$ 59,721,933
Accrued liabilities	18,586,515	2,129,414	-	2,740,922	23,456,851
Amounts held for others	7,630,858	100,153	-	-	7,731,011
Unearned revenues	5,432,224	-	-	-	5,432,224
Due to other Governmental Units		218	-	-	218
Due to other funds	1,034,974	210,419	-	3,847,595	5,092,988
Total liabilities	<u>88,593,741</u>	<u>4,060,693</u>	<u>-</u>	<u>8,780,791</u>	<u>101,435,225</u>
Deferred Inflow of Resources:					
Unavailable revenue	<u>16,169,934</u>	<u>5,384,428</u>			<u>21,554,362</u>
Fund Balances:					
Unspendable	112,500	-	-	-	112,500
Restricted	7,321,539	28,973,519	-	-	36,295,058
Committed	28,203,717	-	-	119,742,970	147,939,755
Assigned	61,511,285	18,168,939	1,129,065	-	80,816,221
Unassigned	<u>117,488,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,488,713</u>
Total fund balances	<u>214,637,754</u>	<u>47,142,458</u>	<u>1,129,065</u>	<u>119,742,970</u>	<u>382,652,247</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 319,401,429</u>	<u>\$ 56,587,579</u>	<u>\$ 1,129,065</u>	<u>\$ 128,523,761</u>	
Adjustments for the Statement of Net Position:					
Capital assets used in government activities are not current financial resources and therefore are not reported as assets in the governmental funds. (Note 6)					\$ 1,427,257,952
Unearned revenue that has not been recognized as revenue in the current period and therefore is reported as liabilities in the governmental funds. (Note 3)					5,247,905
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. (Note 7)					(500,381,919)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. (Note 9)					(171,693,537)
Accrued interest on bonds payable, is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.					(6,872,062)
Deferred pension outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.					(23,507,757)
Other assets reported in governmental activities are not recorded as assets in the governmental funds.					2,365,897
Internal service funds are used to charge the costs of equipment maintenance and, therefore, the assets and liabilities are included in the government activities in the Statement of Net Position.					37,750,678
Internal service fund net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.					<u>3,322,005</u>
Total Net Position of Governmental Activities					<u>\$ 1,156,141,409</u>

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	\$ 374,188,737	\$ 1,495,799	\$ -	\$ -	\$ 375,684,536
Other local taxes	155,950,527	2,873,734	-	-	158,824,261
Licenses and permits	6,051,884	-	-	-	6,051,884
Fines and forfeitures	2,522,510	-	-	-	2,522,510
Revenue from use of money and property	2,937,232	227,734	-	369,449	3,534,415
Charges for services	3,911,411	24,471,846	-	-	28,383,257
Miscellaneous	7,001,475	462,152	-	1,896,358	9,359,985
Recovered costs	5,187,855	632,955	-	-	5,820,810
Intergovernmental	128,780,889	43,090,469	-	613,765	172,485,123
Total Revenues	686,532,520	73,254,689	-	2,879,572	762,666,781
Expenditures:					
Current operating:					
General government	65,415,131	5,707,522	-	-	71,122,653
Judicial administration	10,139,649	985,158	-	-	11,124,807
Public safety	168,642,858	6,607,307	-	-	175,250,165
Public works	52,474,492	11,146,754	-	-	63,621,246
Health and social services	1,902,174	59,712,193	-	-	61,614,367
Parks, recreation, and culture	30,510,203	10,000	-	-	30,520,203
Community development	22,022,280	9,474,236	-	-	31,496,516
Education	201,819,679	-	-	3,337,628	205,157,307
Miscellaneous	16,638,773	-	348,191	-	16,986,964
Debt service:					
Principal	351,532	32,940	38,285,000	-	38,669,472
Interest and other charges	28,321	5,168	19,043,587	-	19,077,076
Capital outlay	-	-	-	54,864,475	54,864,475
Total Expenditures	569,945,092	93,681,278	57,676,778	58,202,103	779,505,251
Excess (deficiency) of revenues over (under) expenditures	116,587,428	(20,426,589)	(57,676,778)	(55,322,531)	(16,838,470)
OTHER FINANCING (USES) SOURCES:					
Transfers in		22,759,359	57,676,779	26,685,101	107,121,239
Transfers out	(104,621,239)	(2,500,000)	-	-	(107,121,239)
Issuance of bonds			50,485,000	-	50,485,000
Bond premium on bonds issued			9,644,527	-	9,644,527
Capital lease obligations incurred	48,836	46,124	-	-	94,960
Payment to escrow agent			(59,757,874)	-	(59,757,874)
Total other financing (uses) sources, net	(104,572,403)	20,305,483	58,048,432	26,685,101	466,613
Net change in fund balance	12,015,025	(121,106)	371,654	(28,637,430)	(16,371,857)
Total Fund Balances - June 30, 2014	202,622,729	47,263,564	757,411	148,380,400	399,024,104
Total Fund Balances - June 30, 2015	\$ 214,637,754	\$ 47,142,458	\$ 1,129,065	\$ 119,742,970	\$ 382,652,247

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	\$ (16,371,857)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	38,669,472
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	(1,152,706)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	64,214,054
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(3,631,208)
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(51,563,059)
Interest expense on bonds payable, is not due and payable in the current period and therefore is not reported as expenses in the governmental funds. (Note 7)	1,882,329
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenue in the Statement of Activities	(60,224,487)
Payment to escrow is recorded as an expenditure in the governmental funds, but is not reported as an expense in the Statement of Activities	59,757,874
Internal service funds charge the costs of maintenance and healthcare services to governmental funds and are a reduction of expenses in the Statement of Activities	(124,960)
Internal service fund revenues and expenses not recorded in the governmental funds.	(1,244,622)

Change in Net Position of Governmental Activities

\$ 30,210,830

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

Exhibit 5

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Assets:				
Current assets:				
Cash and cash equivalents	\$ 55,689,150	\$ -	\$ 55,689,150	\$ 41,386,806
Receivables, net	20,432,234	-	20,432,234	308,298
Due from other funds	3,847,595	-	3,847,595	1,367,973
Due from component unit	-	-	-	235,813
Inventories	1,500,891	-	1,500,891	769,920
Prepays	20,000	-	20,000	16,078
Restricted cash and cash equivalents	68,145,558	-	68,145,558	-
Total current assets	149,635,428	-	149,635,428	44,084,888
Noncurrent assets:				
Other assets	5,465,758	-	5,465,758	-
Capital assets:				
Land and construction in progress	115,027,177	250,491	115,277,668	-
Other capital assets, net	1,075,929,609	1,364,124	1,077,293,733	13,031,366
Capital assets, net	1,190,956,786	1,614,615	1,192,571,401	13,031,366
Total non-current assets	1,196,422,544	1,614,615	1,198,037,159	13,031,366
Total assets	1,346,057,972	1,614,615	1,347,672,587	57,116,254
Deferred Outflow of Resources:				
Pension contributions after measurement date	1,954,902	39,059	1,993,961	409,825
Change in pension proportionate share allocation	19,718	446	20,164	-
Deferred loss on debt refunding, net	6,759,255	-	6,759,255	-
Total assets and deferred outflow of resources	1,354,791,847	1,654,120	1,356,445,967	57,526,079
Liabilities:				
Current liabilities:				
Accounts payable	14,533,272	58,321	14,591,593	944,156
Deposits payable	963,087	-	963,087	-
Due to other funds	97,783	1,145,482	1,243,265	22,611
Accrued liabilities	2,002,206	23,267	2,025,473	560,638
Unearned revenues	17,898,073	-	17,898,073	-
Long-term liabilities due within one year	8,848,505	20,203	8,868,708	14,801,855
Total current liabilities	44,342,926	1,247,273	45,590,199	16,329,262
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Net pension liability	12,079,717	302,415	12,382,132	2,597,826
Long-term liabilities due in more than one year	223,792,178	9,000	223,801,178	27,729
Total non-current liabilities	235,871,895	423,915	236,295,810	2,625,555
Total liabilities	280,214,821	1,671,188	281,886,009	18,954,817
Deferred Inflow of Resources:				
Change in pension proportionate share allocation	-	-	-	93,521
Net difference between projected and actual pension earnings	3,558,988	89,081	3,648,069	727,064
Total liabilities and deferred inflows of resources	283,773,809	1,760,269	285,534,078	19,775,402
Net Position:				
Net investment in capital assets	1,004,934,938	1,614,615	1,006,549,553	13,024,635
Restricted for debt service	17,002,141	-	17,002,141	-
Unrestricted (deficit)	49,080,959	(1,720,764)	47,360,195	24,726,043
Total net position	\$ 1,071,018,038	\$ (106,149)	\$ 1,070,911,889	\$ 37,750,678

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Operating Revenues:				
Charges for services:				
Water system	\$ 50,719,860	\$ -	\$ 50,719,860	\$ -
Sewer system	51,137,470	-	51,137,470	-
Golf course fees	-	853,127	853,127	-
Interdepartmental charges	-	-	-	19,276,915
Contributions	-	-	-	85,348,285
Other	1,163,227	51,077	1,214,304	1,502,385
Total operating revenues	103,020,557	904,204	103,924,761	106,127,584
Operating Expenses:				
Purchased services	13,228,817	22,277	13,251,094	-
Utility charges	5,327,931	51,810	5,379,741	128,269
Personnel services and benefits	16,071,414	439,826	16,511,240	87,286,764
Professional services	12,254,263	155,860	12,410,123	1,198,344
Materials and supplies	6,326,599	125,764	6,452,363	12,328,790
Maintenance and repairs	3,110,046	18,307	3,128,353	3,152,484
Other expenses	3,743,918	61,132	3,805,050	1,665,049
Depreciation	32,153,051	90,427	32,243,478	2,082,248
Total operating expenses	92,216,039	965,403	93,181,442	107,841,949
Operating income (loss)	10,804,518	(61,199)	10,743,319	(1,714,365)
Nonoperating Revenues (Expenses):				
Investment income	799,161	-	799,161	125,157
Connection fees	9,096,093	-	9,096,093	-
Contributions	1,607,475	-	1,607,475	-
Interest expense	(7,756,793)	-	(7,756,793)	-
Gain on sale of equipment	-	-	-	175,360
Other	(3,003,808)	157	(3,003,651)	(1,545,139)
Total nonoperating revenues (expenses), net	742,128	157	742,285	(1,244,623)
Income (loss) before capital contributions	11,546,646	(61,042)	11,485,604	(2,958,987)
Capital contributions - donated assets	10,247,565	-	10,247,565	-
Change in net position	21,794,211	(61,042)	21,733,169	(2,958,987)
Total net position - June 30, 2014, as restated (Note 1.N)	1,049,223,827	(45,107)	1,049,178,720	40,709,665
Total net position - June 30, 2015	\$ 1,071,018,038	\$ (106,149)	\$ 1,070,911,889	\$ 37,750,678

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Exhibit 7

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 102,662,440	\$ 904,204	\$ 103,566,644	\$ 105,640,242
Payments to suppliers	(42,485,348)	(404,184)	(42,889,532)	(100,291,051)
Payments to employees	(19,781,667)	(440,971)	(20,222,638)	(3,942,917)
Net cash provided by operating activities	<u>40,395,425</u>	<u>59,049</u>	<u>40,454,474</u>	<u>1,406,274</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(47,868,937)	(59,205)	(47,928,142)	(2,588,375)
Proceeds from sale of capital assets	108,698	156	108,854	233,197
Connection fees paid by contractors	9,058,819	-	9,058,819	-
Proceeds from the issuance of long-term debt	-	-	-	-
Insurance proceeds received	-	-	-	-
Debt service contributions	1,928,108	-	1,928,108	-
Virginia nutrient removal credits	312,038	-	312,038	-
Interest paid on bonds	(9,776,769)	-	(9,776,769)	-
Principal paid on debt	(7,230,000)	-	(7,230,000)	(1,545,139)
Net cash used in capital and related financing activities	<u>(53,468,043)</u>	<u>(59,049)</u>	<u>(53,527,092)</u>	<u>(3,900,317)</u>
Cash Flows From Investing Activities:				
Investment income received	799,161	-	799,161	125,157
Net decrease in Cash	<u>(12,273,457)</u>	<u>-</u>	<u>(12,273,457)</u>	<u>(2,368,887)</u>
Total Cash and Cash Equivalents - June 30, 2014	<u>136,108,165</u>	<u>-</u>	<u>136,108,165</u>	<u>43,755,693</u>
Total Cash and Cash Equivalents - June 30, 2015	<u>\$ 123,834,708</u>	<u>\$ -</u>	<u>\$ 123,834,708</u>	<u>\$ 41,386,806</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 10,804,518	\$ (61,199)	\$ 10,743,319	\$ (1,714,365)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	32,153,051	90,427	32,243,478	2,082,248
Decrease (increase) in accounts receivable	47,459	-	47,459	(298,839)
(Decrease) increase in inventories	(24,168)	-	(24,168)	58,135
Increase in due from other funds	-	-	-	(159,754)
Increase in due from component unit	-	-	-	(28,749)
Decrease (increase) in other assets	(19,718)	-	(19,718)	(15,117)
(Decrease) increase in accounts payable	(1,319,547)	(33,628)	(1,353,175)	202,021
Increase in deposits payable	135,071	-	135,071	-
Increase in due to other fund	9,905	73,929	83,834	1,303
Increase in other liabilities	3,332,746	96,201	3,428,947	2,150,107
Decrease in net pension liability	(4,262,171)	(106,681)	(4,368,852)	(870,717)
Decrease in unearned revenues	(461,721)	-	(461,721)	-
Net cash provided by operating activities	<u>\$ 40,395,425</u>	<u>\$ 59,049</u>	<u>\$ 40,454,474</u>	<u>\$ 1,406,274</u>
Reconciliation to Cash and Cash Equivalents on the Statement of Net Positions:				
Cash and cash equivalents	\$ 55,689,150	\$ -	\$ 55,689,150	\$ 41,386,806
Restricted cash and cash equivalents	<u>68,145,558</u>	<u>-</u>	<u>68,145,558</u>	<u>-</u>
Total Cash and Cash Equivalents - June 30, 2015	<u>\$ 123,834,708</u>	<u>\$ -</u>	<u>\$ 123,834,708</u>	<u>\$ 41,386,806</u>

Supplemental disclosure of noncash investing and financing activities:

The Water and Sewer Fund received donated infrastructure assets valued at \$10,247,565 from developers of new subdivisions in the County and capitalized interest costs of \$1,949,320 and incurred capital lease obligations of \$20,163 during the fiscal year ended June 30, 2015.

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY
NET POSITION
JUNE 30, 2015**

Exhibit 8

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 1,090,840
Accounts receivable	-
Total Assets	<u>\$ 1,090,840</u>
Liabilities:	
Amounts held for others	\$ 1,087,723
Accounts payable	3,117
Total Liabilities	<u>\$ 1,090,840</u>

The accompanying notes to the financial statements are an integral part of these financial statements

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2015**

Exhibit 9

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	\$ 26,808,570	\$ 3,439,699	\$ 30,248,269
Restricted cash	-	35,703	35,703
Due from other governmental units	27,183,691	25,053	27,208,744
Other assets	103,714	3,613	107,327
Total current assets	54,095,975	3,504,068	57,600,043
Capital assets:			
Land and construction in progress	45,911,295	30,000	45,941,295
Other capital assets, net	201,155,390	6,273,902	207,429,292
Capital assets, net	247,066,685	6,303,902	253,370,587
Total assets	301,162,660	9,807,970	310,970,630
Deferred Outflow of Resources:			
Change in pension proportionate share allocation	1,553,012	21,710	1,574,722
Pension contributions after measurement date	39,707,423	431,915	40,139,338
Total deferred outflow of resources	41,260,435	453,625	41,714,060
Total Assets and Deferred Outflow of Resources	342,423,095	10,261,595	352,684,690
Liabilities:			
Accounts payable	4,108,831	224,121	4,332,952
Accrued liabilities	2,018,907	-	2,018,907
Amounts held for others	83,738	-	83,738
Unearned revenues	-	1,451	1,451
Due to other funds	216,549	19,264	235,813
Due to Primary Government	-	583,305	583,305
Long-term liabilities due within one year	20,293,190	827,809	21,120,999
Total current liabilities	26,721,215	1,655,950	28,377,165
Net pension liability	424,138,707	2,647,003	426,785,710
Long-term liabilities due in more than one year	24,785,631	6,508	24,792,139
Total liabilities	475,645,553	4,309,461	479,955,014
Deferred Inflow of Resources:			
Net difference between projected and actual pension earnings	72,739,094	786,689	73,525,783
Unavailable revenues	10,113,814	-	10,113,814
Total deferred inflow of resources	82,852,908	786,689	83,639,597
Total Liabilities and Deferred Inflow of Resources	558,498,461	5,096,150	563,594,611
Net Position:			
Invested in capital assets, net of related debt	215,493,381	5,645,658	221,139,039
Restricted grants	11,524,983	51,603	11,576,586
Unrestricted (deficit)	(443,093,730)	(531,816)	(443,625,546)
Total net position	\$ (216,075,366)	\$ 5,165,445	\$ (210,909,921)

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Exhibit 10

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	JRJDC	Total	
Governmental Activities:							
School Board:							
Instructional	\$ 494,846,185	\$ 6,925,017	\$ 288,456,994	\$ -	\$ (199,464,174)	\$ -	\$ (199,464,174)
Total School Board	494,846,185	6,925,017	288,456,994	-	(199,464,174)	-	(199,464,174)
Business-Type Activities:							
James River Juvenile Detention Commission	5,010,912	4,660,971	-	68,063	-	(281,878)	(281,878)
Total Component Units	<u>\$ 499,857,097</u>	<u>\$ 11,585,988</u>	<u>\$ 288,456,994</u>	<u>\$ 68,063</u>	<u>\$ (199,464,174)</u>	<u>\$ (281,878)</u>	<u>\$ (199,746,052)</u>
General revenues:							
Interest and investment earnings				\$ -	\$ 5,910		5,910
Recovered costs				362,785	-		362,785
Miscellaneous				5,024,685	-		5,024,685
Payment from Primary Government				205,157,307	672,964		205,830,271
Total general revenues				<u>210,544,777</u>	<u>678,874</u>		<u>211,223,651</u>
Change in net position				11,080,603	396,996		11,477,599
Total Net Position at June 30, 2014, as restated (Note 1.N)				(227,155,969)	4,768,449		(222,387,520)
Total Net Position at June 30, 2015				<u>\$ (216,075,366)</u>	<u>\$ 5,165,445</u>		<u>\$ (210,909,921)</u>

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



COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County of Henrico, Virginia ("County") conform to U.S. generally accepted accounting principles ("GAAP") applicable to governmental units promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the County's more significant accounting policies:

A. Reporting Entity

As required by GAAP, the County's financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each of the County's discretely presented component unit has a June 30 fiscal year-end.

In accordance with GAAP, the County has presented those entities which comprise the reporting entity (the primary government and discretely presented component units) in the government-wide statements.

Discretely Presented Component Units:

School Board

The County of Henrico School Board ("School Board") is a legally separate organization providing elementary and secondary public education to residents within the County's jurisdiction and is fiscally dependent on the County, receiving more than 50 percent of its funding from the County. The nature and significance of the relationship between the County and the School Board is such that excluding the School Board would cause the County's financial statements to be misleading and incomplete. The School Board does not prepare a separate financial report.

James River Juvenile Detention Commission

The James River Juvenile Detention Commission ("JRJDC" or "Commission") is a separate organization established to provide a juvenile detention facility for the Counties of Goochland, Henrico and Powhatan. There are five voting members of the Commission, of which three members represent the County and one each represents the Counties of Goochland and Powhatan. Their respective county boards appoint the five Commission members. The Commission is financially dependent on the member jurisdictions. The operating costs are allocated among the member jurisdictions based on proportionate usage. Complete financial statements for the Commission may be obtained from the JRJDC Chairman, P.O. Box 90775, Henrico, VA 23273.

Joint Ventures:

Capital Region Airport Commission

The Capital Region Airport Commission is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 18.

Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 18.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

B. Government-wide and Fund Financial Statements

In accordance with GAAP, the County's financial statements are comprised of the following components:

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the County's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the resulting difference reported as *net position*. The County reports all capital assets, including infrastructure, net of accumulated depreciation in the government-wide Statement of Net Position and reports depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of the County is broken down into three categories: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of the County's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Fund Financial Statements - The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate financial statements for each of the County's three fund categories – Governmental (General, Special Revenue, Debt Service and Capital Projects), Proprietary (e.g., water and sewer) and Fiduciary are presented. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

For the proprietary funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Position.

Reconciliation of Government-wide and Fund Financial Statements - Since the Governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds' balance sheet and total governmental activities statement of net position as shown on the Government-wide Statement of Net Position is presented in Exhibit 3. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of Governmental activities as shown on the Government-wide Statement of Activities is presented in Exhibit 4.

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

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The Statement of Net Position presents the County's net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets, consists of net capital assets less related long-term liabilities, including deferred loss on debt refunding, net. Restricted net position consists of amounts restricted by external sources related to capital projects, debt service and amounts received in the Special Revenue 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 they are needed.

The Government-wide Statement of Activities reflects both the gross and net cost per functional category (e.g., public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues (e.g., property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions to determine net costs by function. The program revenues must be directly associated with the function (e.g., public safety, public works, health and welfare, etc.) or the business-type activity.

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

The governmental funds' financial statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting, which is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements with the government-wide financial statements.

The County's fiduciary funds, which consist of agency funds, are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (e.g., private parties, long-term disability participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The focus of the government-wide model is on the County as a whole and the fund financial statements, including the major individual funds of the governmental and business-type categories, as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds which are considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The funds are grouped in the fund financial statements in fund types as follows:

Governmental Funds:

General Fund

The General Fund accounts for all revenues and expenditures of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, local sales taxes, license and permit fees, and revenues received from the Commonwealth of Virginia ("Commonwealth" or "State").

A significant part of the General Fund's revenues is used to maintain and operate the general government or is transferred to other funds principally to fund debt service requirements and capital projects. General

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Fund revenues are used to reduce long-term liabilities including claims payable, accrued compensated absences and pension liabilities. Expenditures include, among other things, those for public safety, highways and streets, welfare, culture and recreation. The General Fund is considered a major fund for reporting purposes.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists mainly of state and federal grants that have specific grant restrictions imposed. A portion of the revenues received in this fund is used to reduce the landfill liability each year. The Special Revenue Fund is considered a major fund for reporting purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on all governmental funds' long-term debt except for accrued compensated absences and capital lease obligations for equipment, which are paid by the fund incurring such expenditures. Debt Service Fund resources are derived from transfers from the General Fund. The Debt Service Fund is considered a major fund for reporting purposes.

Capital Projects Fund

The Capital Projects Fund includes activity for all general government and school related capital projects which are financed through a combination of proceeds from general obligation bonds and transfers from the General Fund. The Capital Projects Fund is considered a major fund for reporting purposes.

Proprietary Funds:

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the cost of providing services to the general public be financed or recovered through charges to users of such services. All assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, and payments relating to the government's business activities are accounted for through these funds. The measurement focus is on determination of change in net position, financial position, and cash flows. Operating revenues include charges for services and are used to pay for compensated absences, pension costs and other operating expenses. Operating expenses include costs of services, as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

These funds include the operation, maintenance and construction of the County-owned water and wastewater ("sewer") utility (considered a single segment for financial reporting purposes) and the County-owned Belmont Park Golf Course. These funds are considered to be business-type activities in the government-wide financial statements.

Internal Service Funds

The Internal Service Funds accounts for the County's Central Automotive Maintenance operations, Technology Replacement operations and self-funded health insurance fund. Resources for these funds come from interdepartmental charges. The effect of the interdepartmental activity has been eliminated from the government-wide financial statements using a net profit allocation method. The excess revenue for the fund is allocated to the appropriate functional activity within governmental, business-type and component unit activities. The Internal Service Funds are included in governmental activities for government-wide reporting purposes. Inter-fund services that are provided and used are not eliminated in

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the process of consolidation. External revenues received are reported within governmental activities for government-wide reporting purposes.

Fiduciary Funds:

Agency Funds

Agency Funds account for fiduciary funds administered by the County and are custodial in nature (assets equal liabilities) and have no measurement focus.

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance ("net current assets") is considered a measure of "available resources to be spent". Governmental Fund operating statements present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available expendable resources" during a period. Capital assets and long-term liabilities are not recorded in the fund financial statements; however, a reconciliation of the fund balance to the Statement of Net Position for the governmental activities in the government-wide financial statements is provided to account for the differences between the two statements and measurement focuses (e.g., capital assets and long-term liabilities, etc.).

All Proprietary Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and deferred outflow of resources and all liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Each of their reported net position is segregated into net investment in capital assets, restricted and unrestricted net position. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

C. Capital Assets and Long-Term Liabilities

Capital outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds and as assets in the government-wide financial statements to the extent the County's capitalization threshold of \$5,000 for land and equipment and \$25,000 for buildings, improvements and infrastructure are met. In accordance with GAAP, infrastructure has been capitalized retroactively to 1980. Depreciation is recorded on general capital assets on a governmental-wide basis using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost was primarily used for land costs (for which the historical assessment records of the County were used). Donated capital assets are valued at their estimated fair value on the date donated. When capital assets are sold or retired, their costs are removed from the accounts and the gain or loss for the disposal is reflected in current revenues.

The County adopted Senate Bill 276 that was added to the Code of Virginia in 2002, which revised the reporting of local school capital assets and related debt for financial statement purposes. Under the law, local governments have a "tenancy in common" with the School Board whenever the locality incurs any financial obligation for any school property, which is payable over more than one fiscal year. This legislation permits the County to report the portion of the school property related to general obligation bonds outstanding eliminating any potential deficit from capitalizing school capital assets financed with debt.

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Proprietary Funds

Capital assets for the Proprietary Funds are stated at cost, net of accumulated depreciation. Gifts or contributions of capital assets are recorded at their fair value at date of receipt and are recorded as contribution revenue.

Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported as a contra-asset account on the Proprietary Funds' statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

When Proprietary Fund assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the statement of revenues, expenses and changes in net assets.

D. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements consist of separate statements of net position and of activities. 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. 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. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these activities are included on the Statement of Net Position.

Governmental Funds' Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related assets are recorded when susceptible to accrual, (i.e., both measurable and available to finance operations during the year.) Accordingly, real and personal property taxes are recorded as receivables when billed and recognized as revenues when available and collected, net of allowances for uncollectible amounts. As required by Virginia statute, property taxes not collected within 60 days after year end are reflected as unearned revenues. Sales and utility taxes, which are collected by the State and public utilities and subsequently remitted to the County, are recognized as revenues and receivables when collected by the State and the utility (generally in the month preceding receipt by the County). Licenses, permits, and fines are recorded

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as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants used for the purpose of funding specific expenditures, are recognized when earned (i.e., fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied) or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies.

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 are recorded when paid.

Proprietary Funds

The accrual basis of accounting is used for the Enterprise and Internal Service Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which they are incurred.

Fiduciary Funds

Agency Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

Required Supplementary Information - Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of the County's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. In accordance with GASB reporting requirements, governments provide budgetary comparison information in their annual reports by disclosing the government's original budget to the current comparison of final budget and actual results.

The County adheres to the following procedures in establishing the budgetary data reflected in the supplementary financial information and schedules:

In January, the Superintendent of Schools submits a proposed budget to the School Board, which conducts public hearings to obtain taxpayer comments. The School Board will then adopt a School Budget and submit it to the County Board of Supervisors before March 1st.

Prior to April 1, the County Manager submits to the County Board of Supervisors (the "Board") a proposed operating budget for the fiscal year commencing July 1, which includes the proposed school budget. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. The Board will hold a public hearing on the total County budget (including Schools) and then adopt the County budget before the end of April. Prior to May 1, the budget is legally enacted through passage of a resolution. Prior to July 1, the Board approves the Appropriations Resolution (the "Resolution"). The Resolution places legal restrictions on expenditures at the function level.

The County Manager is authorized to transfer budgeted amounts between departments within any fund; however, the Board must approve any revisions that alter the total budgeted amounts and/or appropriations of any fund. Although legal restrictions on expenditures are established at the function level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.

Budgets are adopted on a basis consistent with GAAP. Annual operating budgets are adopted for all Governmental Funds (including Schools) except for the Capital Projects Fund, in which effective budgetary control is achieved on a project-by-project basis when funding sources become available. Budgeted amounts shown are as amended by the Board during the course of the fiscal year.

All appropriations lapse at year-end, except those for the Capital Projects Fund. It is the intention of the Board that appropriations for Capital Projects continue until completion of the project. The Board, in an appropriation Board paper, reaffirms this each year.

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G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Fund. While appropriations lapse at the end of the fiscal year for the General Fund and Special Revenue Fund, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances

H. Inventories and Prepaid Expenses

Proprietary Funds

Inventories consist mainly of supplies and spare parts held for consumption, which are valued by methods, which approximate average cost. Prepaid expenses represent a deposit made to an outside company for postage for the weekly mailing of utility bills. Amounts are expensed under the consumption method as the bills are mailed.

I. Interest Costs

In accordance with GAAP, the cost of properties for the Water and Sewer Revenue Fund includes net interest costs incurred during the construction period on funds borrowed to finance the acquisition or construction of major facilities. For the year ended June 30, 2015, the Water and Sewer Revenue Fund incurred interest costs of \$9,706,113, of which \$1,949,320 was capitalized.

J. Accrued Compensated Absences

Annual leave is granted to all permanent County employees and certain permanent County School System ("School") employees. County and School employees can earn annual leave at the rate of 4 hours for every 80 standard hours worked up to a maximum of 9 hours for every 80 standard hours after 25 years of service. While there is no requirement that annual leave be taken, the maximum permissible accumulation is 468 hours for County employees and 52 days for School employees. Accumulated annual leave vests and the County is obligated to make payment even if the employee terminates. The current and non-current liability for unused and unpaid annual leave attributable to the County's Governmental Funds is recorded in the government-wide financial statements. The amounts attributable to the Proprietary Funds (Enterprise and Internal Service Funds) are charged to expense and corresponding liabilities established in the applicable Proprietary Funds.

County and School Board employees can earn sick leave at the rate of 4 hours for every 80 standard hours worked and 13 days per year, respectively, without limitation on accumulation. Sick leave is non-vesting with the exception of employees retiring from service. Retiring employees are vested at a rate of \$2.50 for every hour of sick leave earned with a maximum payment of \$5,000. In accordance with GAAP, the liability has been recorded using the termination payment method.

K. Deferred Outflows/Inflows of Resources

The County reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

Employer pension contributions made after the net pension liability measurement date of June 30, 2014 and prior to the reporting date of June 30, 2015, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2015. Deferred outflows of resources of \$28,290,290, \$1,993,961 and \$40,139,338 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2015, respectively.

Changes in the pension proportionate share allocation between the beginning of the year measurement date and the end of the year measurement date actuarial measurement date have been reported as either a deferred outflows

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of resources or deferred inflows of resources in the Statement of Net Position as of June 30, 2015. The County has reported a deferred inflows of resources of \$1,594,887 and deferred outflows of resources of \$20,164 and \$1,574,722 in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2015, respectively.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2014 have been reported as a deferred inflow of resources. Deferred inflows of resources of \$50,613,920, \$3,648,069 and \$73,525,783 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2015, respectively.

The Water and Sewer Revenue Fund reports the deferred loss on debt refunding, net as a deferred outflow of resources presented on the Business-Type Activities and Proprietary Funds Statements of Net Position. The deferred loss on refunding results from the net difference in the carrying value of refunded debt and its reacquisition price of the refunding debt. This net difference amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The County has reported a deferred loss on the refunding of debt of \$6,759,255 as deferred outflow of resources on the Business-Type Activities and Proprietary Funds Statements of Net Position as of June 30, 2015.

The County has reported unavailable revenue of \$21,554,362 as deferred inflow of resources on the Governmental Activities Statement of Net Position and the Governmental Funds Balance Sheet as of June 30, 2015. Unavailable revenue consist of \$16,169,934 in tax collections received in advance for 2015 2nd half received as of June 30, 2015 (due December 5th, 2015) and \$5,384,428 in grant funds received in advance that will fund expenditures in fiscal year 2016. The County has classified unavailable revenue of \$10,113,814 as a deferred inflow of resources on the Component Units Statement of Net Position as of June 30, 2015. These funds were received in advance and will fund expenditures in fiscal year 2016.

L. Nonspendable, Restricted, Committed Assigned and Unassigned Fund Balance

The County's governmental fund balance classifications are categorized as nonspendable, restricted, committed assigned and unassigned based on the constraints placed on those resources by various levels of authority both within and external to the County. The County spends restricted fund balance amounts first, then committed fund balance amounts, then assigned fund balance amounts and then unassigned fund balance amounts.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, long-term loans and notes receivable. The County has nonspendable fund balance of \$112,500, which is a long-term loan to Belmont Park Golf Course.

Restricted fund balances are amounts that are restricted for specific purposes by external parties such as creditors, grantors, constitutional provisions or through enabling legislation. Enabling legislation authorizes the government to levy, assess, or charge external resource providers and includes a legally enforceable requirement that the resources be used for a particular purpose specified in the legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority (i.e., the County's Board of Supervisors). Committed amounts cannot be used for any other purpose unless the commitment is changed by similar action of the Board of Supervisors and the committing action must be taken prior to year-end although the exact dollar amount may be determined in a subsequent period. The highest level of formal action approved by the County's Board of Supervisors to establish, modify, or rescind a fund balance commitment can be either a resolution or ordinance. Both an ordinance and resolution are equally binding and a majority vote is required by the County's Board of Supervisors to change an ordinance or amend a resolution.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by the governing body itself, or subordinate high-level body or official possessing such authority in accordance with government's policy. The expression of intent does not have to be made prior to year-end. Intent is stipulated by actions taken by a majority vote of the County's Board of Supervisors where those actions provide the County Manager and the Director of Finance the authority to assign fund balances.

Unassigned fund balance is the residual fund balance amount for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to

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specific purposes. Unassigned fund balance is only shown in the County's and School's General Fund balances. Effective with the implementation of GAAP relating to unassigned fund balances, the County's previous policy related to "unreserved fund balance" was redefined to be a policy for "unassigned fund balance." Unassigned fund balance is maintained at a level of 15.0 percent of General Fund expenditures. The policy of maintaining this reserve is examined on an annual basis during the annual budget process.

The County's fund balance consists of the following balances:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Fund balances:				
Non-spendable				
Advance to Fund	\$ 112,500	\$ -	\$ -	\$ -
Restricted for:				
Road Construction	7,321,539	-	-	-
Imaging System Upgrades	-	-	-	-
Community Development	-	4,987,818	-	-
Drug Enforcement	-	1,401,566	-	-
Mental Health Programs	-	16,673,852	-	-
Social Service Programs	-	5,910,283	-	-
Total Restricted	<u>7,321,539</u>	<u>28,973,519</u>	<u>-</u>	<u>-</u>
Committed to:				
Public Works	-	-	-	17,281,908
Technology Improvements	750,000	-	-	2,377,856
Building and Grounds	1,440,000	-	-	4,802,898
Road Maintenance	-	-	-	23,606,570
Community Development	-	-	-	1,291,289
Landfill Expansion	-	-	-	2,071,252
Public Safety Projects	6,240,000	-	-	47,528,559
Parks and Recreation	6,500,000	-	-	3,169,784
Libraries	-	-	-	17,048,240
Education Projects	<u>13,273,717</u>	<u>-</u>	<u>-</u>	<u>564,614</u>
Total Committed	<u>28,203,717</u>	<u>-</u>	<u>-</u>	<u>119,742,970</u>
Assigned to:				
Public Works	-	18,168,939	-	-
General Government	32,530,219	-	-	-
Capital projects	28,981,066	-	-	-
Debt Service	<u>-</u>	<u>-</u>	<u>1,129,065</u>	<u>-</u>
Total Assigned	<u>61,511,285</u>	<u>18,168,939</u>	<u>1,129,065</u>	<u>-</u>
Unassigned	<u>117,488,713</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$214,637,754</u>	<u>\$47,142,458</u>	<u>\$ 1,129,065</u>	<u>\$ 119,742,970</u>

Schools have \$7,110,020 in assigned and \$2,457,051 in unassigned fund balance in the Schools General Fund. Schools also have restricted fund balance for various education program grants of \$11,524,983 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of \$18,844,201 for various high school, middle school and elementary school construction and renovation projects.

M. Statement of Cash Flows

The County has presented a statement of cash flows for the Proprietary Funds. For purposes of this statement, cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

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N. New Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. GASB No. 68 requires employers to recognize a net pension liability (asset) on the statement of net position for the net funded status of pension plans as employees earn their pension benefits and recognize annual pension cost under an “earnings” approach rather than a “funding” approach.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*. The objective of this Statement is to resolve an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. It also eliminates a potential source of understatement of restated beginning net position and expense in a government’s first year of implementing GASB 68.

As a result of adopting GASB No. 68 and GASB No. 71 in fiscal year 2015, the net position of the County’s Governmental Activities as of June 30, 2014 was reduced by \$207,409,100, the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date. The net position of the County’s Business-Type Activities as of June 30, 2014 was reduced by \$14,769,140, the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date. As a result of adopting GASB Statement No. 68, Belmont Park Golf Course, an enterprise fund, had a deficit restated net position of \$45,107 as of June 30, 2014. Belmont Park Golf Course had an operating loss of \$61,199 which was offset by a reduction in the net pension liability of \$106,684 during the year ended June 30, 2015. The County expects this deficit to be reduced in future fiscal years due to a reduction in the net pension liability and improved operations at Belmont Park Golf Course. The net position of the County’s aggregate discretely presented Component Units as of June 30, 2014 was reduced by \$467,153,877, the amount of the net pension liability as of the valuation date of June 30, 2013, less the employer contributions made after the June 30, 2013 valuation date.

Total Governmental Activities net position at the beginning of fiscal year 2015 was restated as follows:

Total net position – June 30, 2014, as previously reported	\$1,333,339,679
Recognition of net pension liability	(234,905,560)
Reclassification of employer contributions to deferred outflow of resources	<u>27,496,460</u>
Net change in net position	<u>(207,409,100)</u>

Total net position – June 30, 2014, as restated	<u>\$1,125,930,579</u>
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Total Business-Type Activities net position at the beginning of fiscal year 2015 was restated as follows:

Total net position – June 30, 2014, as previously reported	\$1,063,947,860
Recognition of net pension liability	(16,750,985)
Reclassification of employer contributions to deferred outflow of resources	<u>1,981,845</u>
Net change in net position	<u>(14,769,140)</u>

Total net position – June 30, 2014, as restated	<u>\$1,049,178,720</u>
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Total Component Units net position at the beginning of fiscal year 2015 was restated as follows:

Total net position – June 30, 2014, as previously reported	\$244,766,357
Recognition of net pension liability	(500,039,339)
Reclassification of employer contributions to deferred outflow of resources	<u>32,885,462</u>
Net change in net position	<u>(467,153,877)</u>
 Total net position – June 30, 2014, as restated	 <u><u>\$(222,387,520)</u></u>

O. Future Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and amendments to certain provisions of GASB Statements 67 and 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for fiscal year ending June 30, 2018.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for fiscal year ending June 30, 2016.

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NOTE 2. DEPOSITS AND INVESTMENTS

The County utilizes a pooled cash and investments approach where each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed based on average monthly balances. Use of current banking processes provides for daily sweeps of deposits made to County accounts, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the County's general account are invested at all times. Exceptions to this are funds in the JRJDC checking account and the School Student Activity Fund, which are not under County control. The County's pooled portfolio also excludes pension plans, maintained by the Virginia Retirement System ("VRS"), and Bond proceeds maintained in the State Non-Arbitrage Pool, a SEC-registered money market fund.

The County maintains a cash and temporary investment pool that is available for use by all funds, except School Activity Agency Funds. Each fund type's portion of this pool is displayed on the individual balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, banker's acceptances, Treasury and Agency obligations that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2015, the difference between amortized cost and the fair value of those securities held at amortized cost is immaterial to the basic financial statements. Fair value is based on quoted market prices, which are provided by the County's Investment Manager, Sterling Capital, as of June 30, 2015. The net increase in fair value of investments during the year ended June 30, 2015, was \$630,618. This amount takes into account all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2015, the carrying value of the County's deposits with banks was \$277,369,665 and the bank balance was \$183,760,957. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. 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.

The carrying amount of deposits for the School Board, a discretely presented component unit, was \$14,661,672 and the bank balance was \$9,714,913. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was \$2,837,950, and the bank balance was \$2,837,950. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Deposits – Fiscal Agent

At June 30, 2015, the County had deposits of \$11,152,345 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of any city, county, or town situated in any one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, money market mutual funds that invest exclusively in securities specifically permitted under the State Code, and the State Treasurer's Local Government

COUNTY OF HENRICO, VIRGINIA
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Investment Pool (LGIP). The County's current investment guidelines do not permit the investment of funds in repurchase agreements. During the fiscal year, the County had investments in municipal bonds, money market mutual funds, obligations of the United States and agencies thereof.

The County's investment guidelines establish limitations on holdings, in order to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury Securities). The maximum percentage of the portfolio permitted in each security is as follows:

U.S. Treasury Obligations (bills, notes and bonds)	100%
U.S. Government Agency Securities and Instrumentalities	70%
Banker's Acceptance (BA's)	40%
Money Market	40%
Certificates of Deposit (CD's) Commercial Banks	90%
Certificates of Deposit (CD's) Savings & Loan Associations	10%
Commercial Paper	35%
Local Government Investment Pool (maximum \$50 million)	75%
Municipal Bonds	70%

The County further limits a maximum 5 percent of the portfolio for any single Banker's Acceptance or Commercial Paper issuer. The County maintains bond proceeds in the State Non-Arbitrage Pool ("SNAP"), an SEC-registered money market fund. The County's total investment percentages in comparison to the investment guidelines are as follows:

Primary Government

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 23,894,142	70%	7.42%
U.S Government Agencies	138,514,034	70%	43.00%
Commercial Paper	61,321,476	35%	19.04%
U.S. Government Money Market Funds	98,383,482	40%	30.54%
Total Investments	<u>\$ 322,113,134</u>		<u>100.00%</u>

Component Units

	<u>Fair Value</u>	<u>Percent of Policy</u>	<u>Portfolio</u>
Municipal Bonds	\$ 1,263,483	70%	10.40%
U.S Government Agencies	7,324,396	70%	60.30%
Commercial Paper	3,242,580	35%	26.70%
U.S. Government Money Market Funds	315,438	40%	2.60%
Total Investments	<u>\$ 12,145,898</u>		<u>100.00%</u>

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2015. In addition, the County's contract with the portfolio manager requires that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, Branch Banking and Trust (BB&T) Bank. The County and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment guidelines establish limits on the County's investment portfolio for maturities of less than one year and limit investments longer than one year. Per the investment guidelines, the maximum permissible maturity for any individual security is five years.

Credit Risk – State Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, obligations of any city, county, or town situated in one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, money market mutual funds and

COUNTY OF HENRICO, VIRGINIA
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State Treasurers Local Government Investment Pool. During the fiscal year, the County made investments in obligations of the United States and agencies thereof, municipal bonds, commercial paper and money market funds. All investments were in compliance with the State Statutes governing investments of Public funds. The credit quality of obligations of U.S. government agencies held in the portfolio for the Federal National Mortgage Association (FNMA), the Federal Home Loan Banks (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC), received AAA ratings from Moody's and AA+ ratings from Standard & Poor. The credit quality of the municipal bonds held in the portfolio received ratings from Moody's and Standard & Poor's ranged from Aa2 to AAA. The commercial paper held in the portfolio received ratings from Moody's and Standard & Poor's of P-1 and A-1. The County used one money market mutual funds during the fiscal year, the State Non-Arbitrage Pool is rated AAAm by Standard and Poor's, and BB&T Collateralized Deposit Program for Virginia Public Depositors.

Custodial Risk – For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment guidelines require that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, BB&T Bank.

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

Primary Government

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	\$ 23,894,142	\$ 14,567,673	\$ 9,326,470
U.S. Government Agencies	138,514,034	-	138,514,034
Commercial Paper	61,321,476	61,321,476	-
W&S Reserve	7,482,200	-	7,482,200
U.S. Government Money Market Funds	90,901,282	90,901,282	-
Total Investments	<u>\$ 322,113,134</u>	<u>\$ 257,691,713</u>	<u>\$ 155,322,704</u>
Total Deposits	277,369,665		
Total Held By Fiscal Agent	11,152,345		
Total Cash on Hand	116,146		
Total Deposits and Investments	<u>\$ 610,751,290</u>		

Component Units:

School Board

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	\$ 1,263,483	\$ 770,315	\$ 493,169
U.S. Government Agencies	7,324,396	-	7,324,396
Commercial Paper	3,242,580	3,242,580	-
U.S. Government Money Market Funds	315,438	315,438	-
Total Investments	<u>\$ 12,145,898</u>	<u>\$ 4,328,333</u>	<u>\$ 7,817,565</u>
Total Deposits	14,661,672		
Total Cash on Hand	1,000		
Total Deposits and Investments	<u>\$ 14,662,672</u>		

COUNTY OF HENRICO, VIRGINIA
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James River Juvenile Detention Commission

	Investment Maturities (in years)		
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
U.S. Government Money Market Funds	\$ 636,952	\$ 636,952	\$ -
Total Deposits	2,837,950		
Total Cash on Hand	500		
Total Deposits and Investments	<u>\$ 3,475,402</u>		
Total Deposit and Investments-Reporting Entity	<u>\$ 641,035,262</u>		

The School Activity Funds' cash of \$5,385,637 and Mental Health and Developmental Services Fund cash of \$58,666, not under the control of the Director of Finance, is not pooled with the Reporting Entity cash and investments, and therefore, is not included in the above presentation. These deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

NOTE 3. RECEIVABLES

Receivables at June 30, 2015 consist of the following:

Primary Government

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 859,082	\$ -	\$ -	\$ 859,082
Taxes	26,119,537	-	-	26,119,537
Accounts	<u>1,153,567</u>	<u>3,462,426</u>	<u>20,716,134</u>	<u>25,332,127</u>
Gross Receivables	28,132,186	3,462,426	20,716,134	52,310,746
Less: Allowances for Doubtful Accounts	<u>6,992,671</u>	<u>647,213</u>	<u>283,900</u>	<u>7,923,784</u>
Receivables, net	<u>\$ 21,139,515</u>	<u>\$ 2,815,213</u>	<u>\$ 20,432,234</u>	<u>\$ 44,386,962</u>

Central Automotive Maintenance has a receivable of \$8,298 as of June 30, 2015 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$5,247,905 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax revenue reported in the government-wide statements includes \$1,152,706 of revenue that does not provide current financial resources, and therefore, is not included in the governmental funds.

Component Units

	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
Receivables:			
Intergovernmental	<u>\$ 27,183,691</u>	<u>\$ 25,053</u>	<u>\$ 27,208,744</u>

Receivables are presented net of appropriate allowances for doubtful accounts. The County calculates its allowances using historical collection data, specific account analysis and management's judgment. All of the Component Units' receivables are considered to be collectible.

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in April and are payable in two installments on June 5th and December 5th. Installments due on June 5, 2014, are levied for fiscal year 2014 and installments due on December 5, 2014, are levied for fiscal year 2015. The County bills and collects its own property taxes. Property taxes levied are recorded as receivables, net of allowance for estimated uncollectible accounts, to the extent that they are currently due.

The Virginia General Assembly passed SB 4005, the Personal Property Tax Relief Act ("PPTRA") in April 1998. The bill provides for the State to reimburse a portion of the tangible Personal Property Tax levied on personal use cars,

COUNTY OF HENRICO, VIRGINIA
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motorcycles and trucks. In 1998, the reimbursement was 12.5 percent of the tax on the first \$20,000 of the value of the qualifying vehicle. The reimbursement rate was 27.5 percent for tax year 1999, and increased to 47.5 percent for tax year 2000 and 70.0 percent for tax years 2001 through 2005. The reimbursement rate for 2006 and thereafter is determined by each locality based upon their share of the \$950 million allocated by the Commonwealth for personal property tax relief on qualifying vehicles. For tax year 2015, the State reimbursement receivable is reflected as a due from other governments. Revenue for the State reimbursement is recorded as non-categorical aid from the State. Localities will continue to assess and administer the Personal Property Tax Relief program.

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2015 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	\$ 5,233,520	\$ -	\$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	159,668	-	-
State Recordation Fees	347,851	-	-
Richmond Center	3,030,521	-	-
Categorical aid for:			
Public Works	-	-	3,876
Public Safety	1,177,976	37,080	-
Social Services	-	462,749	-
Treasurer	2,941,127	-	-
Correction & Detention	442,000	60,647	-
Finance	64,967	-	-
Mental Health & Development Services	-	66,852	-
Circuit Court	160,328	-	-
Library	5,492	-	-
Commonwealth's Attorney	<u>170,591</u>	<u>12,253</u>	<u>-</u>
Total due from the Commonwealth of Virginia	<u>32,194,504</u>	<u>639,581</u>	<u>3,876</u>
Federal Government:			
Categorical aid:			
Work Training Grants (CRWP)	-	797,789	-
Public Safety	-	150,259	-
MH/DS	-	-	-
Social Services	-	931,945	-
Commonwealth Attorney	-	3,519	-
Community Development Block Grant	<u>-</u>	<u>756,026</u>	<u>-</u>
Total due from the Federal government	<u>-</u>	<u>2,639,538</u>	<u>-</u>
Total due from other governmental units	<u>\$ 32,194,504</u>	<u>\$ 3,279,119</u>	<u>\$ 3,876</u>

COUNTY OF HENRICO, VIRGINIA
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Amounts due from other governmental units for the School Board Component Unit at June 30, 2015 include:

	<u>School Board</u>
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	\$ 4,343,227
Categorical aid for:	
Education	<u>6,100,806</u>
Total due from the Commonwealth of Virginia	<u>10,444,033</u>
Federal Government Categorical Aid:	
Education	<u>16,739,658</u>
Total due from the Federal government	<u>16,739,658</u>
Total due from other governmental units	<u>\$ 27,183,691</u>

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 follows:

Governmental Activities	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 366,940,103	\$ 3,199,933	\$ -	\$ 370,140,036
Construction in progress	<u>93,919,251</u>	<u>37,643,331</u>	<u>53,719,493</u>	<u>77,843,089</u>
Total Capital Assets				
Not Being Depreciated	<u>460,859,354</u>	<u>40,843,264</u>	<u>53,719,493</u>	<u>447,983,125</u>
Other Capital Assets:				
Buildings	832,094,707	38,212,128	-	870,306,835
Infrastructure	656,101,890	9,289,703	-	665,391,593
Equipment	215,258,759	22,744,870	6,234,548	231,771,091
Improvements other than buildings	<u>60,023,160</u>	<u>7,031,123</u>	<u>-</u>	<u>67,054,283</u>
Total Other Capital Assets	<u>1,763,478,516</u>	<u>77,277,824</u>	<u>6,234,548</u>	<u>1,834,523,802</u>
Less Accumulated Depreciation for:				
Buildings	(99,085,099)	(17,257,173)	-	(216,342,272)
Infrastructure	(421,585,230)	(18,265,856)	-	(439,851,086)
Equipment	(145,385,614)	(14,976,824)	(5,589,828)	(154,772,610)
Improvements other than buildings	<u>(28,106,187)</u>	<u>(3,145,454)</u>	<u>-</u>	<u>(31,251,641)</u>
Total Accumulated Depreciation	<u>(794,162,130)</u>	<u>(53,645,307)</u>	<u>(5,589,828)</u>	<u>(842,217,609)</u>
Total Net of Depreciation	<u>\$1,430,175,740</u>	<u>\$ 64,475,781</u>	<u>\$ 54,364,213</u>	<u>\$1,440,289,318</u>

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

General Capital Assets, Net	\$1,440,289,318
Internal Service Fund Capital Assets, Net	(13,031,366)
Combined Adjustment	<u>\$1,427,257,952</u>

Depreciation for the fiscal year ended June 30, 2015 was charged to governmental functions as follows:

General Government Administration	\$ 7,172,725
Judicial Administration	87,819
Public Safety	8,328,638
Public Works	20,778,821
Education	11,991,007
Health and Welfare	309,069
Parks and Recreation	4,748,875
Community Development	228,353
Total Depreciation	<u>\$ 53,645,307</u>
Internal Service Fund Depreciation	(2,082,248)
Combined Adjustment	<u>\$ 51,563,059</u>

Business Type Activities

<u>Water and Sewer:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 18,723,931	\$ 115,000	\$ -	\$ 18,838,931
Construction in progress	103,015,183	52,834,775	59,661,712	96,188,246
Total Capital Assets Not Being Depreciated	<u>121,739,114</u>	<u>52,949,775</u>	<u>59,661,712</u>	<u>115,027,177</u>
Other Capital Assets				
Buildings	358,300,356	17,524,167	2,784,220	373,040,303
Equipment	134,510,400	23,586,286	3,495,504	154,601,182
Improvements	1,426,652	-	-	1,426,652
Infrastructure	1,033,790,772	29,238,241	440,501	1,062,588,512
Total Other Capital Assets	<u>1,528,028,180</u>	<u>70,348,694</u>	<u>6,720,225</u>	<u>1,591,656,649</u>
Less Accumulated Depreciation for:				
Buildings	(105,821,661)	(7,245,982)	(875,191)	(112,192,452)
Equipment	(80,326,917)	(9,034,348)	(2,396,576)	(86,964,689)
Improvements	(1,037,838)	(39,671)	-	(1,077,509)
Infrastructure	<u>(299,913,126)</u>	<u>(15,833,050)</u>	<u>(253,786)</u>	<u>(315,492,390)</u>
Total Accumulated Depreciation	<u>(487,099,542)</u>	<u>(32,153,051)</u>	<u>(3,525,553)</u>	<u>(515,727,040)</u>
Total Net of Depreciation	<u>\$ 1,162,667,752</u>	<u>\$ 91,145,418</u>	<u>\$ 62,856,384</u>	<u>\$ 1,190,956,786</u>
<u>Belmont Park Golf Course:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 250,491	\$ -	\$ -	\$ 250,491
Total Capital Assets Not Being Depreciated	<u>250,491</u>	<u>-</u>	<u>-</u>	<u>250,491</u>
Other Capital Assets:				
Buildings	1,940,937	-	-	1,940,937
Equipment	913,940	59,205	42,843	930,302
Improvements	2,341,902	-	-	2,341,902
Total Other Capital Assets	<u>5,196,779</u>	<u>59,205</u>	<u>42,843</u>	<u>5,213,141</u>
Less Accumulated Depreciation for:				
Buildings	(954,894)	(31,032)	-	(985,926)
Equipment	(610,248)	(43,052)	(42,843)	(610,457)
Improvements	<u>(2,236,292)</u>	<u>(16,342)</u>	<u>-</u>	<u>(2,252,634)</u>
Total Accumulated Depreciation	<u>(3,801,434)</u>	<u>(90,426)</u>	<u>(42,843)</u>	<u>(3,849,017)</u>
Total Net of Depreciation	<u>\$ 1,645,836</u>	<u>\$ (31,221)</u>	<u>\$ -</u>	<u>\$ 1,614,615</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

<u>Combined Business Type Activities:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 18,974,422	\$ 115,000	\$ -	\$ 19,089,422
Construction in progress	103,015,183	52,834,775	59,661,712	96,188,246
Total Capital Assets Not Being Depreciated	121,989,605	52,949,775	59,661,712	115,277,668
Other Capital Assets				
Buildings	360,241,293	17,524,167	2,784,220	374,981,240
Equipment	135,424,340	23,645,491	3,538,347	155,531,484
Improvements	3,768,554	-	-	3,768,554
Infrastructure	1,033,790,772	29,238,241	440,501	1,062,588,512
Total Other Capital Assets	1,533,224,959	70,407,899	6,763,068	1,596,869,790
Less Accumulated Depreciation for:				
Buildings	(106,776,555)	(7,277,014)	(875,191)	(113,178,378)
Equipment	(80,937,165)	(9,077,400)	(2,439,419)	(87,575,146)
Improvements	(3,274,130)	(56,013)	-	(3,330,143)
Infrastructure	(299,913,126)	(15,833,050)	(253,786)	(315,492,390)
Total Accumulated Depreciation	(490,900,976)	(32,243,477)	(3,568,396)	(519,576,057)
Total Net of Depreciation	\$ 1,164,313,588	\$ 91,114,197	\$ 62,856,384	\$ 1,192,571,401

Component Units

<u>School Board:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 42,534,852	\$ 2,966	\$ -	\$ 42,537,818
Construction in progress	12,626,965	1,034,443	10,287,931	3,373,477
Total Capital Assets Not Being Depreciated	55,161,817	1,037,409	10,287,931	45,911,295
Other Capital Assets:				
Buildings	267,474,904	8,457,822	-	275,932,726
Equipment	183,130,363	7,932,444	2,310,785	188,752,022
Improvements	29,325,423	75,007	-	29,400,430
Total Other Capital Assets	479,930,690	16,465,273	2,310,785	494,085,178
Accumulated Depreciation	(272,854,061)	(22,369,276)	(2,293,549)	(292,929,788)
Total Net of Depreciation	\$ 262,238,446	\$ 4,866,594	\$ 10,305,167	\$ 247,066,685

All depreciation for the fiscal year ended June 30, 2015 was charged to the education function.

<u>James River Juvenile Detention Center:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	30,000	-	-	30,000
Other Capital Assets:				
Building	9,243,433	-	-	9,243,433
Improvements	237,874	-	-	237,874
Equipment	511,231	8,976	8,400	511,807
Total Other Capital Assets	9,992,538	8,976	8,400	9,993,114
Less Accumulated Depreciation for:				
Buildings	(3,044,233)	(231,086)	-	(3,275,319)
Equipment	(233,806)	(54,116)	(8,400)	(279,522)
Improvements	(152,477)	(11,894)	-	(164,371)
Total Accumulated Depreciation	(3,430,516)	(297,096)	(8,400)	(3,719,212)
Total Net of Depreciation	\$ 6,592,022	\$ (288,120)	\$ -	\$ 6,303,902

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<u>Combined Component Units:</u>	<u>Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 42,564,852	\$ 2,966	\$ -	\$ 42,567,818
Construction in progress	12,626,965	1,034,443	10,287,931	3,373,477
Total Capital Assets Not Being Depreciated	55,191,817	1,037,409	10,287,931	45,941,295
Other Capital Assets:				
Buildings	276,718,337	8,457,822	-	285,176,159
Equipment	183,641,594	7,941,420	2,319,185	189,263,829
Improvements	29,563,297	75,007	-	29,638,304
Total Other Capital Assets	489,923,228	16,474,249	2,319,185	504,078,292
Accumulated Depreciation	(276,284,577)	(22,666,372)	(2,301,949)	(296,649,000)
Total Net of Depreciation	\$ 268,830,468	\$ (5,154,714)	\$ 10,305,167	\$ 253,370,587

NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the total long-term liabilities, including net pension liability for the year ended June 30, 2015:

	<u>Balance June 30, 2014*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
General obligation (GO) bonds	\$ 425,700,000	\$ 50,485,000	\$ 88,425,000	\$ 387,760,000
Capital lease obligations	27,654,285	100,385	4,239,472	23,515,198
Accrued claims payable	24,617,096	17,500,031	13,730,079	28,387,048
Accrued compensated absences	19,971,541	21,620,998	21,180,071	20,412,468
Net pension liability	234,905,560	89,776,633	150,390,830	174,291,363
OPEB obligation	6,582,801	2,980,480	1,003,754	8,559,527
Landfill post-closure costs	10,310,194	28,819	100,717	10,238,296
Total	749,741,477	182,492,346	279,069,923	653,163,900
Premium on bonds	33,691,297	9,644,527	6,996,858	36,338,966
Total long-term liabilities	783,432,774			689,502,866
Current maturities	(69,236,732)			(74,579,692)
Net long-term liabilities	\$ 714,196,042			\$ 614,923,174

*as restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015.

The current maturity of long-term liabilities at June 30, 2015 consists of the following:

General obligation bonds	\$ 34,600,000
Capital lease obligations	4,314,681
Accrued claims payable	15,152,528
Accrued compensated absences	20,412,468
Landfill post-closure costs	100,015
Total current maturities	<u>\$ 74,579,692</u>

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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All liabilities, both current and long-term, are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual at June 30, 2015 is as follows:

Long-term liabilities (detail above)	\$ 689,502,866
Net pension liability (detail above)	(174,291,363)
Internal Service Fund long-term liabilities	(14,829,584)
Combined adjustment	<u>\$ 500,381,919</u>

In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. The adjustment from modified accrual to full accrual is \$1,882,329 which represents the change in accrued interest on bonds payable of \$648,345 and the amortization of bond premium of \$6,996,858 offset by \$5,762,874 in interest paid to the escrow agent as part of the bond refunding for the year ended June 30, 2015.

In November 2000 and March 2005, the County's voters authorized the issuance of general obligation bonds. In 2000, voters authorized \$237,000,000, of which \$236,948,800 has been issued as of June 30, 2015. In 2005, voters authorized an additional \$349,300,000 in bonds, of which \$339,700,000 has been issued as of June 30, 2015.

On August 2, 2005, the County issued General Obligation Public Improvement Bonds, Series 2005 in the aggregate principal amount of \$77,815,000 to provide funding for certain school capital improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on November 7, 2000 and March 8, 2005. The Bonds mature on July 15th in each of the years 2006 through 2025.

On November 3, 2006, the County issued General Obligation Public Improvement Bonds, Series 2006 in the aggregate principal amount of \$71,915,000 to provide funding for certain school capital improvements, library facilities, fire stations and facilities and recreation and park facilities improvements in the County, pursuant to the voter authorizations at elections held in the County on November 7, 2000 and March 8, 2005. The Bonds mature on December 1st in each of the years 2007 through 2026.

On January 10, 2008, the County issued General Obligation Public Improvement Bonds, Series 2008 in the aggregate principal amount of \$29,810,000 to provide funding for certain school capital improvement projects, fire stations and facilities in the County, pursuant to the voter authorization at an election held on March 8, 2005. The Bonds mature on December 1 in each of the years 2008 through 2027.

On November 13, 2008, the County issued County of Henrico, Virginia General Obligation Public Improvement Bonds, Series 2008A, in the aggregate principal amount of \$93,090,000 to provide funding for various county and school capital improvement projects. The interest rates on these bonds range between 3.5 percent and 5.0 percent. The bonds mature on December 1st in each of the years 2009 through 2028.

On May 13, 2009, the County issued \$33,785,000 General Obligation Public Improvement Refunding Bonds – Series 2009 to advance refund, \$20,010,000 of the County's Series 2001 General Obligation Public Improvement Bonds and \$13,320,000 of the County's Series 2002 General Obligation Public Improvement Bonds. The interest rate on the 2009 bond issue is between 2 percent and 5 percent and the final maturity will occur on March 1, 2022. The principal payments range from \$100,000 to \$3,110,000. The County reduced its aggregate debt service payments by approximately \$ 1.8 million over the next 13 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$5.23 million. The proceeds of the 2009 Refunding Issue were deposited in a trust fund and were used to purchase U.S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$0 remained outstanding at June 30, 2013) nor the assets placed in the trust fund are reflected in the County's financial statements.

On May 3, 2010, the County issued \$119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from \$475,000 to \$18,040,000. The County reduced its aggregate debt service payments by approximately \$3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$75,970,000 remained outstanding at June 30, 2015) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 20, 2010, the County issued General Obligation Public Improvement Bonds, Series 2010A in the aggregate principal amount of \$72,205,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the

COUNTY OF HENRICO, VIRGINIA
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voter authorizations at elections held in the County on March 8, 2005. The Bonds mature on August 1st in each of the years 2011 through 2030. The interest rate ranges from 2 percent to 5 percent.

On September 1, 2011, the County issued General Obligation Public Improvement Bonds, Series 2011 in the aggregate principal amount of \$66,075,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The Bonds mature on August 1st in each of the years 2012 through 2031. The interest rate ranges from 2 percent to 5 percent.

On September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012 in the aggregate principal amount of \$37,500,000. The proceeds of the Bonds will be applied (i) to advance refund and defease \$19,450,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2005, dated August 17, 2005 and maturing on July 15th in each of the years 2021 through 2025, which are subject to redemption and are to be redeemed on July 15, 2015, (ii) to advance refund and defease \$17,975,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2006, dated November 15, 2006 and maturing on December 1st in each of the years 2022 through 2026, which are subject to redemption and are to be redeemed on December 1, 2016, and (iii) to advance refund and defease \$2,155,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated August 10, 2010 and maturing on August 1, 2013, which were paid at their stated maturity on August 1, 2013. The Bonds mature on February 1, 2013 and on August 1st in each of the years 2014 through 2026. The County reduced its aggregate debt service payments by approximately \$2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$2.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$37,425,000 remained outstanding at June 30, 2015) nor the assets placed in the trust fund are reflected in the County's financial statements.

On March 31, 2015, the County issued General Obligation Public Improvement Refunding Bonds, Series 2015 in the aggregate principal amount of \$50,485,000. The proceeds of the Bonds will be applied (i) to advance refund and defease \$8,950,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008, dated January 31, 2008 and maturing on December 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on December 1, 2017, (ii) to advance refund and defease \$13,955,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008A, dated November 14, 2008 and maturing on December 1st in each of the years 2026 through 2028, which are subject to redemption and are to be redeemed on December 1, 2018, and (iii) to advance refund and defease \$31,090,000 outstanding principal amount of the County's Virginia Public School Authority (VPSA) Special Obligation School Financing Bonds, Series 2008, dated July 2, 2008 and maturing on July 15th in each of the years 2015 through 2028. The County reduced its aggregate debt service payments by approximately \$2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$3.3 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$53,995,000 remained outstanding at June 30, 2015) nor the assets placed in the trust fund are reflected in the County's financial statements.

As of June 30, 2015, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of \$22,833 at June 30, 2015.

COUNTY OF HENRICO, VIRGINIA
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General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2015 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>
VPSA 1996 Bonds	5.00-6.00	11/01/96	07/15/16	\$ 30,595,000	\$ 3,055,000
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	35,740,000	8,925,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	4,560,000
2005 G.O. Bonds	3.25-5.00	08/17/05	07/15/25	77,815,000	3,890,000
2006 G.O. Bonds	4.00-5.00	11/15/06	12/01/26	71,915,000	7,190,000
2008 G.O. Bonds	3.25-5.00	1/31/08	12/01/27	29,810,000	4,470,000
2008A G.O. Bonds	3.50-5.00	11/14/08	12/01/28	93,090,000	18,620,000
2009 G.O. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	20,775,000
2010 G.O. Bonds	3.00-5.00	05/27/10	07/15/25	119,735,000	114,720,000
2010A G.O. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	57,760,000
2011 G.O. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	56,175,000
2012 G.O. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,135,000
2015 G.O. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	<u>50,485,000</u>
TOTAL					<u>\$ 387,760,000</u>

Debt service for the County on the foregoing bonds is payable during future fiscal years ending June 30 as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$34,600,000	\$16,513,898
2017	34,135,000	15,357,396
2018	32,635,000	13,758,110
2019	32,595,000	12,261,849
2020	32,585,000	10,748,948
2021-2025	134,580,000	33,370,117
2026-2030	76,420,000	8,719,181
2031-2032	<u>10,210,000</u>	<u>303,200</u>
TOTAL	<u>\$ 387,760,000</u>	<u>\$ 111,032,699</u>

General obligation bonds are backed by the full faith and credit of the County and are issued primarily for construction in progress for various purposes. The County has no sinking fund or legal debt margin requirements. All general obligation bonds except VPSA bonds, have been authorized by public referendum. The VPSA bonds have been issued by the adoption of a resolution by the County Board of Supervisors. The County is independent of any city, town or other political jurisdiction; therefore, there is no overlapping debt or taxing power.

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Business-Type Activities

A summary of the Water and Sewer Fund ("Fund") and the Belmont Park Golf Course, long-term debt and the individual components of long-term debt, including net pension liability at June 30, 2015 are as follows:

	<u>Balance</u> <u>June 30, 2014*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Water and Sewer Revenue Bonds:				
2006 Revenue and Refunding Bonds - \$86,265,000, 4.25% to 5.00%	\$ 3,735,000	\$ -	\$ 1,820,000	\$ 1,915,000
2009 Refunding Bonds - \$70,360,000, 2.25% to 5.00%	50,460,000	-	2,685,000	47,775,000
2010 Refunding Bonds - \$22,915,000, 2.25% to 5.00%	21,740,000	-	1,195,000	20,545,000
2010 Build America Bonds - \$9,800,000, 2.25% to 5.00%	9,800,000	-	-	9,800,000
2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00%	68,200,000	-	215,000	67,985,000
2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00%	<u>74,165,000</u>	<u>-</u>	<u>1,315,000</u>	<u>72,850,000</u>
Total bonds payable	<u>\$ 228,100,000</u>	<u>\$ -</u>	<u>\$ 7,230,000</u>	<u>\$ 220,870,000</u>
Other Liabilities:				
Capital lease obligations	\$ 28,148	\$ 20,163	\$ 13,138	\$ 35,173
Accrued compensated absences	1,233,004	1,151,410	1,110,600	1,273,814
Net pension liability	<u>16,750,985</u>	<u>6,470,775</u>	<u>10,839,628</u>	<u>12,382,132</u>
Total long-term liabilities	\$ 229,610,376	<u>\$ 7,642,348</u>	<u>\$ 19,193,366</u>	\$ 234,561,119
Premium on bonds payable	<u>11,136,344</u>	<u>-</u>	<u>645,445</u>	<u>10,490,899</u>
Total long-term debt	\$ 240,746,720			\$ 245,052,018
Current maturities	<u>(8,297,000)</u>			<u>(8,868,708)</u>
Net long-term liabilities	<u>\$ 232,449,720</u>			<u>\$ 236,183,310</u>

*as restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015.

Current maturities of long-term debt at June 30, 2015 consist of the following:

Revenue bonds	\$ 7,705,000
Capital lease obligations	16,445
Accrued compensated absences	1,147,263
Total current maturities	<u>\$ 8,868,708</u>

In prior years, the County defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not reflected in the County's financial statements. At June 30, 2015, \$65,945,000 of Water and Sewer System Revenue Bonds, which were considered defeased, remained outstanding.

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The Water and Sewer Revenue Fund (the “Fund”) may issue additional bonds payable, which may be collateralized equally with the outstanding bonds for any purpose connected with or pertaining to the Fund, upon compliance with the following conditions, among others:

- One-half of the net operating revenues of the Fund, as defined, during any 24 consecutive months out of the 30 months immediately preceding the issuance of the additional bonds, shall have been not less than 1.25 times the maximum annual debt service requirement on all bonds then outstanding and the proposed additional bonds; and the
- Net operating revenues of the Fund, as defined, during the first full fiscal year following the date upon which the project or undertaking for which the proposed additional bonds are being issued is anticipated to be completed, shall be estimated by a nationally recognized consulting engineer to be not less than 2.18 times the annual debt service requirement on account of all bonds then outstanding and the proposed additional bonds.

Net operating revenues were 2.62 times the annual debt service requirements for the year ended June 30, 2015.

On July 6, 2006, the County issued Revenue Bonds Series 2006A \$81,470,000 of new money Bonds and Series 2006B \$4,795,000 of refunding Bonds. Series 2006B refunded the County’s outstanding Series 1994 Bonds. The proceeds of the Bonds were used to finance capital additions and extensions to the Water and Sewer System. The bonds mature on May 1st in each of the years 2007 through 2036. The Water and Sewer Revenue Fund reduced its aggregate debt service payments by approximately \$400,000 over the next 7.5 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of approximately \$341,000.

On February 19, 2009, the County issued \$70,360,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the 1999 bond series. The interest rate on these bonds is between 2.25% and 5% and the final maturity will occur on May 1, 2028. The principal payments range from \$315,000 to \$5,065,000. The advance refunding resulted in the recognition of an accounting gain of \$2,150,208 for the year ended June 30, 2010. The Fund reduced its aggregate debt service payments by approximately \$5,650,606 over the next 20 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$5,406,608. The interest due on the bonds as of July 1 has been accrued as of June 30, in accordance with the related covenants. Cash has been restricted for these accruals. In addition, net assets have been restricted and cash has been restricted in an amount equal to the maximum annual debt service requirement for the bonds.

On December 22, 2009, the County issued \$22,915,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the Variable Rate Series 1997 VRA Bonds. The interest rate on these bonds is between 2% and 5% and the final maturity will occur on May 1, 2028. The principal payments range from \$1,175,000 to \$2,050,000. The Water and Sewer Revenue Fund reduced its aggregate debt service payments by \$44,418,268 over the next 20 years.

The County also issued \$9,800,000 of Taxable-Recovery Zone Economic Development Bonds (RZEDB). Pursuant to the American Recovery and Investment Act of 2009, the County will receive a cost subsidy payment from the United States Treasury equal to 45% of the interest payable on the Series 2009B Bonds on each interest payment date. These bonds were issued at a taxable interest rate of between 5.853% and 6.153% and the final maturity will occur on May 1, 2036.

On February 20, 2013, the County issued \$68,410,000 of Water and Sewer Refunding Revenue Bonds to refund \$65,945,000 outstanding principle amount of the 2006A Series Water and Sewer System Revenue Bonds. The interest rate on these bonds is between 2% and 5% and the final maturity will occur on May 1, 2036. The principal payments range from \$100,000 to \$4,800,000. The Water and Sewer Revenue Fund reduced its aggregate debt service payments by \$44,418,268 over the next 20 years.

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On March 20, 2014, the County issued \$74,165,000 of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 1% and 5% and the final maturity will occur on May 1, 2044. The principal payments range from \$370,000 to \$2,875,000.

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2014 and thereafter follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 7,705,000	\$ 9,054,388
2017	7,930,000	8,822,001
2018	8,185,000	8,561,626
2019	8,490,000	8,260,126
2020	8,800,000	7,956,452
2021-2025	50,320,000	33,397,044
2026-2030	50,535,000	21,050,083
2031-2035	41,070,000	12,229,379
2036-2040	22,350,000	5,407,489
2041-2045	<u>15,485,000</u>	<u>1,626,169</u>
Total	<u>\$ 220,870,000</u>	<u>\$ 116,367,757</u>

Component Units

School Board:

The Board of Supervisors has authorized the School Board to borrow funds from the Literary Fund of the Commonwealth of Virginia (the "Literary Fund") to finance repairs to eligible educational facilities. For each facility qualifying for a loan, the School Board borrowed funds from the Literary Fund in the form of a demand note with interest ranging from 3.00 percent to 5.00 percent with maturities through May 1, 2009, to cover the repair costs incurred. Once the repair of a facility has been completed, the demand note was converted into a 20-year note payable with annual installments due on the anniversary date of the note. There were no outstanding Literary Fund loans at June 30, 2015.

The School Board's outstanding debt, including net pension liability as of June 30, 2015 is as follows:

	<u>Balance June 30, 2014*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital lease obligations	\$ 42,682,213	\$ 23,701	\$ 11,132,610	\$ 31,573,304
Accrued claims payable	6,069,820	4,345,569	2,790,678	7,624,711
Net pension liability	496,450,213	109,595,521	181,907,026	424,138,707
Accrued compensated absences	<u>5,687,418</u>	<u>6,706,457</u>	<u>6,513,069</u>	<u>5,880,806</u>
Total School Board Current Maturities	<u>\$ 550,889,664</u> <u>(19,560,373)</u>	<u>\$120,671,248</u>	<u>\$202,343,384</u>	<u>\$ 469,217,528</u> <u>(20,293,190)</u>
Net long-term liabilities	<u>\$ 531,329,291</u>			<u>\$ 448,924,338</u>

*as restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015.

Current maturities of long-term debt at June 30, 2015, consist of the following:

Capital lease obligations	\$ 10,906,825
Accrued claims payable	3,505,559
Accrued compensated absences	<u>5,880,806</u>
Total current maturities	<u>\$ 20,293,190</u>

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James River Juvenile Detention Commission:

On November 15, 2000, JRJDC issued a \$7,125,000 Facility Revenue Bond, Series 2000, having an interest rate of 4.91 percent. The bond proceeds provided permanent financing to JRJDC, debt repayment and additional construction funds.

JRJDC's outstanding debt, including net pension liability as of June 30, 2015 is as follows:

	<u>Balance</u> <u>June 30, 2014*</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
Facility revenue bond	\$ 1,270,000	\$ -	\$ 620,000	\$ 650,000
Capital lease obligations	-	8,976	732	8,244
Net pension liability	3,589,126	1,395,393	2,337,516	2,647,003
Accrued compensated absences	<u>179,026</u>	<u>208,779</u>	<u>211,732</u>	<u>176,073</u>
Total JRJDC	\$ 5,038,152	<u>\$ 1,613,148</u>	<u>\$ 3,169,980</u>	3,481,320
Current Maturities	<u>(799,026)</u>			<u>(827,809)</u>
Net long-term liabilities	<u>\$ 4,239,126</u>			<u>\$ 2,653,511</u>

*as restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015.

Current maturities of long-term debt at June 30, 2015, consist of the following:

Revenue bonds	\$ 650,000
Capital leases	1,736
Accrued compensated absences	<u>176,073</u>
Total current maturities	<u>\$ 827,809</u>

Principal and interest payments for future fiscal years subsequent to June 30, 2015 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 650,000	\$ 16,327
Total	<u>\$ 650,000</u>	<u>\$ 16,327</u>

Capital Leases

The County has entered into agreements for the leasing of buildings, computer hardware, automotive vehicles and equipment. These leases meet the criteria of a capital lease as defined by GAAP, which states a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$32,093,501 of equipment and \$22,995,000 of buildings has been capitalized as of June 30, 2015. The acquisition of capital assets through capital lease obligations is reflected as expenditure and other financing source in the General or Capital Projects Funds when the obligations are incurred. Payments to satisfy capital lease obligations are recorded as debt service expenditure in the General or Debt Service Funds when the cash outlays are made. Capital assets capitalized under these lease agreements are pledged as collateral on the obligations.

On August 27, 2009, the EDA issued \$10,210,000 Governmental Projects Lease Revenue Refunding Bonds, Series 2009A to refund a portion of the Authority's Series 1996 and Series 1998 Lease Revenue Bonds and \$26,215,000 Public Facility Lease Revenue Refunding Bonds, Series 2009B to refund a portion of the Authority's Series 1999 Public Lease Revenue Refunding Bonds. The interest rate on the 2009A Refunding Bonds is between 2% and 3.25%. The principal payments range from \$80,000 to \$1,740,000 with the final maturity on June 1, 2018. The interest rate on the 2009B Refunding Bonds is between 3% and 5%. The principal payments range from \$1,035,000 to \$2,935,000 with the final maturity on June 1, 2018.

The Schools have entered into agreements for the leasing of computer hardware and equipment. These leases meet the criteria of a capital lease as defined by GAAP. As such, \$42,939,395 of equipment and has been capitalized as of June 30, 2014.

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Future minimum lease payments under these capital leases for fiscal years ending June 30 are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>	<u>EDA Lease Obligations</u>	<u>Schools</u>	<u>Total Future Minimum Lease Payments</u>
2016	\$ 329,144	\$ 4,950,650	\$ 11,091,758	\$ 16,371,552
2017	186,938	4,965,250	11,078,134	16,230,322
2018	28,539	3,961,825	7,521,233	11,511,597
2019	4,908	3,142,975	1,555,742	4,703,625
2020	-	3,141,350	852,336	3,993,686
2021-2022	<u>-</u>	<u>6,281,737</u>	<u>-</u>	<u>6,281,737</u>
Total minimum lease payments	\$ 549,529	\$ 26,443,787	\$ 32,099,203	\$ 59,092,519
Less amount representing interest	<u>29,331</u>	<u>3,448,787</u>	<u>525,899</u>	<u>4,004,017</u>
Present value of future minimum lease payments	<u>\$ 520,198</u>	<u>\$ 22,995,000</u>	<u>\$ 31,573,304</u>	<u>\$ 55,088,502</u>

JR/JDC entered into a capital lease agreement for \$8,400 during fiscal year 2015 for the leasing of copier equipment. Future minimum lease payments under this capital lease for fiscal years ending June 30, 2015 are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>
2016	\$ 3,664
2017	3,586
2018	3,489
2019	<u>1,699</u>
Total minimum lease payments	12,438
Less amount representing interest	<u>4,194</u>
Present value of future minimum lease payments	<u>\$ 8,244</u>

The Water and Sewer Revenue Fund entered into a capital lease agreements for equipment for \$20,163 and \$14,772 during fiscal years 2015 and 2014, respectively. Future minimum lease payments under this capital lease for fiscal years ending June 30, 2015 are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>
2016	\$ 19,073
2017	14,319
2018	9,316
2019	<u>695</u>
Total minimum lease payments	43,403
Less amount representing interest	<u>8,230</u>
Present value of future minimum lease payments	<u>\$ 35,173</u>

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NOTE 8. CONTINGENCIES AND COMMITMENTS

A. Litigation

The County and School Board are named as defendants in several cases including tax assessment, construction contract, personal injury, special education, civil rights and other contract cases. The maximum exposure amount that can be reasonably estimated is \$2,822,821 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately \$25,000 of these claims will result in an unfavorable outcome for the County. These claims are covered under the County's self-insurance program as discussed in note 8C. The County intends to defend its position in these claims vigorously. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred as a result of claims existing as of June 30, 2015 will not be material to the County's financial statements.

B. Federal Grant Awards

The County and School Board participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2015 have not yet been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, will not be material to the County's financial statements.

C. Risk Management

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks, health care and other claims. Insurance carriers cover workers' compensation claims in excess of \$1,000,000 per occurrence. VaCOR, through the Travelers Insurance Company, covers property claims in excess of \$1,000,000 per occurrence. VaCOR, through Genesis Insurance Company covers liability claims between \$2,000,000 and \$7,000,000 per occurrence. The County's estimated and recorded liability for claims payable at June 30, 2013 includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$1,691,624 in the General Fund to reflect the liability for the estimated settlement value of all reported workers' compensation and property and casualty claims covered by the Program at June 30, 2015, that are expected to be liquidated with current resources. The amount of settlements has not exceeded insurance coverage in each of the past three years.

Effective January 1, 2008, the County began participating in a self-funded health care program covering medical and prescription drug costs. The County pays all covered claims up to \$500,000 per individual per year. Individual claims that exceed \$500,000 per year are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of projected claims for the year are covered by aggregate excess risk insurance. The carrier of the excess risk policy is Coventry Health and Life Insurance Company. The County has recorded \$7,494,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2015.

In addition, the County has recorded \$20,893,048 for the County and \$7,624,711 for the School Board in the Government-wide Statement of Net Assets to reflect the liability for the estimated settlement value of workers' compensation and property and casualty claims covered by the Program at June 30, 2015 that are not expected to be liquidated with current resources. Also, the County has assigned \$7,500,000 of the June 30, 2015 General Fund's Fund balance as a self-insurance reserve.

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At June 30, 2015, the County and Schools had an outstanding claims liability as follows:

	FY 2015		FY 2014	
	County	Schools	County	Schools
Balance, July 1	\$ 24,617,096	\$ 6,069,820	\$ 23,506,715	\$ 8,368,290
Current year claims and changes in estimates	17,500,031	4,345,569	11,357,928	2,744,448
Claim payments	<u>(13,730,079)</u>	<u>(2,790,678)</u>	<u>(10,247,547)</u>	<u>(5,042,918)</u>
Balance, June 30	<u>\$ 28,387,048</u>	<u>\$ 7,624,711</u>	<u>\$ 24,617,096</u>	<u>\$ 6,069,820</u>

D. Commitments

At June 30, 2015, the County had contractual commitments for the construction of various projects as follows:

	Primary Government	Component Unit-Schools
Capital Projects Funds:		
Computer and Technology Improvements	\$ 376,663	\$ -
Buildings and Grounds	2,555,932	-
Road Maintenance and Drainage	4,205,449	-
Community Development	1,172,250	-
Landfill Expansion and Development	3,469,871	-
Public Safety Projects	4,438,030	-
Public Works	1,043,071	-
Parks and Recreation	3,206,669	-
Libraries	14,906,257	-
Education Projects	6,209,314	7,563,608
Total	<u>\$ 41,583,506</u>	<u>\$ 7,563,608</u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 43,849,934	
Water Plant Projects	92,148,998	
Computer and Information Systems	225,139	
Total	<u>\$ 136,224,071</u>	

Encumbrances

As discussed in Note 1.G, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2015, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	\$3,264,896
Special Revenue Fund	2,085,987
Capital Projects Fund	<u>35,374,193</u>
Total	<u>\$40,725,076</u>

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E. Operating Leases

The County and School Board leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated \$2,683,139 and \$573,342, respectively, for the fiscal year 2015.

At June 30, 2015, the approximate annual long-term commitments for these operating leases were as follows:

<u>Years</u>	<u>County Real Property</u>	<u>School Board Real Property</u>	<u>Total</u>
2016	\$ 2,361,803	\$ 582,960	\$ 2,944,763
2017	1,681,317	571,912	2,253,229
2018	1,243,881	227,259	1,471,140
2019	1,019,932	130,966	1,150,898
2020	615,059	-	615,059
2021-2025	860,943	-	860,943
2025 & After	<u>163,351</u>	<u>-</u>	<u>163,351</u>
Total	<u>\$ 7,946,286</u>	<u>\$ 1,513,097</u>	<u>\$ 9,459,383</u>

All lease obligations (both capital and operating) are contingent upon the Board of Supervisors appropriating funds for each year's payments.

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2015, was \$9,334,425 and \$482,539, respectively.

At June 30, 2015, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2016	\$ 562,108
2017	397,470
2018	356,261
2019	273,086
2020	204,460
2021-2025	619,365
2026-2030	325,962
2030-2034	<u>199,614</u>
Total	<u>\$ 2,938,326</u>

The Water and Sewer Revenue Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to thirty years. The cost and accumulated depreciation on leased property at June 30, 2015, was \$4,425,485 and \$1,046,001, respectively.

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At June 30, 2015, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2016	\$ 57,284
2017	36,044
2018	36,857
2019	37,070
2020	14,485
2021-2025	69,708
2026-2030	<u>17,848</u>
Total	<u>\$ 269,296</u>

The School Board is the lessor of real estate under an operating lease agreement for a period of twenty-five years. The cost of the leased property at June 30, 2015, was \$3,040,145.

At June 30, 2015, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2016	\$ 57,984
2017	59,724
2018	61,096
2019	58,749
2020	61,028
2021-2025	353,185
2026-2030	413,716
2030-2052	<u>834,056</u>
Total	<u>\$ 1,899,538</u>

G. Contingent Liabilities

Capital Region Airport Commission

See Note 18, "Joint Ventures" for a discussion of the County's contingent liability relating to the Capital Region Airport Commission.

Environmental Risk

The County is the owner of closed landfills, underground storage tanks, sewage lagoons and other potential sources of toxic substances. Ownership of these properties exposes the County to risk of third party pollution liability. At this time, no claim exists nor is there knowledge of any condition which impairs a third party's property or person.

NOTE 9. DEFINED BENEFIT PENSION PLAN – AGENT MULTIPLE-EMPLOYER

A. Plan Description

The County and School Board Non-Professional Group contribute to an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System ("VRS"). All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local government employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

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VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent (Plan 1 members) and 1.65% (Plan 2 members) of their average final compensation ("AFC") for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

Employees Covered by Benefit Terms

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

	<u>County*</u>	<u>School Board Non-Professional Group</u>
Inactive members or their beneficiaries currently receiving benefits	2,440	96
Inactive members:		
Vested	684	13
Non-vested	1,456	66
Active elsewhere in VRS	<u>1,019</u>	<u>91</u>
Total inactive members	3,159	170
Active members	<u>4,916</u>	<u>37</u>
Total	<u>10,515</u>	<u>303</u>

*includes School Board Construction and Maintenance (C&M) Group – See note 9B for further information

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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 website at <http://www.varetire.org/Pdf/Publications/2013-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

VRS Plan 1 and 2 members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The County has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the County and School Board Non-Professional Group are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board Non-Professional Group's contribution rates for the fiscal year ended 2015 were 15.16 percent and 39.52 percent, respectively, of annual covered employee compensation. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

Net Pension Liability

At June 30, 2015, the County and School Board Non-Professional Group reported a net pension liability of \$212,050,555 and \$2,813,650, respectively. The County's net pension liability was allocated based on respective contribution proportionate shares to the employees in the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course and Central Automotive Maintenance (CAM), which are reported as part of the County's Primary Government, and JRJDC and School Board Construction and Maintenance (School Board C&M), which are reported as part of the County's Component Units.

The net pension liability for the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course, JRJDC, CAM and the School Board C&M employees was \$171,693,587, \$12,079,717, \$302,415, \$2,647,003, \$2,597,826 and \$22,730,057, respectively. The net pension liability was measured as of June 30, 2014. The total pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

C. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total pension liability, total fiduciary net position, net pension liability and annual pension expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

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The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.35% per year for general government employees 3.50% to 4.75% per year for public safety employees
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2020. The mortality tables are adjusted forward and/or back depending on the plan and the group covered.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market.

Long-Term Expected Rate of Return

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

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the VRS for use in the last actuarial experience study for the four-year period ending June 30, 2012 are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	9.00%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.3% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the median return does not change much but the volatility declines significantly. The median return is 7.44%.

D. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

The rates contributed by the employer will be subject to the portion of the VRS Board rates as adopted by the Virginia legislature through the fiscal year ending June 30, 2018. From July 1, 2018 on, it is assumed 100% of the actuarially determined contribution rates will be payable for all the VRS plans. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Governmental Activities			
Balances at June 30, 2014	\$964,087,706	\$729,182,146	\$234,905,560
Changes for the year:			
Service cost	23,796,971	-	23,796,971
Interest	65,367,508	-	65,367,508
Contributions-employer	-	27,496,460	(27,496,460)
Contributions-employee	-	9,281,980	(9,281,980)
Net investment income	-	113,606,404	(113,606,404)
Benefit payments, including refunds of employee contributions	(43,077,241)	(43,077,241)	-
Administrative expense	-	(612,154)	612,154
Other changes	-	5,986	(5,986)
Net changes	46,087,238	106,701,435	(60,614,197)
Balances at June 30, 2015	<u>\$1,010,174,944</u>	<u>\$835,883,581</u>	<u>\$174,291,363</u>
Business-Type Activities			
Balances at June 30, 2014	\$68,748,558	\$51,997,574	\$16,750,984
Changes for the year:			
Service cost	1,715,200	-	1,715,200
Interest	4,711,454	-	4,711,454
Contributions-employer	-	1,981,845	(1,981,845)
Contributions-employee	-	669,012	(669,012)
Net investment income	-	8,188,339	(8,188,339)
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,104,852)	-
Administrative expense	-	(44,121)	44,121
Other changes	-	431	(431)
Net changes	3,321,802	7,690,654	(4,368,852)
Balances at June 30, 2015	<u>\$72,070,360</u>	<u>\$59,688,228</u>	<u>\$12,382,132</u>

Change in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
School Board C&M			
Balances at June 30, 2014	\$129,123,423	\$97,661,752	\$31,461,671
Changes for the year:			
Service cost	3,428,008	-	3,428,008
Interest	9,416,339	-	9,416,339
Contributions-employer	-	3,960,928	(3,960,928)
Contributions-employee	-	1,337,090	(1,337,090)
Net investment income	-	16,365,263	(16,365,263)
Benefit payments, including refunds of employee contributions	(6,205,375)	(6,205,375)	-
Administrative expense	-	(88,182)	88,182
Other changes	-	862	(862)
Net changes	6,638,972	15,370,586	(8,731,614)
Balances at June 30, 2015	<u>\$135,762,395</u>	<u>\$113,032,338</u>	<u>\$22,730,057</u>

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Change in the Net Pension Liability

School Board Non-Professional Group	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2014	\$8,671,261	\$5,309,719	\$3,361,542
Changes for the year:			
Service cost	72,260	-	72,260
Interest	582,852	-	582,852
Contributions-employer	-	372,141	(372,141)
Contributions-employee	-	31,303	(31,303)
Net investment income	-	804,061	(804,061)
Benefit payments, including refunds of employee contributions	(689,613)	(689,613)	-
Administrative expense	-	(4,544)	4,544
Other changes	-	43	(43)
Net changes	(34,501)	513,391	(547,892)
Balances at June 30, 2015	<u>\$8,636,760</u>	<u>\$5,823,110</u>	<u>\$2,813,650</u>

E. Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the County's Governmental Activities, Business-Type Activities and School Board C&M's proportionate share and School Board Non-Professional Group's net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Governmental Activities proportionate share of the net pension liability	\$300,656,599	\$174,291,363	\$64,846,833
Business-Type Activities proportionate share of the net pension liability	\$21,670,240	\$12,382,132	\$4,673,925
School Board C&M proportionate share of the net pension liability	\$43,310,271	\$22,730,057	\$9,341,335
School Board Non-Professional Group	\$3,683,463	\$2,813,650	\$2,080,027

F. Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2015, the County's Governmental Activities, Business-Type Activities and School Board C&M employee allocation, reported a net pension liability of \$174,291,363, \$12,382,132 and \$22,730,057, respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of \$2,813,650. At June 30, 2015, the Governmental Activities, Business-Type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 81.19 percent, 5.85 percent, 1.26 percent and 11.70 percent, respectively.

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For the year ended June 30, 2015, the County's Governmental Activities, Business-Type Activities and Schools C&M recognized pension expense of \$17,496,183, \$1,261,062 and \$2,520,365, respectively. The School Board Non-Professional Group recognized pension expense of \$178,292. At June 30, 2015, the County and School Board reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Primary Government</u>		
Governmental Activities		
Net change in pension proportionate share allocation	\$ -	\$ 1,594,887
Net difference between projected and actual earnings on pension plan investments	-	50,613,920
Employer contributions after the measurement date	28,290,290	-
Total	<u>\$ 28,290,290</u>	<u>\$ 52,208,807</u>
Business-Type Activities		
Net change in pension proportionate share allocation	\$ 20,164	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,648,069
Employer contributions after the measurement date	1,993,961	-
Total	<u>\$ 2,014,125</u>	<u>\$ 3,648,069</u>
<u>Component Unit</u>		
Schools C&M		
Net change in pension proportionate share allocation	\$ 1,553,012	\$ -
Net difference between projected and actual earnings on pension plan investments	-	7,291,051
Employer contributions after the measurement date	4,071,857	-
Total	<u>\$ 5,624,869</u>	<u>\$ 7,291,051</u>
Schools Non-Professional Group		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 354,043
Employer contributions after the measurement date	268,294	-
Total	<u>\$ 268,294</u>	<u>\$ 354,043</u>

Governmental Activities, Business-Type Activities, Schools C&M and the Schools Non-Professional Group have recognized deferred outflow of resources of \$28,290,290, \$1,993,961, \$4,071,857 and \$268,294, respectively, resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016.

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Governmental Activities have recognized a deferred inflow of resources of \$1,594,887 resulting from a net change in the pension proportionate share allocation. Business-Type Activities and Schools C&M have recognized a deferred outflow of resources of \$20,164 and \$1,553,012, respectively, resulting from a net change in the pension proportionate share allocation.

Governmental Activities, Business-Type Activities, Schools C&M and Schools Non-Professional Group have recognized a deferred inflow of resources of \$50,613,920, \$3,648,069, \$7,291,051 and \$354,043, respectively, resulting from the net difference between projected and actual earnings on pension plan investments.

The net change in the proportionate share allocation and difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

Year Ended June 30:	Governmental Activities	Business-Type Activities	Schools C&M	Schools Non- Professional Group
2016	\$ (13,185,109)	\$ (905,295)	\$ (1,305,092)	(88,511)
2017	(13,185,109)	(905,295)	(1,305,092)	(88,511)
2018	(13,185,109)	(905,295)	(1,305,092)	(88,511)
2019	(12,653,480)	(912,020)	(1,822,763)	(88,510)
	<u>\$ (52,208,807)</u>	<u>\$ (3,627,905)</u>	<u>\$ (5,738,039)</u>	<u>(354,043)</u>

NOTE 10. DEFINED BENEFIT PENSION PLAN – COST-SHARING MULTIPLE-EMPLOYER

A. Plan Description

The School Board Teachers contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the “VRS”), known as the Teacher Retirement Plan. All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local school employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member’s age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent (Plan 1 members) and 1.65% (Plan 2 members) of their average final compensation (“AFC”) for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. 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.

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The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

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 website at <http://www.varetire.org/Pdf/2013-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

VRS Plan 1 and VRS Plan 2 members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The School Board Teachers Plan has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the School Board Teachers are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia (1950) and approved by the VRS Board of Trustees. Each participating member entity's contractually required contribution rate for the fiscal year ended 2015 was 14.50 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Teacher Retirement Plan (School Board Teachers) was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Title 51.1 of the *Code of Virginia* (1950), as amended, the total plan contributions were funded at 79.69 percent of the actuarial rate for the year ended June 30, 2015. The School Board Teacher's contributions to VRS for the years ending 2015, 2014, and 2013 were \$35,367,272, \$45,770,536, and \$40,074,413, respectively, and are equal to the required contributions for each year.

C. Net Pension Liabilities and Pension Expense

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense and the fiduciary net position of the Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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At June 30, 2015, the School Board and JRJDC reported a net pension liability of \$424,138,707 and \$2,647,003, respectively. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 and rolled forward to the measurement date of June 30, 2014. The School Board's proportion of the net pension liability and pension expense related to the Teacher Retirement Plan was based on a projection of the School Board's long-term share of contributions to the Teacher Retirement Plan relative to the projected contributions of all participating employers. JRJDC's proportion of the net pension liability and pension expense related to the County's retirement plan was based on a projection of JRJDC's long-term share of contributions to the County's retirement plan relative to the projected contributions in the future.

The School Board net pension liability of \$424,138,707 is made up of three groups of employees. The Teacher's net pension liability of \$398,595,000, the School Board Non-Professional Group net pension liability of \$2,813,650 and the School C&M net pension liability of \$22,730,057. The School C&M proportion of the net pension liability and expense was based on the School C&M employer contributions as a percentage of the total employer contributions of \$33,866,609 as of the measurement date of June 30, 2014. For the year ended June 30, 2015, the School Board C&M proportion share allocation was 11.70 percent. For the year ended June 30, 2015, the Teacher Retirement Plan, School Board Non-Professional Group and Schools C&M Group reported pension expense of \$30,218,000, \$178,292 and \$2,520,365, respectively. The School Board's participation in the VRS cost-sharing plan which was 3.3% as of June 30, 2014 and 3.35% as of June 30, 2013.

As of June 30, 2015, the School Board's net pension liability is as follows:

<u>Teachers</u>	
Total pension liability	\$1,368,678,754
Fiduciary net position	<u>970,083,754</u>
Net pension liability	<u>\$ 398,595,000</u>
<u>Schools Non-Professional Group</u>	
Total pension liability	\$ 8,636,760
Fiduciary net position	<u>5,823,110</u>
Net pension liability	<u>\$ 2,813,650</u>
<u>Schools C&M</u>	
Total pension liability	\$ 135,762,394
Fiduciary net position	<u>113,032,337</u>
Net pension liability	<u>\$ 22,730,057</u>
<u>Total Schools</u>	
Total pension liability	\$1,513,077,908
Fiduciary net position	<u>1,088,939,201</u>
Net pension liability	<u>\$ 424,138,707</u>
Plan fiduciary net position as a percentage of the total pension liability	72%

JRJDC's proportion of the net pension liability and expense was based on JRJDC's employer contributions as a percentage of the total employer contributions of \$33,866,609 as of the measurement date of June 30, 2014. At June 30, 2015, JRJDC's proportion share was 1.26 percent. For the year ended June 30, 2015, JRJDC reported pension expense of \$271,942.

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D. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total pension liability, total fiduciary net position, net pension liability and annual pension expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year for school employees
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately .06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purpose of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension liabilities.

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2020. The mortality tables are adjusted forward and/or back depending on the plan and the group covered. For pre-retirement, males are set back 3 years and females were set back 5 years. For post-retirement, males are set back 2 years and females are set back 3 years. For post-disablement, males are set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an updated mortality table, adjustments to the rates of service retirement, decrease in rates of withdrawals for 3 through 9 years of service, a decrease in rates of disability and a reduction of salary rates by 0.25 percent per year.

Long-Term Expected Rate of Return

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

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for the four-year period ending June 30, 2012 are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	9.00%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
	Inflation		2.50%
	* Expected arithmetic nominal return		8.33%

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.3% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the median return does not change much but the volatility declines significantly. The median return is 7.44%.

E. Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. The rates contributed by the employer will be subject to the portion of the VRS Board rates as adopted by the Virginia legislature through the fiscal year ending June 30, 2018. From July 1, 2018 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the County's Component Unit proportionate share of the net pension liability to changes in the discount rate.

The following presents the School Board and JRJDC's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

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	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
<u>School Board</u>			
Teacher's proportionate share of the net pension liability	\$ 585,298,000	\$ 398,595,000	\$ 244,879,000
School Board Non-Professional Group net pension liability	3,683,463	2,813,650	2,080,027
School Board C&M's proportionate share of the net pension liability	<u>43,310,271</u>	<u>22,730,057</u>	<u>9,341,335</u>
Total all Schools	<u><u>\$ 632,291,734</u></u>	<u><u>\$ 424,138,707</u></u>	<u><u>\$ 256,300,362</u></u>
<u>James River Juvenile Detention Center</u>			
James River Juvenile Detention Center proportionate share of the net pension liability	\$4,673,089	\$2,647,003	\$1,007,911

G. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board and JRJDC have recognized deferred outflows of resources of \$39,707,423 and \$431,915, respectively, resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. The School Board and JRJDC have recognized deferred inflows of resources of \$72,739,094 and \$786,689, respectively, resulting from the net difference between projected and actual earnings on pension plan investments. The School Board and JRJDC have recognized deferred outflows of resources of \$1,553,012 and \$21,710, respectively, resulting from a change in the proportionate share allocation of the beginning net pension liability.

As of June 30, 2015, the School Board's deferred outflow and inflow of resources is as follows:

<u>Deferred Outflows of Resources</u>	
Teachers – employer contributions	\$ 35,367,272
Schools Non-Professional Group – employer contributions	268,294
Schools C&M – employer contributions	4,071,857
Schools C&M – proportionate share	<u>1,553,012</u>
Total Deferred Outflows of Resources	<u><u>\$ 41,260,435</u></u>
<u>Deferred Inflows of Resources</u>	
Teachers – difference in earnings	\$ 59,156,000
Teachers – proportionate share	5,938,000
Schools Non-Professional Group – difference in earnings	354,043
Schools C&M – difference in earnings	<u>7,291,051</u>
Total Deferred Inflows of Resources	<u><u>\$ 72,739,094</u></u>

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These deferred outflows and deferred inflows resulting from the net difference between projected and actual earnings and changes in the proportionate share allocation will be recognized in pension expense as follows:

School Board

Year Ended June 30:	Teachers	School Board Non-Professional Group	School Board C&M	Total
2016	\$ (16,100,000)	\$ (88,511)	\$ (1,305,092)	\$ (17,493,603)
2017	(16,100,000)	(88,511)	(1,305,092)	(17,493,603)
2018	(16,100,000)	(88,511)	(1,305,092)	(17,493,603)
2019	(16,100,000)	(88,510)	(1,822,763)	(18,011,273)
Thereafter	(694,000)	-	-	(694,000)
	<u>\$ (65,094,000)</u>	<u>\$ (354,043)</u>	<u>\$ (5,738,039)</u>	<u>\$ (71,186,082)</u>

James River Juvenile Detention Center

Year Ended June 30:	
2016	\$ (189,436)
2017	(189,436)
2018	(189,436)
2019	(196,671)
	<u>\$ (764,979)</u>

H. **Employer Contributions**

The County's Component Unit proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions.

The following table presents a reconciliation of the employer contributions in the VRS Teacher Retirement Plan's Statement of Changes in Fiduciary Net Position (per the System's separately issued financial statements) to the employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations.

Employer Contributions Reported in the VRS Teacher Retirement Plan's Statement of Changes in Net Position for fiscal year ended June 30, 2015	\$28,156,000
Less: Employer Contributions Not Representative of Future Contribution Effort	<u>(30,983)</u>
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts at June 30, 2015	<u>\$28,125,017</u>

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NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Notes 9 and 10, the County provides other postemployment health care benefits for retired employees through a single-employer defined benefit plan ("Plan"). The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

The County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League ("VML") at P.O. Box 12164, Richmond, Virginia 23241.

The County also participates in a self-funded line of duty medical, dental and death benefits for police and firefighters and their spouses who are injured or killed in the line of duty.

Plan Provisions

Healthcare Benefits

The County provides health and dental care benefits during retirement for retirees and their dependents. Employees who wish to have County sponsored health and dental care coverage must enroll within 31 days of the date their employment coverage ends. Employees retiring with an immediate VRS monthly retirement payment may elect to be covered under the County sponsored medical and dental plan at the time they retire.

Eligible retirees under the age of 65 and their dependents, can remain in the County's health and dental plans. Medicare eligible retirees at age 65, move to a Medicare carve-out plan which is coordinated with Medicare. Upon the death of the retiree, surviving spouses may elect to remain in the County's plan.

Current Henrico County retirees who qualify for health benefits receive an implicit rate subsidy by participating in the active employee health care risk pool. The County also provides a retiree health care supplement for retirees who meet the following eligibility conditions:

1. Retirees who are not eligible for the VRS health care credit.
2. Retirees must have a minimum of 20 full years of VRS service, 10 of which must be with the County.
3. The supplement will be paid only to eligible retirees who choose to remain in the County's group plan.
4. Employees retiring on a VRS disability will receive the monthly supplement for the greater of 30 years or their actual years of VRS service.

Effective January 1, 2006, the monthly supplement is \$3.00 for each full year of service. The plan is not capped; therefore, all VRS service will be recognized for the supplement.

Line of Duty Benefits

The County provides death and disability benefits for public safety officers or their beneficiaries due to death or disability resulting from the performance of duties. The County provides a one-time death benefit to a beneficiary in the amount of \$100,000 for death due to unnatural causes and \$25,000 for death due to specified work related illnesses. The County provides health insurance coverage for a permanently disabled officer, spouse and dependent children.

Membership

At June 30, 2015, membership for the postemployment healthcare benefits consisted of:

Retirees and beneficiaries	1,747
Active employees	<u>10,685</u>
Total participants	<u><u>12,432</u></u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

At June 30, 2015, membership for the postemployment line of duty benefits consisted of:

Active employees	1,659
Disabled and surviving spouses	<u>43</u>
Total participants	<u><u>1,702</u></u>

Funding Policy

The County currently plans to contribute amounts to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined contribution amount in accordance with the parameters of GAAP. The County also plans to continue to pay as you go amounts for the line of duty benefits program.

Annual OPEB Cost and Net OPEB (Asset) Obligation

In accordance with GAAP, an actuarial study was prepared calculating the postemployment healthcare cost and the line of duty medical, dental and death benefits as of June 30, 2015. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at \$46,414,314 and an ARC of \$9,761,726 for the postemployment healthcare cost and a UAAL at \$29,226,000 and an ARC of \$1,003,754 for the line of duty medical, dental and death benefits. The actuarial valuations were determined using the Projected Unit Credit Actuarial Cost Method. The calculation was based on a 7.0 percent and 4.0 percent discount rate for the postemployment healthcare cost and line of duty benefits, respectively. The amortization of the UAAL is over 30 years for both plans. This represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and the amortization of the UAAL over 30 years. The actuarial evaluation was calculated using a level percentage of projected payroll amortization method and an open amortization period. An inflation rate assumption was not applicable to the actuarial evaluation. The ARC of \$9,761,726 for postemployment healthcare benefits is 1.84 percent of annual covered payroll and the ARC of \$1,003,754 for postemployment line of duty benefits is .02 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the postemployment healthcare benefits for the year ended June 30, 2015.

NET HEALTHCARE OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	\$ 9,761,726
Interest on Net OPEB Asset	(165,613)
Adjustment to the ARC	<u>142,070</u>
Annual OPEB Cost	9,738,183
Contributions made	<u>(9,738,183)</u>
Change in Net OPEB Asset	-
Net OPEB Asset beginning of year	<u>(2,365,897)</u>
Net OPEB Asset end of year	<u><u>\$ (2,365,897)</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the postemployment healthcare benefits for the fiscal year ended June 30, 2015 is as follows:

TREND INFORMATION FOR COUNTY

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB CONTRIBUTED</u>	<u>NET OPEB ASSET</u>
June 30, 2013	\$9,904,121	77.61%	\$ (2,365,897)
June 30, 2014	\$9,377,348	100.00%	\$ (2,365,897)
June 30, 2015	\$9,738,183	100.00%	\$ (2,365,897)

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Net Healthcare OPEB Asset of \$2,365,897 is included in other assets on the Statement of Net Position. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2015 were:	
Healthcare OPEB asset (detail above)	\$ 2,365,897
Net Healthcare OPEB asset adjustment	<u>\$ 2,365,897</u>

The following table presents the Line of Duty OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the postemployment line of duty benefits for the year ended June 30, 2015.

NET LINE OF DUTY OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	\$ 2,973,700
Interest on Net OPEB Obligation	263,312
Adjustment to the ARC	<u>(256,532)</u>
Annual OPEB Cost	2,980,480
Contributions made	<u>(1,003,754)</u>
Change in Net OPEB Obligation	1,976,726
Net OPEB Obligation beginning of year	<u>6,582,801</u>
Net OPEB Obligation end of year	<u>\$ 8,559,527</u>

The County's net Line of Duty OPEB obligation of \$8,559,527 is shown as a component of long-term liabilities (see Note 7). The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the postemployment line of duty benefits for the fiscal year ended June 30, 2015 is as follows:

TREND INFORMATION FOR COUNTY*

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB CONTRIBUTED</u>	<u>NET OPEB OBLIGATION</u>
June 30, 2014	\$2,830,046	33.14%	\$ 6,582,801
June 30, 2015	\$2,980,480	33.68%	\$ 8,559,527

*actuarial valuation was done as of June 30, 2015, thus only June 30, 2014 and June 30, 2015 are available for presentation purposes in this trend schedule.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

Funded Status and Funding Progress

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality, and health care cost trends. The amounts determined from the actuarial study regarding the funded status of the Plan and annual required contributions of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

HEALTHCARE BENEFITS
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Ratio Funded Obligation</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2013	\$32,336,432	\$93,927,209	\$61,590,777	34.43%	\$466,788,116	13.19%
June 30, 2014	\$38,959,417	\$94,600,473	\$55,641,056	41.18%	\$524,795,561	10.60%
June 30, 2015	\$42,288,920	\$88,703,234	\$46,414,314	47.68%	\$530,043,517	8.76%

LINE OF DUTY BENEFITS
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Ratio Funded Obligation</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2014	\$0	\$25,278,335	\$25,278,335	0%	\$524,795,561	4.82%
June 30, 2015	\$0	\$25,921,724	\$25,921,724	0%	\$530,043,517	4.89%

Actuarial Methods and Assumptions

The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the June 30, 2015 actuarial valuation for postemployment healthcare benefits, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent discount rate of return and an annual healthcare cost trend rate of 8.00 percent trending down over the next five years to a rate of 5.00 percent for future years. The remaining amortization period at June 30, 2014 for the UAAL was 25 years.

In the June 30, 2015 actuarial valuation for postemployment line of duty benefits, the Projected Unit Credit Actuarial Cost Method was used with attribution to the event that caused the death or disability. The actuarial assumptions included a 4.00 percent discount rate of return and is based on a closed group. No provision is made for future hires. The remaining amortization period at June 30, 2014 for the UAAL was 30 years.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12. DEFINED COMPENSATION PLAN

The School Board participates in an Early Retirement Program (the "Program") for eligible employees. All full time employees of the School Board are eligible to participate in the Program at age 50 up to their full Social Security retirement age. Retirees must have at least 10 years of employment with Henrico County Public Schools and at least 16 years of coverage under the Virginia Retirement System or 25 years of total teaching experience. Eligible retirees can be involuntarily taken out of the Program for disability or performance issues. The Program can be terminated for lack of funds.

Eligible retirees receive 24 percent of their final compensation annually for a period not to exceed 7 years or until they reach full, unreduced Social Security retirement age, whichever occurs first. Retirees' final compensation includes regular pay, including supplements but does not include overtime. Retirement compensation is adjusted pro-rata for the cost of living increases or decreases that are approved by the School Board. As a condition of the Program, participants are required to work 20 days per year. The total maximum days worked is limited to 140 days over a 7-year period. During the fiscal year ended June 30, 2015, an expenditure of \$4,350,838 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

NOTE 13. INTERFUND AND COMPONENT UNIT OBLIGATIONS

The General Fund has an advance due from Belmont Park Golf Course for \$112,500 for a loan. The General Fund also has a receivable due from Belmont Park Golf Course for \$73,463 for a loan. The Water and Sewer Fund has a receivable due from the Capital Projects Fund for a loan. The Health Care Fund has a receivable due from each of the funds listed below for health care contributions due as of June 30, 2015.

Receivables and payables balances at June 30, 2015 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,143,296	\$ 1,034,974
Special Revenue Fund	-	210,419
Water and Sewer Fund	3,847,595	97,783
Capital Projects Fund	-	3,847,595
Belmont Park Golf Course	-	1,145,482
Central Automotive Maintenance	-	22,611
Health Care Fund	1,367,973	-
	<u>\$ 6,358,864</u>	<u>\$ 6,358,864</u>

The General Fund has a receivable due from JRJDC for operating expenses paid by the General Fund. The Capital Projects Fund has a payable to Schools for a loan.

Component unit receivables and payables balances at June 30, 2015 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund – School Board	\$ -	\$ 205,688
Special Revenue Fund – School Board	-	10,861
JRJDC	-	19,264
Health Care Fund	235,813	-
	<u>\$ 235,813</u>	<u>\$ 235,813</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14. FUND TRANSFERS

Transfers within the County are made between the General Fund, Special Revenue Fund, Debt Service Fund and the Capital Projects Fund. The transfers are made primarily for the payment of debt and interest, construction in progress and to support educational and special revenue activities.

Inter-fund transfers for the year ended June 30, 2015 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds:		
General Fund	\$ 104,621,239	\$ -
Special Revenue Fund	2,500,000	22,759,359
Debt Service Fund	-	57,676,779
Capital Projects Fund	-	26,685,101
	<u>\$ 107,121,239</u>	<u>\$107,121,239</u>

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2015, the County contributed \$3,120,325 to the Economic Development Authority, to foster economic development within the County, and the County received \$281,170 from the Capital Region Airport Commission for water and sewer services.

NOTE 16. UNEARNED REVENUES

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling \$36,844,813 is comprised of the following:

A. Advance Grant Funding

This represents a liability incurred by the County for monies accepted from a grantor using an advancement method for payments. The liability is reduced and revenue is recorded when expenditures are made in accordance with the grantor's requirements. Advanced grant funding at June 30, 2015 totaled \$5,128,841 and \$10,010,100 in the Special Revenue Funds for the County and the School Board respectively.

B. Unearned Tax Revenue

Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$5,247,904 at June 30, 2014.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2015, but paid in advance by the taxpayers, totaled \$15,067,754 at June 30, 2015.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2014. The County recorded \$1,286,500 in the General Fund for monies received in advance of expenditures being made as of June 30, 2015. Unearned grant revenues for the Schools Special Revenue Fund totaled \$103,714 for USDA donated food inventory on hand at June 30, 2015.

Also, the Water and Sewer Revenue Fund recorded unearned revenue in the amount of \$17,898,073, which consists of an advance payment from a customer of \$7,849,248 for water capacity and amounts held for contractors of \$10,048,825.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2015:

Constitutional Officers - Self-Insurance Plan, Commonwealth of Virginia

Yvonne Smith – Clerk of the Circuit Court and Employees of the Clerk of the Circuit Court	\$ 1,120,000
Eugene H. Walter – Director of Finance and Employees of the Director of Finance	\$ 1,000,000
Michael L. Wade – Sheriff and Employees of the Sheriff's Office	\$ 30,000

Travelers Casualty and Surety Company of America

All County positions	\$ 1,000,000
All School positions	\$ 1,000,000

Fidelity and Deposit Company of Maryland

John Vithoukas – County Manager	\$ 100,000
John H. Neal – Director of Department of General Services	\$ 100,000
Joseph P. Casey – Deputy County Manager	\$ 100,000
Randall R. Silber – Deputy County Manager	\$ 100,000
Jane D. Crawley – Deputy County Manager	\$ 100,000
Timothy A. Foster – Deputy County Manager	\$ 100,000
Cynthia Steinhauer – Director of Department of Social Services	\$ 100,000
Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Deborah N. Ward – School Board Deputy Clerk	\$ 10,000
Debra Sue M. Largen – School Board Clerk	\$ 10,000
Patrick C. Kinlaw – School Superintendent and Deputy Agent	\$ 10,000
Terry Stone – School Board Agent	\$ 10,000

NOTE 18. JOINT VENTURES

A. The Capital Region Airport Commission

The Capital Region Airport Commission (the "Commission") was created in 1975 pursuant to Virginia statute. On January 1, 1976, the County and the City of Richmond entered into an intergovernmental joint venture for the operation of the Richmond International Airport (the "Airport") by the Commission. As part of the venture, the City of Richmond conveyed the Airport property to the Commission and the Commission in turn agreed to reimbursement of the outstanding debt of the City relating to the property. The County also made a contribution to the Commission for a 40 percent interest in the venture. The Counties of Chesterfield and Hanover became Commission participants in fiscal year 1984 and fiscal year 1986, respectively.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, the County of Henrico and the County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia statute requires that the Commission annually submit a budget showing estimated revenues and expenditures to the governing bodies of the City of Richmond and the three counties for their approval. After approval of the proposed budget by the governing bodies, if the Commission's budget contains estimated expenditures which exceed estimated revenues, then the governing bodies are required to fund the deficit in proportion to their financial interests in the Commission. If, however, actual revenues are less than estimated revenues (resulting in a deficit), the City of Richmond and the three counties may, at their discretion, appropriate funds necessary to fund the deficit. The County has agreed to fund its portion of the deficit, if any.

The percentage shares of the jurisdictions involved include the following:

City of Richmond	29.27%
County of Henrico	31.44%
County of Chesterfield	30.17%
County of Hanover	9.12%
	<u>100.00%</u>

This financial interest is determined by applying the percentage of the total approximate population of each jurisdiction to the combined total population of all jurisdictions. The above percentages are based on the final 1990 census figures provided by the Richmond Regional Planning District Commission.

Complete financial statements for the Capital Region Airport Commission can be obtained from its administrative office at South Airport Drive, Richmond, Virginia 23231.

B. The Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority ("Convention Authority"), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2 of the Code of Virginia (1950). The political subdivisions participating in the incorporation of the Convention Authority are the City of Richmond and the Counties of Henrico, Chesterfield and Hanover. 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.

The Convention Authority was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Richmond Centre. The primary purpose of the Convention Authority is to issue revenue bonds to finance the expansion of the Richmond Centre facility and to construct access, streetscape, or other on-site/off-site improvements. Once the expansion is complete, the Convention Authority will have responsibility for the operation and maintenance of the convention center.

The Convention Authority has issued \$158,415,000 in Hotel Tax Revenue Bonds, which are secured by an 8 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of \$12,051,198 for transient occupancy tax to the Convention Authority during the year ended June 30, 2015.

Complete financial statements for the Convention Authority can be obtained from the Chesterfield County Accounting Department, P.O. Box 40, Chesterfield, VA 23832.

NOTE 19. LANDFILL CLOSURE AND POSTCLOSURE CARE LIABILITY

State and Federal laws and regulations require the County to place a final cover on each phase of its Springfield Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the Springfield and Charles City Road Landfill site for thirty years after closure. In accordance with GAAP, \$10,238,296 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2015. The balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase and Phase I, 98.9 percent of Phase II's estimated capacity, and 98.0 percent of Phase III's and 98.0 percent of Phase IV's estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$124,636 of Phase II and Phase III as the remaining capacity is filled. These amounts are based on what

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

it would cost to perform all closure and post-closure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County plans to meet all Federal laws, regulations, and tests of financial assurance related to the financing of closure and post-closure care. The County closed the landfill to commercial waste and opened the transfer station in July 2014. The County estimates November 2015 as the end of the refuse disposal in the landfill. Closure is expected to be completed in fiscal year 2016.

NOTE 20. SPECIAL ASSESSMENT

On March 14, 2006, the Board of Supervisors, by resolution, created the Reynolds Crossing Community Development Authority (RCC Authority). The creation of the RCC Authority was the result of a petition by the landowners of the Reynolds Crossing Community Development District (RCC District). The RCC District consists of approximately 71 acres, of which approximately 51 acres can be developed. The District is located in the western portion of the County. The District will include retail, office and hotel development, a four-lane road connector, wetland areas and a storm-water pond.

On October 10, 2006, the Board of Supervisors adopted an ordinance authorizing the levy of the Special Assessments on the properties within the RCC District. On January 7, 2007, the Authority authorized the issuance of the Reynolds Crossing Community Development Authority, \$14,594,000, Special Assessment Revenue bonds, Series 2007 (2007 Bonds). On June 19, 2007, the 2007 bonds were issued in accordance with provisions of the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5100 of the Code of Virginia, 1950, as amended. The 2007 bonds will finance (a) the cost of certain infrastructure improvements to benefit the RCC District (b) the payment of capitalized interest (c) fund the Debt Service Reserve fund and (d) pay certain costs of issuance. Neither the faith nor credit of the Commonwealth, or the RCC Authority, or any political subdivision thereof, including the County, is pledged to the payment of the principal or interest on the 2007 bonds.

By memorandum of understanding between the County and the RCC District, dated November 1, 2006, the County will collect and pay to the District the Special Assessments levied on the District. The Special Assessments for 2015 and 2014 were \$0 and \$1,001,415, respectively. As of June 30, 2015, a principal payment of \$500,708 for the 2014 second half special assessments was paid to the RCC District on November 7, 2014. On March 2, 2015, the remaining \$4,985,000 in outstanding bonds were redeemed and \$286,620 of interest was paid from the Debt Service Reserve Fund.

On December 12, 2006, the Board of Supervisors, by resolution created The Shops at White Oak Village Community Development Authority (SWOV Authority). The creation of the SWOV Authority was the result of a petition filed October 19, 2006 with the Board of Supervisors by the landowners within The Shops at White Oak Village Community Development Authority District (SWOV District). The SWOV District is located within a 136 acre commercial and retail development known as "The Shops at White Oak Village." The SWOV District consists of approximately 87 acres of land within the County. The SWOV District consists of an open-air regional retail center and outparcel development, with four major anchor stores.

On October 17, 2007, the SWOV Authority issued \$23,870,000 Special Assessment Revenue Bonds, Series 2007 (Bonds) which were used to finance the cost of infrastructure improvements within the SWOV District. Neither the faith nor the credit of the Commonwealth, or the SWOV Authority, or any political subdivision thereof, including the County, is pledged to the payment of principal or interest on the Bonds.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

At June 30, 2015, the total Bonds outstanding were \$7,195,000 and interest of \$1,14,064 was paid out of the Debt Service Reserve Fund. A principal payment of \$3,328,000 was paid on March 1, 2015. By memorandum of understanding, between the County and the SWOV District, dated September 1, 2007, the County will collect and pay to the SWOV District the Special Assessments levied on the SWOV District. The Special Assessments for 2015 and 2014 were \$3,844,000 and \$3,819,000, respectively. As of June 30, 2015, the County has collected \$1,922,000 for the 2015 first half special assessment and \$1,909,500 for the 2014 second half special assessments. These special assessment collections were paid to the SWOV District on August 14, 2015 and February 13, 2015, respectively.

NOTE 21. JOINTLY GOVERNED ORGANIZATIONS

A. Central Virginia Waste Management Authority

1. The Central Virginia Waste Management Authority (the “CVWM Authority”) was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM 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 and Richmond, and the Town of Ashland. The 20-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 CVWM Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County’s contribution and direct payments for special projects for the year ended June 30, 2015 were \$2,540,478.

B. 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 Board of Directors and the County contributed \$370,000 for the year ended June 30, 2015.

C. Richmond Metropolitan Convention and Visitors Bureau

The Richmond Metropolitan Convention and Visitors Bureau (“RMCVB”) serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico 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 County has six representatives serving on RMCVB’s Board of Directors and contributed \$2,210,872 to RMCVB for the year ended June 30, 2015.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

D. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (“RRPDC”) is comprised of 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 functions 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 six representatives serving on the RRPDC and paid total dues of \$205,444 for the year ended June 30, 2015.

**Required Supplemental Information Other Than
Management's Discussion and Analysis**

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 11
Page 1 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 278,385,000	\$ 278,385,000	\$ 286,364,982	\$ 7,979,982
Current personal property taxes	73,813,217	73,813,217	71,642,788	(2,170,429)
Delinquent real property taxes	4,000,000	4,000,000	5,431,435	1,431,435
Delinquent personal property taxes	1,200,000	1,200,000	10,170,807	8,970,807
Interest	275,000	275,000	566,453	291,453
Land redemption	-	-	12,272	12,272
Total general property taxes	357,673,217	357,673,217	374,188,737	16,515,520
Other local taxes:				
County recordation taxes	3,400,000	3,400,000	3,820,057	420,057
Local sales and use taxes	57,000,000	57,000,000	58,094,788	1,094,788
Consumer utility taxes	2,600,000	2,600,000	2,700,716	100,716
Business and professional license taxes	30,000,000	30,000,000	32,086,401	2,086,401
Motor vehicle license taxes	6,325,000	6,325,000	6,573,762	248,762
Meals Tax	18,000,000	18,000,000	26,783,247	8,783,247
Hotel and motel taxes	10,400,000	12,400,000	12,193,553	(206,447)
Bank franchise taxes	5,000,000	5,000,000	11,481,542	6,481,542
Grantor's taxes	900,000	900,000	1,019,169	119,169
Daily rental tax	110,000	110,000	71,634	(38,366)
Consumption tax	1,100,000	1,100,000	1,125,658	25,658
Total other local taxes	134,835,000	136,835,000	155,950,527	19,115,527
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	145,000	145,000	125,261	(19,739)
Transfer fees	7,000	7,000	7,144	144
Zoning application fees	150,000	150,000	185,732	35,732
Structure and equipment permits	2,650,000	2,650,000	4,459,982	1,809,982
Septic tank permits	5,000	5,000	1,530	(3,470)
Taxi cab certificates	12,000	12,000	18,490	6,490
Permits to purchase precious metal	5,000	5,000	9,200	4,200
Dog licenses	200,000	200,000	143,405	(56,595)
Other	639,100	639,100	1,101,140	462,040
Total permits, privilege fees and regulatory licenses	3,813,100	3,813,100	6,051,884	2,238,784
Fines and forfeitures:				
False alarm penalties	65,000	65,000	71,745	6,745
Traffic violations	2,500,000	2,500,000	2,426,185	(73,815)
Parking violations	25,000	25,000	24,580	(420)
Total fines and forfeitures	2,590,000	2,590,000	2,522,510	(67,490)
Revenue from use of money and property:				
Sale of equipment and publications	97,400	97,400	397,720	300,320
Rented county property	624,000	624,000	781,578	157,578
Use of money	7,144,000	7,144,000	1,757,934	(5,386,066)
Total revenue from use of money and property	7,865,400	7,865,400	2,937,232	(4,928,168)
Charges for services:				
Public works	170,000	170,000	188,395	18,395
Library	365,000	365,000	472,929	107,929
Sheriff fees	1,176,000	1,176,000	1,441,723	265,723
Commonwealth's Attorney fees	25,000	25,000	27,990	2,990
Public safety	15,000	15,000	24,928	9,928
Finance charges	290,000	290,000	247,175	(42,825)
Recreation	632,450	632,450	751,771	119,321
Information technology	750,000	750,000	756,500	6,500
Total charges for services	3,423,450	3,423,450	3,911,411	487,961

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 11
Page 2 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	\$ 4,202,500	\$ 4,232,454	\$ 7,001,475	\$ 2,769,021
Total miscellaneous	4,202,500	4,232,454	7,001,475	2,769,021
Recovered costs:				
Finance	2,292,870	2,292,870	2,279,882	(12,988)
General services	799,403	799,403	1,734,912	935,509
Public health	35,000	35,000	-	(35,000)
Public works	450,000	450,000	297,291	(152,709)
Sheriff	1,100,000	1,100,000	875,770	(224,230)
Public safety	5,000	5,000	-	(5,000)
Total recovered costs	4,682,273	4,682,273	5,187,855	505,582
Total revenue from local sources	519,084,940	521,114,894	557,751,631	36,636,737
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	131,000	131,000	159,668	28,668
Recovery of central costs	475,000	475,000	588,171	113,171
Mobile home sales and use tax	12,500	12,500	4,560	(7,940)
Motor vehicle rental tax	2,600,000	2,600,000	3,478,848	878,848
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	14,000,000	14,000,000	13,111,116	(888,884)
Overweight truck citations	-	-	18,831	18,831
Total non-categorical aid	54,220,283	54,220,283	54,362,977	142,694
Shared expenses:				
Sheriff	10,791,000	10,855,824	11,026,562	170,738
Commonwealth's Attorney	1,877,000	1,877,000	2,041,649	164,649
Election commission	84,400	84,400	71,993	(12,407)
Finance	684,000	684,000	745,201	61,201
Circuit court	2,800,000	2,956,104	3,028,287	72,183
Total shared expenses	16,236,400	16,457,328	16,913,692	456,364
Categorical aid:				
Library	183,000	183,000	188,197	5,197
Public safety	12,258,000	12,506,841	12,089,550	(417,291)
Public works	43,100,000	43,100,000	44,667,326	1,567,326
Juvenile and domestic relations	555,475	555,475	540,358	(15,117)
Total categorical aid	56,096,475	56,345,316	57,485,431	1,140,115
Total revenue from the Commonwealth	126,553,158	127,022,927	128,762,100	1,739,173
Revenue from the Federal government:				
Public safety	30,000	30,000	18,789	(11,211)
Total revenue from the Federal government	30,000	30,000	18,789	(11,211)
Total intergovernmental	126,583,158	127,052,927	128,780,889	1,727,962
Total General Fund	\$ 645,668,098	\$ 648,167,821	\$ 686,532,520	\$ 38,364,699

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 11
Page 3 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ -	\$ 4,820,415	\$ 1,085,830	\$ (3,734,585)
Current personal property taxes	-	-	409,969	409,969
Total general property taxes	-	4,820,415	1,495,799	(3,324,616)
Other local taxes:				
Local sales and use taxes	-	-	2,318,917	2,318,917
Business and professional license taxes	-	-	554,817	554,817
Total other local taxes	-	-	2,873,734	2,873,734
Revenue from use of money and property	(491,879,832)	250,000	227,734	(22,266)
Charges for services:				
Miscellaneous charges for services	10,527,034	10,885,046	10,666,958	(218,088)
Refuse collection billing	7,560,000	7,560,000	7,934,512	374,512
Landfill weighing fees	-	-	29,246	29,246
Recycle fees	191,975	191,975	166,281	(25,694)
Bulky waste collection fees	1,582,000	1,582,000	2,515,177	933,177
Leaf collection	3,018,511	3,018,511	3,018,511	-
Charges for street lights	83,100	83,100	141,161	58,061
Total charges for services	22,962,620	23,320,632	24,471,846	1,151,214
Miscellaneous revenues	1,137,546	1,162,801	462,152	(700,649)
Recovered costs:				
Recovered costs	(491,707,944)	447,418	532,289	84,871
Recoveries and rebates	114,032	114,032	100,666	(13,366)
Total recovered costs	(491,593,912)	561,450	632,955	71,505
Total revenue from local sources	(959,373,577)	30,115,298	30,164,220	48,922
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	30,000	30,000	41,877	11,877
Social services	9,413,497	9,994,872	9,456,766	(538,106)
Mental health and developmental services	7,735,869	7,901,663	7,956,206	54,543
Virginia department of corrections	1,517,593	1,523,229	1,492,836	(30,393)
Commonwealth's Attorney	220,546	223,270	227,833	4,563
Miscellaneous state grants	1,257,725	2,218,984	2,813,914	594,930
Total revenue from the Commonwealth	20,175,230	21,892,018	21,989,432	97,414
Revenue from the Federal government:				
Workforce investment	5,492,062	5,905,438	5,524,297	(381,141)
Social Services	9,488,758	10,139,298	9,688,158	(451,140)
Community development block grants	-	2,374,828	2,441,125	66,297
Public safety	-	402,331	577,079	174,748
Mental health and developmental services	1,708,569	1,842,164	1,842,164	-
Miscellaneous federal grants	405,367	824,930	1,028,214	203,284
Total revenue from the Federal government	17,094,756	21,488,989	21,101,037	(387,952)
Total intergovernmental	37,269,986	43,381,007	43,090,469	(290,538)
Total Special Revenue Fund	\$ (922,103,591)	\$ 73,496,305	\$ 73,254,689	\$ (241,616)
Grand Total Revenues - Primary Government	\$ (276,435,493)	\$ 721,664,126	\$ 759,787,209	\$ 38,123,083

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 12
Page 1 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 1,004,808	\$ 1,067,610	\$ 1,004,453	\$ 63,157
Total legislative	1,004,808	1,067,610	1,004,453	63,157
General and financial administration:				
County Manager	3,413,828	3,554,724	3,530,757	23,967
County Attorney	2,160,403	2,170,647	2,139,959	30,688
Human resources	13,974,197	17,470,816	17,583,569	(112,753)
Finance	12,957,808	12,908,167	12,454,378	453,789
General services	14,393,003	14,884,088	14,237,607	646,481
Internal audit	411,467	441,465	439,764	1,701
Real property agent	604,962	620,374	614,682	5,692
Information technology	12,703,385	13,247,337	11,970,934	1,276,403
Total general and financial administration	60,619,053	65,297,618	62,971,650	2,325,968
Board of elections:				
Election commission	1,318,369	1,462,400	1,439,028	23,372
Total board of elections	1,318,369	1,462,400	1,439,028	23,372
Total general government administration	62,942,230	67,827,628	65,415,131	2,412,497
Judicial administration:				
Courts:				
Circuit Court	2,975,284	3,487,714	3,096,203	391,511
General District Court	211,244	256,099	249,056	7,043
Juvenile and Domestic Relations Court	2,382,292	2,423,664	2,353,716	69,948
Total Courts	5,568,820	6,167,477	5,698,975	468,502
Commonwealth's Attorney:				
Commonwealth's Attorney	4,475,112	4,498,528	4,440,674	57,854
Total Commonwealth's Attorney	4,475,112	4,498,528	4,440,674	57,854
Total judicial administration	10,043,932	10,666,005	10,139,649	526,356
Public safety:				
Law enforcement:				
Police department	66,025,504	68,145,405	67,905,745	239,660
Total law enforcement	66,025,504	68,145,405	67,905,745	239,660
Fire services:				
Fire department	50,752,052	52,145,636	51,867,254	278,382
Total fire services	50,752,052	52,145,636	51,867,254	278,382
Correction and detention:				
Sheriff	35,400,414	39,073,038	39,073,374	(336)
Juvenile and Domestic Relations District Court	3,295,470	3,295,470	3,295,470	-
Total correction and detention	38,695,884	42,368,508	42,368,844	(336)
Inspections:				
Building	4,052,742	3,961,687	3,759,974	201,713
Total inspections	4,052,742	3,961,687	3,759,974	201,713
Other protection:				
Office of emergency services	371,215	123,226	123,225	1
Animal protection	1,431,610	1,340,806	1,318,887	21,919
Building security	1,429,164	1,440,024	1,298,929	141,095
Total other protection	3,231,989	2,904,056	2,741,041	163,015
Total public safety	162,758,171	169,525,293	168,642,858	882,435

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 12
Page 2 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General administration	\$ 1,112,582	\$ 1,486,991	\$ 1,486,981	\$ 10
Mass transit	6,608,351	7,625,981	7,625,007	974
Design	1,940,958	1,822,823	1,818,708	4,115
Construction and maintenance	32,876,221	33,142,426	32,888,791	253,635
Traffic engineering	3,311,880	3,972,509	3,734,461	238,048
Miscellaneous	1,875,850	1,904,036	1,902,033	2,003
Total maintenance of highways and streets	47,725,842	49,954,767	49,455,981	498,786
Sanitation and waste removal:				
Leaf collection	3,018,511	3,018,511	3,018,511	-
Total sanitation and waste removal	3,018,511	3,018,511	3,018,511	-
Total public works	50,744,353	52,973,278	52,474,492	498,786
Health and social services:				
Health:				
Public health department	1,771,094	1,906,094	1,902,174	3,920
Total health	1,771,094	1,906,094	1,902,174	3,920
Total health and social services	1,771,094	1,906,094	1,902,174	3,920
Parks, recreation and cultural:				
Parks and recreation:				
Department of recreation and parks	16,447,153	17,073,516	16,287,344	786,172
Sandston Community House	14,000	14,000	9,854	4,146
Total parks and recreation	16,461,153	17,087,516	16,297,198	790,318
Library:				
Library public services	15,074,860	14,431,994	14,213,005	218,989
Total library	15,074,860	14,431,994	14,213,005	218,989
Total parks, recreation and cultural	31,536,013	31,519,510	30,510,203	1,009,307
Community development:				
Planning and community development:				
Economic development	16,588,553	18,321,335	18,174,383	146,952
Planning and rezoning	3,862,043	3,645,768	3,479,614	166,154
Total planning and community development	20,450,596	21,967,103	21,653,997	313,106
Cooperative extension program:				
Agriculture	368,285	370,135	368,283	1,852
Total cooperative extension program	368,285	370,135	368,283	1,852
Total community development	20,818,881	22,337,238	22,022,280	314,958
Education:				
School Board	201,819,679	201,819,679	201,819,679	-
Total education	201,819,679	201,819,679	201,819,679	-

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 12
Page 3 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative projects	\$ 16,665,371	\$ 15,484,673	\$ 16,638,773	\$ (1,154,100)
Total miscellaneous	16,665,371	15,484,673	16,638,773	(1,154,100)
Debt service:				
Capital lease principal	351,532	351,532	351,532	-
Capital lease interest	28,321	28,321	28,321	-
Total debt service	379,853	379,853	379,853	-
Total General Fund	\$ 559,479,577	\$ 574,439,250	\$ 569,945,092	\$ 4,494,158
Special Revenue Fund:				
General government administration:				
General and financial administration:				
Workforce investment	\$ 5,725,535	\$ 9,460,403	\$ 5,707,522	\$ 3,752,881
Total general government administration	5,725,535	9,460,403	5,707,522	3,752,881
Judicial administration:				
Commonwealth's Attorney	897,895	1,503,540	985,158	518,382
Total judicial administration	897,895	1,503,540	985,158	518,382
Public safety:				
Law enforcement:				
Traffic accident investigation	1,487,725	4,434,544	3,293,928	1,140,616
Total law enforcement	1,487,725	4,434,544	3,293,928	1,140,616
Fire	-	776,513	639,040	137,473
Correction and detention:				
Community Diversion Program	1,848,453	2,191,660	1,783,091	408,569
Juvenile and Domestic Relations District Court	922,227	936,712	891,248	45,464
Total correction and detention	2,770,680	3,128,372	2,674,339	454,033
Total public safety	4,258,405	8,339,429	6,607,307	1,732,122
Public works:				
General administration	897,000	1,179,892	109,467	1,070,425
Maintenance of highways and streets	83,100	83,100	72,247	10,853
Solid waste collection and disposal	12,545,255	12,865,757	10,965,040	1,900,717
Total public works	13,525,355	14,128,749	11,146,754	2,981,995
Health and social services:				
Social services	27,031,484	31,827,757	27,786,075	4,041,682
Mental health and developmental services:				
Related services	5,002,497	5,838,848	4,484,143	1,354,705
Mental health	10,462,425	11,650,018	9,781,532	1,868,486
Developmental Services	10,857,285	11,456,084	10,291,744	1,164,340
Substance abuse	2,503,151	2,598,921	2,279,263	319,658
MH/DS administration	5,109,904	5,326,716	5,089,436	237,280
Total mental health and developmental services	33,935,262	36,870,588	31,926,118	4,944,470
Total health and social services	60,966,746	68,698,345	59,712,193	8,986,152
Parks, recreation and culture:				
Parks and recreation grants	-	15,474	10,000	5,474
Total parks, recreation and culture	-	15,474	10,000	5,474

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Exhibit 12
Page 4 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Community development:				
Planning and community development	\$ -	\$ 4,271,082	\$ 2,353,821	\$ 1,917,261
Economic development	50,000	7,135,772	7,120,415	15,357
Total community development	<u>50,000</u>	<u>11,406,854</u>	<u>9,474,236</u>	<u>1,932,618</u>
Debt service:				
Capital lease principal	-	-	-	-
Capital lease interest	-	-	-	-
Total debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Special Revenue Fund	<u>\$ 85,423,936</u>	<u>\$ 113,552,794</u>	<u>\$ 93,643,170</u>	<u>\$ 19,909,624</u>
Grand Total Expenditures - Primary Government	<u>\$ 644,903,513</u>	<u>\$ 687,992,043</u>	<u>\$ 663,588,262</u>	<u>\$ 24,403,781</u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES
LAST FISCAL YEAR*

Exhibit 13

	<u>2015</u>
Governmental Activities:	
Total pension liability	
Service cost	\$ 23,796,971
Interest on total pension liability	65,367,508
Benefit payments, including refunds of employee contributions	<u>(43,077,241)</u>
Net change in total pension liability	46,087,238
Total pension liability - beginning	964,087,706
Total pension liability - ending (a)	<u>\$ 1,010,174,944</u>
Total fiduciary net position	
Contributions - employer	\$ 27,496,460
Contributions - employee	9,281,980
Net investment income	113,606,404
Benefit payments	(43,077,241)
Administrative expense	(612,154)
Other	<u>5,986</u>
Net change in plan fiduciary net position	106,701,435
Plan fiduciary net position - beginning	<u>729,182,146</u>
Plan fiduciary net position - ending (b)	<u>\$ 835,883,581</u>
Net pension liability - ending (a)-(b)	<u>\$ 174,291,363</u>
Plan fiduciary net position as a percentage of total pension liability	82.75%
Covered - employee payroll	\$ 197,721,517
Net pension liability as a percentage of covered-employee payroll	88.15%
Business-Type Activities:	
Total pension liability	
Service cost	\$ 1,715,200
Interest on total pension liability	4,711,454
Benefit payments, including refunds of employee contributions	<u>(3,104,852)</u>
Net change in total pension liability	3,321,802
Total pension liability - beginning	68,748,558
Total pension liability - ending (a)	<u>\$ 72,070,360</u>
Total fiduciary net position	
Contributions - employer	\$ 1,981,845
Contributions - employee	669,012
Net investment income	8,188,339
Benefit payments	(3,104,852)
Administrative expense	(44,121)
Other	<u>431</u>
Net change in plan fiduciary net position	7,690,654
Plan fiduciary net position - beginning	<u>51,997,574</u>
Plan fiduciary net position - ending (b)	<u>\$ 59,688,228</u>
Net pension liability - ending (a)-(b)	<u>\$ 12,382,132</u>
Plan fiduciary net position as a percentage of total pension liability	82.82%
Covered - employee payroll	\$ 14,706,712
Net pension liability as a percentage of covered-employee payroll	84.19%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only one year is shown herein.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS **Exhibit 14**

SCHOOL BOARD NON-PROFESSIONAL GROUP

LAST FISCAL YEAR*

	<u>2015</u>
School Board Non-Professional Group	
Total pension liability	
Service cost	\$ 72,260
Interest on total pension liability	582,852
Benefit payments, including refunds of employee contributions	<u>(689,613)</u>
Net change in total pension liability	(34,501)
Total pension liability - beginning	<u>8,671,261</u>
Total pension liability - ending (a)	<u><u>\$ 8,636,760</u></u>
Total fiduciary net position	
Contributions - employer	\$ 372,141
Contributions - employee	31,303
Net investment income	804,061
Benefit payments	(689,613)
Administrative expense	(4,544)
Other	<u>43</u>
Net change in plan fiduciary net position	513,391
Plan fiduciary net position - beginning	<u>5,309,719</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 5,823,110</u></u>
Net pension liability - ending (a)-(b)	<u><u>\$ 2,813,650</u></u>
Plan fiduciary net position as a percentage of total pension liability	67.42%
Covered - employee payroll	\$ 648,320
Net pension liability as a percentage of covered-employee payroll	433.99%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only one year is shown herein.

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
LAST FISCAL YEAR***

Exhibit 15

	<u>2015</u>
Governmental Activities:	
Actuarially determined contribution of employer	\$ 27,496,460
Contributions in relation to the actuarially determined contributions	<u>27,496,460</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 Covered - employee payroll	 201,702,316
Contributions as a percentage of covered-employee payroll	13.63%
 Business-type Activities:	
Actuarially determined contribution of employer	\$ 1,981,845
Contributions in relation to the actuarially determined contributions	<u>1,981,845</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 Covered - employee payroll	 14,569,914
Contributions as a percentage of covered-employee payroll	13.60%
 School Board Non-Professional Group:	
Actuarially determined contribution of employer	\$ 372,141
Contributions in relation to the actuarially determined contributions	<u>372,141</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
 Covered - employee payroll	 678,882
Contributions as a percentage of covered-employee payroll	54.82%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore only one year is shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY
TEACHERS PENSION PLAN
LAST FISCAL YEAR*

Exhibit 16

	<u>2015</u>
Schools' proportion of the net pension liability	3.29%
Schools' proportionate share of the net pension liability	\$ 398,595,000
Schools' covered-employee payroll	\$ 269,640,925
Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	147.82%
Plan fiduciary net position	\$ 970,083,754
Plan fiduciary net position as a percentage of the total pension liability	70.88%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore only one year is shown herein.

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOL CONTRIBUTIONS
TEACHERS PENSION PLAN
LAST FISCAL YEAR***

Exhibit 17

	<u>2015</u>
Contractually required contribution	\$ 28,125,017
Contributions in relation to the contractually required contribution	\$ 28,125,017
Contribution deficiency (excess)	-
Schools' covered-employee payroll	\$ 274,852,745
Contributions as a percentage of covered-employee payroll	10.23%

*Fiscal year 2015 was the first year of GASB 68 implementation; therefore only one year is shown herein.

COUNTY OF HENRICO, VIRGINIA
Notes to Required Supplemental Information
For the Year Ended June 30, 2015

Defined Benefit Pension Plan

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented to not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012.

Largest 10 - Non-LEOS:

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

Largest 10-LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

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

All Others (Non 10 Largest) - LEOS:

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

Budgets

Budgets are adopted on a basis consistent with GAAP. Annual operating budgets are adopted for all Governmental Funds (including Schools) except for the Capital Projects Fund, in which effective budgetary control is achieved on a project-by-project basis when funding sources become available. Budgeted amounts shown are as amended by the Board during the course of the fiscal year.

Other Supplemental Information



COUNTY OF HENRICO

VIRGINIA

DEBT SERVICE FUND

Debt Service Fund - To account for the accumulation of financial resources for payment of interest and principal on long-term governmental debt. Provided here to demonstrate compliance at the legal level of budgetary control.



COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 1

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous revenue	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 2

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	\$ 50,000	\$ 350,000	\$ 348,191	\$ 1,809
Debt Service:				
Principal payments	38,285,000	38,285,000	38,285,000	-
Interest payments	20,359,837	20,359,837	19,043,587	1,316,250
Total Debt Service	<u>58,644,837</u>	<u>58,644,837</u>	<u>57,328,587</u>	<u>1,316,250</u>
Total Debt Service Fund	<u>\$ 58,694,837</u>	<u>\$ 58,994,837</u>	<u>\$ 57,676,778</u>	<u>\$ 1,318,059</u>

COUNTY OF HENRICO

VIRGINIA

INTERNAL SERVICE FUNDS

Financial Statements

Central Automotive Maintenance Fund - To account for the operating activities of the Central Motor Pool and Central Automotive Maintenance of County vehicles.

Technology Replacement Fund - To centralize the purchasing of computer equipment for participating County Agencies.



COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	\$ 4,930,188	\$ 4,069,648	\$ 32,386,971	\$ 41,386,806
Receivables, net	8,298	-	300,000	308,298
Due from other funds	-	-	1,367,973	1,367,973
Due from component unit	-	-	235,813	235,813
Inventories	769,920	-	-	769,920
Other assets	-	-	16,078	16,078
Total current assets	5,708,406	4,069,648	34,306,835	44,084,888
Capital Assets:				
Other capital assets, net	13,031,366	-	-	13,031,366
Capital assets, net	13,031,366	-	-	13,031,366
Total assets	18,739,772	4,069,648	34,306,835	57,116,254
Deferred Outflow of Resources:				
Pension contributions after measurement date	409,825	-	-	409,825
Total assets and deferred outflow of resources	19,149,597	4,069,648	34,306,835	57,526,079
Liabilities:				
Accounts payable	781,632	162,524	-	944,156
Accrued liabilities	158,746	-	401,892	560,638
Due to other funds	22,611	-	-	22,611
Net pension liability	2,597,826	-	-	2,597,826
Long-term liabilities due within one year	231,613	-	14,570,242	14,801,855
Long-term liabilities due in more than one year	27,729	-	-	27,729
Total liabilities	3,820,158	162,524	14,972,135	18,954,817
Deferred Inflow of Resources:				
Change in pension proportionate share assumption	93,521	-	-	93,521
Net difference between projected and actual pension earnings	727,064	-	-	727,064
Total deferred inflow of resource:	820,585	-	-	820,585
Total liabilities and deferred inflow of resources	4,640,743	162,524	14,972,135	19,775,402
Net Position:				
Net investment in capital assets	13,024,635	-	-	13,024,635
Unrestricted (deficit)	1,484,219	3,907,124	19,334,701	24,726,043
Total net position	\$ 14,508,854	\$ 3,907,124	\$ 19,334,701	\$ 37,750,678

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	\$ 19,276,915	\$ -	\$ -	\$ 19,276,915
Contributions:				
Employer	-	-	67,615,923	67,615,923
Employee	-	-	17,655,371	17,655,371
Retiree	-	-	-	-
Disabled	-	-	76,991	76,991
Other	104,965	1,000,000	397,420	1,502,385
Total operating revenues	19,381,880	1,000,000	85,745,705	106,127,584
Operating Expenses:				
Utility charges	128,269	-	-	128,269
Personnel services and benefits	3,947,670	-	83,339,094	87,286,764
Professional services	70,560	-	1,127,784	1,198,344
Materials and supplies	10,164,402	2,164,388	-	12,328,790
Maintenance and repairs	3,152,484	-	-	3,152,484
Other expenses	141,816	-	1,523,233	1,665,049
Depreciation	2,082,248	-	-	2,082,248
Total operating expenses	19,687,449	2,164,388	85,990,111	107,841,949
Operating (loss) income	(305,570)	(1,164,388)	(244,407)	(1,714,365)
Nonoperating Revenues (Expenses):				
Gain on sale of equipment	175,360	-	-	175,360
Other expense	(1,545,139)	-	-	(1,545,139)
Investment income	-	-	125,157	125,157
Total nonoperating revenues, net	(1,369,779)	-	125,157	(1,244,623)
Loss before capital contributions	(1,675,349)	(1,164,388)	(119,250)	(2,958,987)
Capital contributions - donated assets	-	-	-	-
Change in net position	(1,675,349)	(1,164,388)	(119,250)	(2,958,987)
Total Net Position - June 30, 2014, as restated (1)	16,184,203	5,071,512	19,453,951	40,709,665
Total Net Position - June 30, 2015	\$ 14,508,854	\$ 3,907,124	\$ 19,334,701	\$ 37,750,678

(1) As restated for the adoption of GASB Statement Nos. 68 and 71 in fiscal year 2015. See Note 1.N of the notes to the financial statements.

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 19,383,040	\$ 1,000,000	\$ 85,257,201	\$ 105,640,242
Payments to suppliers	(13,640,594)	(2,035,409)	(84,615,048)	(100,291,051)
Payments to employees	(3,942,917)	-	-	(3,942,917)
Net cash provided by (used in) operating activities	1,799,529	(1,035,409)	642,154	1,406,274
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,588,375)	-	-	(2,588,375)
Capital contributions	(1,545,139)	-	-	(1,545,139)
Proceeds from sale of capital assets	233,197	-	-	233,197
Net cash used in capital and related financing activities	(3,900,317)	-	-	(3,900,317)
Cash Flows From Investing Activities:				
Investment income received	-	-	125,157	125,157
Net (decrease) increase in Cash	(2,100,788)	(1,035,409)	767,310	(2,368,887)
Cash and cash equivalents - June 30, 2014	7,030,975	5,105,057	31,619,661	43,755,693
Cash and cash equivalents - June 30, 2015	<u>\$ 4,930,187</u>	<u>\$ 4,069,648</u>	<u>\$ 32,386,971</u>	<u>\$ 41,386,806</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used In) Operating Activities:				
Operating (loss) income	\$ (305,570)	\$ (1,164,388)	\$ (244,407)	\$ (1,714,365)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	2,082,248	-	-	2,082,248
Change in assets and liabilities:				
Receivables	1,161	-	(300,000)	(298,839)
Inventories	58,135	-	-	58,135
Due from other funds	-	-	(159,754)	(159,754)
Due from component unit	-	-	(28,749)	(28,749)
Other assets	(14,841)	-	(276)	(15,117)
Accounts payable	73,042	128,979	-	202,021
Due to other funds	1,303	-	-	1,303
Net pension liability	(870,717)	-	-	(870,717)
Accrued liabilities	774,768	-	1,375,340	2,150,107
Net cash provided by (used in) operating activities	<u>\$ 1,799,529</u>	<u>\$ (1,035,409)</u>	<u>\$ 642,154</u>	<u>\$ 1,406,274</u>

Supplemental disclosure of noncash investing and financing activities:

Central Automotive Maintenance entered into capital lease agreements of \$5,425 for the leasing of copier equipment.



COUNTY OF HENRICO

VIRGINIA

AGENCY FUNDS

Financial Statements

Long-Term Disability - To account for the receipt of contributions by County employees and the disbursement of disability payments related to the County's Long-Term Disability Plan.

Special Welfare - To account for receipts and disbursements of monies maintained in individual accounts for certain County welfare recipients.

Mental Health and Developmental Services - To account for receipts and disbursements of monies maintained for individual clients.

Non-Judicial Tax Sales - To account for receipts and disbursements of monies received from delinquent tax sales.



COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015

Schedule 6

	Long-Term Disability	Agency Funds Special Welfare	Mental Health and Retardation	Non-Judicial Tax Sales	Total
Assets:					
Cash and cash equivalents	\$ 932,786	\$ 94,235	\$ 58,666	\$ 5,153	\$ 1,090,840
Accounts receivable	-	-	-	-	-
Total Assets	<u>\$ 932,786</u>	<u>\$ 94,235</u>	<u>\$ 58,666</u>	<u>\$ 5,153</u>	<u>\$ 1,090,840</u>
Liabilities:					
Amounts due to others	\$ 932,786	\$ 91,118	\$ 58,666	\$ 5,153	\$ 1,087,723
Accounts payable	-	3,117	-	-	3,117
Total Liabilities	<u>\$ 932,786</u>	<u>\$ 94,235</u>	<u>\$ 58,666</u>	<u>\$ 5,153</u>	<u>\$ 1,090,840</u>

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 7

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	\$ 792,714	\$ 505,297	\$ 365,225	\$ 932,786
Total assets	<u>\$ 792,714</u>	<u>\$ 505,297</u>	<u>\$ 365,225</u>	<u>\$ 932,786</u>
Liabilities:				
Amounts due to others	\$ 792,714	\$ 505,297	\$ 365,225	\$ 932,786
Total liabilities	<u>\$ 792,714</u>	<u>\$ 505,297</u>	<u>\$ 365,225</u>	<u>\$ 932,786</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 91,273	\$ 131,038	\$ 128,076	\$ 94,235
Total assets	<u>\$ 91,273</u>	<u>\$ 131,038</u>	<u>\$ 128,076</u>	<u>\$ 94,235</u>
Liabilities:				
Amounts due to others	\$ 91,118	\$	\$	\$ 91,118
Accounts payable	155	131,038	128,076	3,117
Total liabilities	<u>\$ 91,273</u>	<u>\$ 131,038</u>	<u>\$ 128,076</u>	<u>\$ 94,235</u>
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	\$ 51,852	\$ 347,528	\$ 340,714	\$ 58,666
Total assets	<u>\$ 51,852</u>	<u>\$ 347,528</u>	<u>\$ 340,714</u>	<u>\$ 58,666</u>
Liabilities:				
Amounts due to others	\$ 51,852	\$ 347,528	\$ 340,714	\$ 58,666
Total liabilities	<u>\$ 51,852</u>	<u>\$ 347,528</u>	<u>\$ 340,714</u>	<u>\$ 58,666</u>
Non-Judicial Tax Sales:				
Assets:				
Cash and cash equivalents	\$ 1,711	\$ 3,512	\$ 70	\$ 5,153
Accounts receivable	180		180	-
Total assets	<u>\$ 1,891</u>	<u>\$ 3,512</u>	<u>\$ 250</u>	<u>\$ 5,153</u>
Liabilities:				
Amounts due to others	\$ 1,891	\$ 3,512	\$ 250	\$ 5,153
Total liabilities	<u>\$ 1,891</u>	<u>\$ 3,512</u>	<u>\$ 250</u>	<u>\$ 5,153</u>
Totals:				
Assets:				
Cash and cash equivalents	\$ 937,550	\$ 987,375	\$ 834,085	\$ 1,090,840
Accounts receivable	180	-	180	-
Total assets	<u>\$ 937,730</u>	<u>\$ 987,375</u>	<u>\$ 834,265</u>	<u>\$ 1,090,840</u>
Liabilities:				
Amounts due to others	\$ 937,575	\$ 856,337	\$ 706,189	\$ 1,087,723
Accounts payable	155	131,038	128,076	3,117
Total liabilities	<u>\$ 937,730</u>	<u>\$ 987,375</u>	<u>\$ 834,265</u>	<u>\$ 1,090,840</u>

COUNTY OF HENRICO

VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - **SCHOOL BOARD**

School Board - The School Board is a legally separate organization providing educational services to residents within the government's jurisdiction, whose board is elected and fiscally dependent on the County. The School Board does not prepare a separate financial report at this time.

**COUNTY OF HENRICO, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2015**

Schedule 8

	Governmental Funds			Totals
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Assets:				
Cash and cash equivalents	\$ 7,456,665	\$ 15,650	\$ 19,336,255	\$ 26,808,570
Other assets	-	103,714	-	103,714
Due from other governmental units	4,343,632	22,840,059	-	27,183,691
Total Assets	\$ 11,800,297	\$ 22,959,423	\$ 19,336,255	\$ 54,095,975
Liabilities:				
Accounts payable	\$ 429,844	\$ 986,749	\$ 310,119	\$ 1,726,712
Accrued liabilities	1,513,956	323,016	181,935	2,018,907
Amounts held for others	83,738	-	-	83,738
Due to other funds	205,688	10,861	-	216,549
Total liabilities	2,233,226	1,320,626	492,054	4,045,906
Deferred Inflow of Resources:				
Unearned revenues	-	10,113,814	-	10,113,814
Fund balances:				
Restricted	-	11,524,983	-	11,524,983
Committed	-	-	18,844,201	18,844,201
Assigned	7,110,020	-	-	7,110,020
Unassigned	2,457,051	-	-	2,457,051
Total fund balances	9,567,071	11,524,983	18,844,201	39,936,255
Total Liabilities, Deferred Inflows and Fund Balances	\$ 11,800,297	\$ 22,959,423	\$ 19,336,255	\$ 54,095,975

Adjustments for the Statement of Net Position:

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	\$ (2,382,119)
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	247,066,685
Deferred outflows - pension contributions are not current financial resources and therefore are not reported as assets in the governmental funds.	39,707,423
Pension liability is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(424,138,707)
Deferred inflows - net differences between projected and actual pension earnings are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(72,739,094)
Deferred inflows - change in proportionate share allocation	1,553,012
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(45,078,821)
Net Position of Discretely Presented Component Unit - School Board	<u>\$ (216,075,366)</u>

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Schedule 9

	Governmental Funds			Total
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Revenues:				
Permits, privilege fees and regulatory licenses	\$ 444,187	\$ -	\$ -	\$ 444,187
Charges for services	143,271	6,781,746	-	6,925,017
Miscellaneous	-	4,580,498	-	4,580,498
Recovered costs	362,785	-	-	362,785
Intergovernmental:				
Federal	-	37,781,760	-	37,781,760
State	236,591,874	14,083,360	-	250,675,234
Total revenues	<u>\$ 237,542,117</u>	<u>63,227,364</u>	<u>-</u>	<u>300,769,481</u>
Expenditures:				
Education	\$ 417,547,939	62,980,090	-	480,528,029
Capital projects	-	-	5,239,799	5,239,799
Debt service:				
Principal retirement	11,131,980	-	-	11,131,980
Interest	82,476	-	-	82,476
Total expenditures	<u>\$ 428,762,395</u>	<u>62,980,090</u>	<u>5,239,799</u>	<u>496,982,284</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (191,220,278)</u>	<u>247,274</u>	<u>(5,239,799)</u>	<u>(196,212,803)</u>
Other Financing Sources:				
Capital lease obligations incurred	23,071	-	-	23,071
Transfers in	-	-	9,000,000	9,000,000
Transfers out	(9,000,000)	-	-	(9,000,000)
Payment from Primary Government	201,819,679	-	3,337,628	205,157,307
Total other financing sources	<u>\$ 192,842,750</u>	<u>-</u>	<u>12,337,628</u>	<u>205,180,378</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>\$ 1,622,472</u>	<u>247,274</u>	<u>7,097,829</u>	<u>8,967,575</u>
Total Fund Balances - June 30, 2014	<u>\$ 7,944,599</u>	<u>11,277,709</u>	<u>11,746,372</u>	<u>30,968,680</u>
Total Fund Balances - June 30, 2015	<u>\$ 9,567,071</u>	<u>\$ 11,524,983</u>	<u>\$ 18,844,201</u>	<u>\$ 39,936,255</u>

Adjustments for the Statement of Activities:

Excess of revenues and other sources over expenditures and other uses	\$ 8,967,575
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	11,131,980
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds.	(22,369,276)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	7,656,087
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(23,071)
Internal service funds are used to charge the costs of maintenance to governmental funds and are a reduction of related expenses in the Statement of Activities.	(450,603)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	<u>6,167,911</u>
Change in Net Position of Discretely Presented Component Unit - School Board	<u>\$ 11,080,603</u>

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
JUNE 30, 2015

Schedule 10

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 5,126,679
Total Assets	<u>\$ 5,126,679</u>
Liabilities:	
Amounts held for others	\$ 5,126,679
Total Liabilities	<u><u>\$ 5,126,679</u></u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 11

	Balance July 1	Additions	Deletions	Balance June 30
School Activity Fund:				
Assets:				
Cash and cash equivalents	\$ 4,902,620	\$ 29,397,534	\$ 29,173,475	\$ 5,126,679
Total assets	<u>\$ 4,902,620</u>	<u>\$ 29,397,534</u>	<u>\$ 29,173,475</u>	<u>\$ 5,126,679</u>
Liabilities:				
Amounts due to others	\$ 4,902,620	\$ 29,397,534	\$ 29,173,475	\$ 5,126,679
Total liabilities	<u>\$ 4,902,620</u>	<u>\$ 29,397,534</u>	<u>\$ 29,173,475</u>	<u>\$ 5,126,679</u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 12
Page 1 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 115,911	\$ 100,000	\$ 115,911	\$ 15,911
Facilities rental	328,276	350,000	328,276	(21,724)
Total permits, privilege fees and regulatory licenses	444,187	450,000	444,187	(5,813)
Charges for services:				
School fees and tuitions	143,271	128,000	143,271	15,271
Total charges for services	143,271	128,000	143,271	15,271
Recovered cost:				
Sale of vehicles, textbooks and equipment	50,000	50,000	87,915	37,915
Lost/damaged textbook payments	10,000	10,000	7,833	(2,167)
Payment for services - parks and recreation	150,000	150,000	102,815	(47,185)
Recovered cost - student activities	190,000	190,000	164,222	(25,778)
Total recovered cost	400,000	400,000	362,785	(37,215)
Total revenue from local sources	987,458	978,000	950,243	(27,757)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,300,000	1,300,000	1,387,771	87,771
English as a second language	1,728,000	1,728,000	1,767,800	39,800
General appropriation - basic aid	124,000,000	124,000,000	124,941,832	941,832
Foster child reimbursement	-	-	262,933	262,933
Textbooks	2,846,000	2,846,000	2,841,092	(4,908)
Social security reimbursement	7,700,000	7,700,000	7,706,557	6,557
Retirement reimbursement	15,800,000	15,800,000	15,678,857	(121,143)
Life insurance reimbursement	532,000	532,000	472,433	(59,567)
Remedial education	3,757,000	3,757,000	3,749,934	(7,066)
Share of State sales tax - schools	48,707,000	48,707,000	51,333,477	2,626,477
SOQ - basic special education	16,000,000	16,000,000	16,062,708	62,708
Special education - homebound	144,000	144,000	268,769	124,769
Vocational education - local administrative and supervisory	719,000	719,000	-	(719,000)
Vocational education - SOQ occupational	1,479,000	1,479,000	1,476,352	(2,648)
Handicapped - foster home	636,000	636,000	404,506	(231,494)
Salary incentive K-3	4,775,000	4,775,000	4,269,325	(505,675)
R.O.T.C.	376,101	376,101	376,101	0
Adult basic aid	-	-	701,733	701,733
At risk	2,715,000	2,715,000	2,709,696	(5,304)
Preschool	-	-	-	-
Other categorical aid	100,000	100,000	179,998	79,998
Total categorical aid	233,314,101	233,314,101	236,591,874	3,277,773
Total revenue from the Commonwealth	233,314,101	233,314,101	236,591,874	3,277,773

continued

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 12
Page 2 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund, continued:				
Total revenue from the Federal government	-	-	-	-
Total intergovernmental	233,314,101	233,314,101	236,591,874	3,277,773
Total Component Unit - General Fund	\$ 234,301,559	\$ 234,292,101	\$ 237,542,117	\$ 3,250,016
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 8,645,791	\$ 8,645,791	\$ 6,781,746	\$ (1,864,045)
Total charges for services	8,645,791	8,645,791	6,781,746	(1,864,045)
Miscellaneous:				
Miscellaneous	-	-	1,465	1,465
Recoveries and rebates	183,610	183,610	4,579,033	4,395,423
Total miscellaneous	183,610	183,610	4,580,498	4,396,888
Total revenue from local sources	8,829,401	8,829,401	11,362,244	2,532,843
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,383,020	1,383,020	1,563,116	180,096
Technology	2,194,400	2,194,400	4,351,113	2,156,713
Summer school	1,607,789	1,607,789	826,247	(781,542)
General adult education	360,354	360,354	775,642	415,288
State SOL	484,913	484,913	540,945	56,032
School lunch program	463,194	463,194	458,620	(4,574)
Other state educational grants	5,947,473	5,947,473	5,567,677	(379,796)
Total revenue from the Commonwealth	12,441,143	12,441,143	14,083,360	1,642,217
Revenue from the Federal Government:				
Title I	7,235,145	7,235,145	8,070,326	835,181
Title VI-B	10,056,411	10,056,411	9,946,131	(110,280)
Vocational federal act	-	-	486,374	486,374
Head start	1,445,712	1,445,712	1,108,940	(336,772)
Pre-school	289,610	289,610	180,306	(109,304)
School lunch program	12,175,841	12,175,841	9,073,518	(3,102,323)
School breakfast program	-	-	2,837,221	2,837,221
Other Federal educational grants	7,802,131	7,802,131	6,078,944	(1,723,187)
Total revenue from the Federal government	39,004,850	39,004,850	37,781,760	(1,223,090)
Total intergovernmental	51,445,993	51,445,993	51,865,120	419,127
Total Component Unit - Special Revenue Fund	\$ 60,275,394	\$ 60,275,394	\$ 63,227,364	\$ 2,951,970
Grand Total Revenues - Component Unit - School Board	\$ 294,576,953	\$ 294,567,495	\$ 300,769,481	\$ 6,201,986

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	\$ 49,737,611	\$ 51,819,127	\$ 43,763,867	\$ 8,055,260
Instructional	295,728,000	295,719,027	297,503,936	(1,784,909)
Educational programs and services	5,023,886	5,222,402	5,145,610	76,792
Transportation	24,842,731	28,312,605	28,300,691	11,914
Operation and maintenance	44,238,976	43,864,687	42,833,835	1,030,852
Total administration of schools	<u>419,571,204</u>	<u>424,937,849</u>	<u>417,547,939</u>	<u>7,389,910</u>
Debt Service:				
Principal retirement	11,131,980	11,131,980	11,131,980	-
Interest	82,476	82,476	82,476	-
Total debt service	<u>11,214,456</u>	<u>11,214,456</u>	<u>11,214,456</u>	<u>-</u>
Total education	<u>430,785,660</u>	<u>436,152,305</u>	<u>428,762,395</u>	<u>7,389,910</u>
Total Component Unit - General Fund	<u>\$ 430,785,660</u>	<u>\$ 436,152,305</u>	<u>\$ 428,762,395</u>	<u>\$ 7,389,910</u>
Special Revenue Fund:				
Education:				
Instruction	\$ 39,838,020	\$ 70,559,859	\$ 43,249,348	\$ 27,310,511
Other educational programs	428,658	416,263	253,427	162,836
Total education	<u>40,266,678</u>	<u>70,976,122</u>	<u>43,502,775</u>	<u>27,473,347</u>
School food service	<u>21,423,746</u>	<u>22,153,439</u>	<u>19,477,315</u>	<u>2,676,124</u>
Total Component Unit - Special Revenue Fund	<u>\$ 61,690,424</u>	<u>\$ 93,129,561</u>	<u>\$ 62,980,090</u>	<u>\$ 30,149,471</u>
Grand Total Expenditures - Component Unit - School Board	<u>\$ 492,476,084</u>	<u>\$ 529,281,867</u>	<u>\$ 491,742,485</u>	<u>\$ 37,539,382</u>

Statistical Section

This component of the County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information indicate about the County's financial health over an extended period of time.

The goal of the statistical section is to be the chief source of information regarding the County's economic condition. For a more complete understanding of the data summarized herein, please refer to the County's previous Comprehensive Annual Financial Reports as well as the accompanying transmittal letter, management's discussion and analysis and the aforementioned basic financial statements, in their entirety (including the note disclosures and required supplementary information).

Contents

Financial Trends

Tables I - IV

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

Revenue Capacity

Tables V - VIII

These schedules contain information to help the reader assess the County's most significant local revenue sources, the real and personal property tax.

Debt Capacity

Tables IX - X

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

Tables XI - XII

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

Tables XIII - XV

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

COUNTY OF HENRICO, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(\$ in thousands)

Table I

	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)
Governmental Activities:										
Net Investment in Capital Assets	\$ 734,506	\$ 795,307	\$ 846,377	\$ 917,136	\$ 921,623	\$ 946,772	\$ 1,009,019	\$ 1,029,263	\$ 1,049,919	\$ 1,082,833
Restricted For:										
Highways, Streets and Buildings	42,176	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924
Debt Service	27,293	30,881	32,847	40,667	38,006	35,199	37,787	34,667	35,187	35,729
Grants	19,422	22,060	26,128	25,768	29,488	39,207	40,738	43,598	47,264	47,142
Unrestricted	143,902	161,949	184,450	214,984	203,684	182,965	129,229	107,902	125,687	(75,487)
Total Governmental Activities Net Position	\$ 967,299	\$ 1,093,240	\$ 1,177,273	\$ 1,272,390	\$ 1,279,506	\$ 1,298,860	\$ 1,297,501	\$ 1,308,669	\$ 1,333,340	\$ 1,156,141
Business-type Activities:										
Net Investment in Capital Assets	\$ 815,710	\$ 826,625	\$ 863,944	\$ 885,430	\$ 909,604	\$ 923,622	\$ 946,577	\$ 969,304	\$ 1,015,261	\$ 1,006,550
Debt Service	11,453	15,885	15,699	15,129	16,704	16,516	16,516	15,070	17,005	17,002
Unrestricted	54,911	73,696	74,206	78,038	76,418	73,779	64,471	63,384	31,682	47,360
Total Business-Type Activities Net Position	\$ 882,074	\$ 916,205	\$ 953,849	\$ 978,597	\$ 1,002,727	\$ 1,013,917	\$ 1,027,564	\$ 1,047,758	\$ 1,063,948	\$ 1,070,912
Primary Government:										
Net Investment in Capital Assets	\$ 1,550,216	\$ 1,621,931	\$ 1,710,321	\$ 1,802,566	\$ 1,831,227	\$ 1,870,394	\$ 1,955,596	\$ 1,998,567	\$ 2,065,180	\$ 2,089,383
Restricted For:										
Highways, Streets, and Buildings	42,176	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924
Debt Service	27,293	30,881	32,847	55,796	54,710	51,715	54,303	49,737	52,192	52,731
Grants	30,875	37,945	41,827	25,768	29,488	39,207	40,738	43,598	47,264	47,142
Unrestricted	198,813	235,645	258,656	293,022	280,102	256,744	193,700	171,286	157,369	(28,127)
Total Primary Government Net Position	\$ 1,849,373	\$ 2,009,446	\$ 2,131,122	\$ 2,250,987	\$ 2,282,233	\$ 2,312,777	\$ 2,325,065	\$ 2,356,427	\$ 2,397,288	\$ 2,227,053

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit I

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(\$ in thousands)

Table II

	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)
Expenses										
Governmental Activities:										
General Government	\$ 67,016	\$ 79,015	\$ 100,488	\$ 97,244	\$ 102,595	\$ 88,351	\$ 96,745	\$ 98,911	\$ 86,769	\$ 101,642
Judicial Administration	6,835	7,585	8,053	8,493	10,943	11,100	11,158	10,908	10,916	11,215
Public Safety	142,050	151,289	161,509	167,439	165,026	169,856	172,498	173,219	179,030	181,590
Public Works	54,640	60,957	61,590	65,154	77,785	71,986	75,272	70,303	77,624	82,583
Health and Welfare	54,016	57,777	60,903	62,145	67,543	60,937	60,572	57,700	58,681	61,797
Education	182,180	180,070	196,102	190,186	193,146	209,564	205,558	188,025	200,483	217,148
Parks, Recreation and Culture	26,090	28,748	33,624	34,829	35,204	34,329	34,987	34,781	34,159	35,058
Community Development	26,838	29,359	30,083	26,080	25,428	26,692	27,903	28,869	27,681	31,813
Interest and Long-term Debt	16,804	17,171	17,522	23,609	27,698	18,520	19,177	21,289	15,854	17,195
Total Government Activities Expenses	576,469	611,971	669,874	675,178	705,368	691,335	703,870	684,005	691,197	740,041
Business-Type Activities:										
Water and Sewer	71,522	81,415	84,792	86,688	87,290	92,028	90,830	90,905	96,918	102,977
Belmont Park Golf Course	1,129	1,122	1,106	1,200	1,237	1,227	1,241	1,166	1,150	965
Total Business-Type Activities Expenses	72,651	82,537	85,898	87,888	88,527	93,255	92,071	92,071	98,068	103,942
Total Primary Government Expenses	\$ 649,120	\$ 694,508	\$ 755,772	\$ 763,066	\$ 793,895	\$ 784,590	\$ 795,941	\$ 776,076	\$ 789,265	\$ 843,983
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$ 18,439	\$ 18,941	\$ 16,298	\$ 18,208	\$ 15,207	\$ 11,461	\$ 12,212	\$ 11,094	\$ 11,118	\$ 13,164
Judicial Administration	101	113	103	104	81	88	90	106	124	185
Public Safety	4,770	4,107	2,160	2,129	2,765	3,153	3,190	3,464	2,951	3,197
Public Works	10,313	10,566	11,601	12,738	13,741	15,760	13,667	15,077	14,851	3,392
Health and Welfare	8,303	8,062	8,436	9,059	9,645	9,507	10,225	10,234	11,255	10,764
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,148	1,285	1,395	1,351	1,444	1,439	1,497	1,494	1,446	1,360
Community Development	528	691	605	472	547	4,901	5,749	6,328	6,479	7,561
Interest and Long-term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contribution:	125,012	143,668	120,155	141,967	111,874	-	-	109,426	117,403	137,434
Capital grants and contribution:	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	168,614	187,433	160,753	186,027	155,304	46,309	46,630	157,223	165,627	177,057
Business-Type Activities:										
Water and Sewer	113,022	108,688	116,085	110,179	106,220	91,827	97,318	100,998	101,395	110,953
Belmont Park Golf Course	943	931	986	964	868	867	979	844	797	853
Total Business-Type Activities Revenues	113,965	109,619	117,071	111,143	107,088	92,694	98,297	101,842	102,192	111,806
Total Primary Government Revenues	\$ 282,579	\$ 297,052	\$ 277,824	\$ 297,170	\$ 262,392	\$ 139,003	\$ 144,927	\$ 259,065	\$ 267,819	\$ 288,863

Note: Table may not foot due to rounding.

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 2

(1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.

(2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(\$ in thousands)

Table II (Cont'd)

	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)
<u>Net (Expense) Revenue</u>										
Governmental Activities:										
General Government	\$ (46,055)	\$ (59,019)	\$ (83,011)	\$ (77,796)	\$ (86,579)	\$ (75,510)	\$ (83,065)	\$ (86,689)	\$ (74,645)	\$ (86,565)
Judicial Administration	703	(1,081)	(1,445)	(2,398)	(5,795)	(5,874)	(5,869)	(5,498)	(5,505)	(5,454)
Public Safety	(109,490)	(112,189)	(126,924)	(136,612)	(135,030)	(137,288)	(139,818)	(142,236)	(146,844)	(150,739)
Public Works	11,465	18,264	(4,879)	17,121	(26,246)	(12,395)	(20,548)	(13,665)	(15,234)	(14,734)
Health and Welfare	(17,912)	(20,361)	(20,980)	(20,828)	(25,890)	(21,057)	(21,047)	(21,664)	(20,749)	(16,612)
Education	(182,180)	(180,070)	(196,102)	(190,186)	(193,146)	(209,564)	(205,558)	(188,025)	(200,483)	(217,148)
Parks, Recreation and Culture	(24,706)	(27,140)	(31,998)	(33,158)	(33,555)	(32,711)	(33,296)	(33,103)	(32,502)	(33,359)
Community Development	(22,875)	(25,770)	(26,260)	(21,685)	(16,125)	(14,153)	(15,847)	(14,613)	(13,754)	(21,178)
Interest and Long-term Debt	(16,804)	(17,171)	(17,522)	(23,609)	(27,698)	(18,520)	(19,177)	(21,289)	(15,854)	(17,195)
Total Governmental Activities Net Expense	(407,854)	(424,537)	(509,121)	(489,151)	(550,064)	(527,072)	(544,225)	(526,782)	(525,570)	(562,984)
Business-Type Activities:										
Water and Sewer	41,500	27,273	31,293	23,491	18,929	8,137	13,392	17,885	11,806	18,224
Belmont Park Golf Course	(186)	(191)	(120)	(236)	(369)	(360)	(262)	(323)	(353)	(112)
Total Business-Type Activities Net Revenue	41,314	27,082	31,173	23,255	18,560	7,777	13,130	17,562	11,453	18,112
Total Primary Government Net Expense	\$ (366,540)	\$ (397,455)	\$ (477,948)	\$ (465,896)	\$ (531,504)	\$ (519,295)	\$ (531,095)	\$ (509,220)	\$ (514,117)	\$ (544,872)
<u>General Revenues and Other Changes in Net Position</u>										
Governmental Activities:										
Taxes										
Property	\$ 312,238	\$ 350,196	\$ 377,200	\$ 383,557	\$ 366,203	\$ 356,285	\$ 355,138	\$ 355,171	\$ 367,971	\$ 377,406
Local Sales and Use	53,254	54,472	53,742	54,109	53,256	55,342	55,913	55,852	55,825	58,095
Business License	28,628	31,173	30,848	29,849	27,313	27,525	28,487	29,641	29,828	32,086
Hotel and Motel	9,139	10,305	10,489	9,640	9,006	9,389	10,627	10,851	11,008	12,193
Bank Franchise	4,904	5,120	11,114	17,220	14,579	18,906	17,440	11,740	9,138	11,482
Other	33,151	33,992	35,570	31,658	17,069	16,931	18,075	20,158	21,250	46,344
Interest and Investment Earnings	14,032	22,818	25,520	12,849	4,656	2,689	2,225	1,519	1,946	2,271
Grants and Contributions	50,635	39,482	47,612	43,735	61,238	57,854	54,053	51,426	51,143	50,727
Miscellaneous/Donated Assets	1,537	2,919	1,059	1,651	3,861	1,505	908	1,592	2,131	2,591
Total Governmental Activities	507,518	550,478	593,154	584,268	557,181	546,426	542,866	537,950	550,240	593,195
Business-Type Activities:										
Interest and Investment Earnings	1,079	5,811	4,788	1,015	646	714	1,051	1,024	2,075	799
Grants and Contributions	1,185	1,332	1,187	983	661	436	492	436	1,611	1,608
Miscellaneous/Donated Assets	1,810	(94)	495	(505)	4,262	2,264	(1,026)	1,172	1,051	1,214
Total Business-Type Activities	4,074	7,049	6,471	1,493	5,569	3,414	517	2,632	4,737	3,621
Total Primary Government	\$ 511,591	\$ 557,527	\$ 599,625	\$ 585,761	\$ 562,750	\$ 549,840	\$ 543,383	\$ 540,582	\$ 554,977	\$ 596,816
<u>Change in Net Position</u>										
Government Activities	\$ 99,664	\$ 125,941	\$ 84,033	\$ 95,116	\$ 7,117	\$ 19,354	\$ (1,359)	\$ 11,168	\$ 24,670	\$ 30,211
Business Activities	45,388	34,131	37,644	24,748	24,129	11,191	13,647	20,194	16,190	21,733
Total Primary Government Net Position	\$ 145,051	\$ 160,072	\$ 121,677	\$ 119,865	\$ 31,246	\$ 30,545	\$ 12,288	\$ 31,362	\$ 40,860	\$ 51,944

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit

(1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.

(2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

COUNTY OF HENRICO, VIRGINIA
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(\$ in thousands)

Table III

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113
Restricted	-	-	-	-	-	4,512	4,532	5,026	6,812	7,321
Committed	-	-	-	-	-	5,000	10,000	2,920	18,842	28,197
Assigned	-	-	-	-	-	79,631	89,409	72,184	61,822	61,518
Unassigned	-	-	-	-	-	133,005	109,597	114,170	115,034	117,489
Total General Fund	194,614	203,279	234,792	247,327	242,864	222,261	213,651	194,413	202,623	214,638
All Other Governmental Funds:										
Unspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	26,738	28,532	28,448	30,253	28,307
Committed	-	-	-	-	-	208,320	212,618	191,275	-	119,743
Assigned	-	-	-	-	-	15,238	14,964	15,907	17,010	19,964
Unassigned	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	176,926	220,633	217,357	282,424	214,957	250,296	256,114	235,630	47,263	168,014
Total Fund Balances	\$ 371,540	\$ 423,912	\$ 452,149	\$ 529,751	\$ 457,822	\$ 472,557	\$ 469,765	\$ 430,043	\$ 249,886	\$ 382,652
General Fund:										
Reserved for:	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113					
Advance to Other Funds	4,398	5,823	6,076	7,116	4,298					
Encumbrances										
Unreserved, reported in:										
Designated	76,912	74,614	98,599	100,889	101,927					
Undesignated	113,191	122,729	130,004	139,209	136,526					
Total General Fund	194,614	203,279	234,792	247,327	242,865					
All Other Governmental Funds:										
Reserved for:										
Encumbrances	87,000	70,168	70,725	96,054	69,556					
Unreserved, reported in:										
Designated:										
Special Revenue Fund	18,154	21,324	24,859	24,373	24,333					
Debt Service Fund	4,067	4,606	5,216	7,422	6,496					
Capital Project Fund	67,705	124,535	116,557	154,575	114,572					
Undesignated	-	-	-	-	-					
Total All Other Governmental Funds	176,926	220,633	217,357	282,424	214,957					
Total Fund Balances	\$ 371,540	\$ 423,912	\$ 452,149	\$ 529,751	\$ 457,822					

Notes: The Governmental Funds Fund Balances do not include the School Board or JRJDC component units to be consistent with the CAFR Financial Section.

GASB 54 classification of fund balances was implemented in fiscal year 2011.

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 3

COUNTY OF HENRICO, VIRGINIA
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(\$ in thousands)

Table IV

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
General Property Taxes	\$ 316,998	\$ 346,403	\$ 371,556	\$ 377,532	\$ 367,444	\$ 353,555	\$ 351,142	\$ 352,275	\$ 367,120	\$ 375,685
Other Local Taxes	129,075	129,919	127,268	126,270	119,791	127,013	129,354	125,872	125,113	158,824
Licenses and Permits	4,345	4,596	4,202	3,032	2,665	2,963	3,486	3,177	3,732	6,052
Fines and Forfeitures	2,445	2,640	2,404	2,333	2,480	3,187	2,958	3,415	2,649	2,523
Use of Money and Property	14,459	23,310	26,302	13,761	7,185	3,673	3,117	2,746	3,335	3,534
Charges for Services	27,798	25,026	22,105	23,825	25,928	25,993	26,279	27,446	28,783	28,383
Miscellaneous	4,207	7,360	7,451	9,075	7,191	8,545	8,861	8,639	8,807	9,360
Recovered Costs	5,416	5,928	5,455	6,392	6,246	6,319	6,908	6,231	5,635	5,821
Intergovernmental Revenue	148,376	148,941	176,600	164,086	168,695	165,570	160,862	155,590	167,242	172,485
Total Government Revenues	653,119	694,123	743,343	726,306	707,625	696,818	690,967	685,391	712,416	762,667
Expenditures:										
General Government	61,718	62,556	66,566	65,526	68,009	66,831	67,384	70,513	69,093	71,123
Judicial Administration	6,847	7,527	8,210	8,609	10,933	10,872	11,055	10,811	10,918	11,125
Public Safety	141,916	149,915	159,842	167,650	161,797	166,872	168,379	170,502	170,382	175,250
Public Works	42,139	45,339	47,226	50,799	52,693	47,941	54,071	51,344	59,730	63,621
Health and Welfare	53,855	57,681	61,420	62,776	61,632	60,487	60,342	57,369	58,616	61,614
Parks, Recreation and Culture	24,742	27,298	30,377	31,698	30,639	29,873	30,826	30,508	30,024	30,520
Community Development	26,800	29,358	30,076	26,134	25,615	26,416	27,711	28,687	27,548	31,497
Education	179,897	176,899	188,503	184,328	192,895	200,633	195,626	177,967	188,849	205,157
Miscellaneous	1,851	13,507	20,092	21,545	21,209	16,072	17,821	14,964	15,494	16,987
Debt Service - Principal	26,442	29,306	32,890	30,452	35,155	32,477	32,542	38,869	37,999	38,670
Debt Service - Interest	15,576	18,578	18,996	22,384	20,125	19,260	22,610	22,162	21,168	19,077
Capital Outlay	59,510	97,470	82,761	118,776	100,066	82,574	80,574	51,801	53,716	54,864
Total Government Expenditures	641,293	715,434	746,959	790,677	780,768	760,308	768,941	725,497	743,537	779,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,826	(21,311)	(3,616)	(64,371)	(73,143)	(63,490)	(77,974)	(40,106)	(31,121)	(16,838)
Other Financing Sources (Uses):										
Transfers-in	105,108	146,445	108,134	115,122	96,503	96,801	84,029	109,077	87,589	107,121
Transfers-out	(105,108)	(146,445)	(108,134)	(115,122)	(96,503)	(96,801)	(84,029)	(109,077)	(87,589)	(107,121)
Issuance of Bonds	77,815	71,915	29,810	171,315	156,160	72,205	66,075	37,500	-	50,485
Issuance of Bond Premium	3,096	1,664	1,335	7,389	21,307	5,714	7,885	7,566	-	9,645
Issuance of Capital Lease Obligations	69	104	709	67	140	306	1,222	126	101	95
Payment to Escrow Agent	-	-	-	(36,799)	(176,393)	-	-	(44,809)	-	(59,758)
Total Other Financing Sources, Net	80,980	73,683	31,854	141,972	1,214	78,225	75,182	383	101	467
Net Change in Fund Balances	\$ 92,806	\$ 52,372	\$ 28,238	\$ 77,601	\$ (71,929)	\$ 14,735	\$ (2,792)	\$ (39,723)	\$ (31,020)	\$ (16,371)
Debt service as a percentage of noncapital expenditures	7.76%	8.31%	8.12%	8.28%	8.22%	7.94%	8.17%	9.26%	8.64%	8.06%

Notes: Table may not foot due to rounding

Table may not foot due to rounding

Source: County of Henrico Comprehensive Annual Financial Reports Exhibit .

COUNTY OF HENRICO, VIRGINIA
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(\$ in thousands)

Table V

Year	Real Property				Personal Property				Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
	Residential Property	Commercial Property (1)	Public (3)		Real Property	Tax Rate (2)	Personal Property	Service Corp.			
			Property	Total							
2006	20,093,473	9,188,028	801,743	30,083,244	0.90	3,721,480	3,789	3,725,269	3.50	7.55	33,808,513
2007	22,769,740	10,017,942	850,902	33,638,584	0.87	3,807,727	3,419	3,811,146	3.50	7.37	37,449,730
2008	24,247,110	10,492,965	851,142	35,591,217	0.87	4,022,204	3,803	4,026,007	3.50	7.37	39,617,224
2009	24,154,886	10,820,982	913,716	35,889,584	0.87	3,789,013	2,763	3,791,776	3.50	7.37	39,681,360
2010	22,613,681	9,403,294	976,312	32,993,287	0.87	3,068,020	3,704	3,071,724	3.50	7.37	36,065,011
2011	22,439,661	9,262,487	988,146	32,690,294	0.87	3,208,453	3,324	3,211,777	3.50	7.37	35,902,071
2012	21,340,606	9,326,319	980,339	31,647,264	0.87	3,432,535	3,433	3,435,968	3.50	7.37	35,083,232
2013	21,059,811	9,716,301	938,957	31,715,069	0.87	3,586,164	3,143	3,589,307	3.50	7.37	35,304,376
2014	21,988,906	9,919,518	908,401	32,816,825	0.87	3,585,703	3,305	3,589,008	3.50	7.37	36,405,833
2015	22,810,890	10,292,187	962,217	34,065,294	0.87	3,766,963	2,529	3,769,492	3.50	6.57	37,834,786

Source: County of Henrico Director of Finance

Notes: The County assesses property annually. Property is assessed at market value in accordance with State law, except as noted below in Virginia's Land Use Code.

- (1) Includes commercial, industrial, manufacturing and agriculture
- (2) Per \$100 of assessed value
- (3) Source: State Corporation Commission and Department of Taxation
- (4) Includes Machinery and Tools (\$1.00), Aircraft (\$1.60) and Semi-Conductor (\$.55)
- (5) Includes Machinery and Tools (\$1.00), Aircraft (\$1.60) and Semi-Conductor (\$.40)
- (6) Includes Machinery and Tools (\$.30), Aircraft (\$1.60) and Semi-Conductor (\$.30)

Title 58.1-3201 of the Code of Virginia provides for the assessment of real property at 100% of fair market value.

Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value.

Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by Henrico County in 1976.

COUNTY OF HENRICO, VIRGINIA
DIRECT TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi- Conductor	Total Direct Rate
2015	\$ 0.87	\$ 3.50	\$ 0.30	\$ 1.60	\$ 0.30	\$ 6.57
2014	0.87	3.50	1.00	1.60	0.40	7.37
2013	0.87	3.50	1.00	1.60	0.40	7.37
2012	0.87	3.50	1.00	1.60	0.40	7.37
2011	0.87	3.50	1.00	1.60	0.40	7.37
2010	0.87	3.50	1.00	1.60	0.40	7.37
2009	0.87	3.50	1.00	1.60	0.40	7.37
2008	0.87	3.50	1.00	1.60	0.40	7.37
2007	0.87	3.50	1.00	1.60	0.55	7.52
2006	0.90	3.50	1.00	1.60	0.55	7.55

Source: County of Henrico Director of Finance

Notes: There are no overlapping tax rates within County of Henrico.

Qualifying volunteer rescue squad and fire department vehicles are taxed at the rate of \$1.00 per \$100 of assessed value.

Specially equipped vehicles for disabled veterans and for the handicapped are taxed at the rate of \$.01 per \$100 of assessed value.

**COUNTY OF HENRICO, VIRGINIA
PRINCIPAL PROPERTY TAXPAYERS
LAST TWO and TEN YEARS AGO**

Table VII

	Taxpayer	Type of Business	Calendar Year 2015				Calendar Year 2014				Calendar Year 2006			
			Real/Personal Property Assessed	Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed	Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed	Valuation	Rank	Percent of Total Valuation
	Virginia Power Company	Utility		525,513,203	1	1.39%		492,287,626	1	1.35%		361,650,375	2	1.10%
	Forest City (Short Pump TC, White Oak, etc)	Retail and Offices		294,292,900	2	0.78%		270,597,900	2	0.74%		205,343,700	6	0.60%
	General Services Corporation	Apartments		234,071,500	3	0.62%		230,479,500	4	0.63%		-	N/A	-
	Highwoods Properties	Offices and Warehouses		232,434,600	4	0.61%		252,115,000	3	0.69%		213,717,600	4	0.60%
	The Wilton Companies	Office, Retail & Warehouse		224,576,100	5	0.59%		220,243,100	6	0.61%		197,210,500	8	0.60%
	Verizon	Utility		222,685,067	6	0.59%		224,264,870	5	0.62%		205,347,740	5	0.60%
	Weinstein Family	Apartments		184,265,700	7	0.49%		181,384,200	7	0.50%		-	N/A	-
	HCA Health Services of VA	Hospital		172,426,474	8	0.46%		176,107,056	8	0.48%		116,416,081	10	0.30%
	Gumenick	Apartments and Retail		143,760,200	9	0.38%		-	N/A	-		-	N/A	-
	United Dominion Realty Trust	Apartments		137,650,600	10	0.36%		132,713,200	9	0.37%		160,447,900	9	0.50%
	Excel Realty Holdings (West Broad Village)	Offices		-	N/A	-		128,490,700	10	0.35%		-	N/A	-
	Liberty Property, LP	Warehouses and Offices		-	N/A	-		-	N/A	-		205,103,100	7	0.60%
	Qimonda AG (Infineon Technologies)	Industrial		-	N/A	-		-	N/A	-		953,672,900	1	2.80%
	VAC Limited	Apartments		-	N/A	-		-	N/A	-		226,060,800	3	0.70%
	Totals			<u>\$ 2,371,676,344</u>		<u>6.27%</u>		<u>\$ 2,308,683,152</u>		<u>6.34%</u>		<u>\$ 2,844,970,696</u>		<u>8.40%</u>
	Total Assessed Values			<u>\$ 37,834,785,481</u>				<u>\$ 36,405,832,733</u>				<u>\$ 33,808,511,729</u>		

Source: County of Henrico Director of Finance

**COUNTY OF HENRICO, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Table VIII

Year	Original Fiscal Year Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2006	339,091,487	323,450,975	95.4%	8,538,873	331,989,848	97.9%
2007	352,305,000 (1)	331,949,276	94.2%	7,810,096	339,759,372	96.4%
2008	369,929,993	364,474,006	98.5%	4,881,310	369,355,316	99.8%
2009	380,661,375	371,078,746	97.5%	9,345,791	380,424,537	99.9%
2010	365,521,825	357,859,027	97.9%	7,479,652	365,338,679	99.9%
2011	349,268,894	336,136,985	96.2%	6,808,891	342,945,876	98.2%
2012	347,803,213	341,709,567	98.2%	5,359,194	347,068,761	99.8%
2013	357,613,295	351,926,258	98.4%	5,368,128	357,294,386	99.9%
2014	361,689,033	358,676,284	99.2%	2,067,461	360,743,745	99.7%
2015	373,457,423	357,897,136	95.8%	N/A (2)	357,897,136	95.8%

Note: The percentage of the original and adjusted levy's collected is not available for fiscal years prior to 2003.

(1) PPTRA amounts are no longer included in Levy or Collections as of FY2007.

(2) Fiscal year 2015 collections in subsequent years will be available as of the next reporting period.

COUNTY OF HENRICO, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE ⁽¹⁾
LAST TEN FISCAL YEARS

Table IX

Fiscal Year	General Bonded Debt				Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases			
	General Obligation Bonds (2)	Less, Amounts		Net Bonded Debt							
		Designated for Principal Payments									
2006	302,815,368	4,067,585		298,747,783	2.4%	0.9%	997.68	55,748,161			
2007	352,206,984	4,606,347		347,600,637	2.6%	0.9%	1,149.02	49,771,138			
2008	356,022,994	5,216,511		350,806,483	2.5%	0.9%	1,148.00	43,865,892			
2009	472,480,255	7,421,544		465,058,711	3.6%	1.2%	1,510.75	41,106,810			
2010	451,492,866	6,496,004		444,996,862	3.4%	1.2%	1,427.53	36,568,194			
2011	494,358,769	4,768,994		489,589,775	3.5%	1.4%	1,553.48	35,902,455			
2012	533,781,559	2,757,410		531,024,149	3.6%	1.5%	1,669.06	35,011,636			
2013	498,120,008	757,411		497,362,597	3.3%	1.4%	1,547.61	31,648,127			
2014	459,391,297	757,411		458,633,886	3.0%	1.3%	1,412.79	27,654,285			
2015	424,098,966	1,129,065		422,969,901	2.7%	1.1%	1,289.86	23,515,198			
Fiscal Year	Business-Type Activities				Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Component Units			
	Water & Sewer Revenue Bonds (2)	Capital Leases	Total					School Board		JRJDC	
			Primary Government					Capital Leases	Facility Bond	Capital Leases	
2006	125,784,456	-		484,347,985	3.8%	1.4%	1,617.50	15,453,321	5,290,000		13,343
2007	201,471,701	12,444		603,462,267	4.5%	1.6%	1,994.80	19,268,975	4,870,000		9,661
2008	193,228,758	7,718		593,125,362	4.3%	1.5%	1,940.98	21,733,285	4,425,000		5,780
2009	184,941,553	2,729		698,531,347	5.4%	1.8%	2,269.20	11,963,471	3,960,000		1,688
2010	187,913,854	23,332		675,998,246	5.1%	1.9%	2,168.57	20,337,101	3,470,000		7,549
2011	181,293,222	16,110		711,570,556	5.1%	2.0%	2,257.83	21,698,861	2,960,000		5,963
2012	172,866,644	20,562		741,680,401	5.1%	2.1%	2,331.17	11,606,052	2,425,000		3,906
2013	164,219,306	21,719		694,009,160	4.6%	2.0%	2,159.51	7,246,929	1,860,000		1,397
2014	239,236,344	28,148		726,310,074	4.7%	2.0%	2,237.35	42,682,213	1,270,000		-
2015	231,360,899	35,173		679,010,236	4.3%	1.8%	2,070.67	31,573,304	650,000		8,244

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) There are no limitations imposed by State Law or Local Ordinance on the amount of general obligation debt that may be issued either directly or indirectly. However, with certain exceptions, all debt, which is secured by the general obligation of a county, must be approved at public referendum prior to issuance.

(2) The Bond (plus Literary Loans, if applicable), net of related premium and discounts.

(3) Calculations based on calculated trend (see Table XI Sources).

COUNTY OF HENRICO, VIRGINIA
PLEDGED REVENUE COVERAGE ⁽¹⁾
LAST TEN FISCAL YEARS

Table X

Fiscal Year	Operating Revenue	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2006	81,934,311	41,915,291	40,019,020	7,070,000	5,980,027	13,050,027	3.07
2007	82,750,017	44,816,131	37,933,886	8,470,000	9,708,681	18,178,681	2.09
2008	86,691,475	52,062,041	34,629,434	8,205,000	9,252,708	17,457,708	1.98
2009	87,194,067	54,609,318	32,584,749	8,680,000	7,302,706	15,982,706	2.04
2010	83,321,061	54,265,948	29,055,113	6,780,000	8,162,621	14,942,621	1.94
2011	88,550,725	57,029,837	31,520,888	6,260,000	8,471,819	14,731,819	2.14
2012	91,838,857	55,519,463	36,319,394	8,070,000	8,582,853	16,652,853	2.18
2013	93,653,734	55,270,283	38,383,451	8,280,000	7,085,027	15,365,027	2.50
2014	97,868,671	61,678,495	36,190,176	8,025,000	7,044,891	15,069,891	2.40
2015	104,597,706	60,082,706	44,515,000	7,230,000	9,767,118	16,997,118	2.62

Notes: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Water and Sewer Fund only.

(2) The calculation of bond coverage operating expenses has been reduced by depreciation.

**COUNTY OF HENRICO, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Table XI

Year	County Population (1)	Total Personal Income (2) (\$000)	Per Capita Income (2)	Average Daily Student Enrollment (3)	Unemployment Rate (4)
2006	299,443	12,641,949	43,375	46,910	3.0%
2007	302,518	13,348,887	45,036	47,537	2.8%
2008	305,580	13,839,779	46,102	48,226	3.7%
2009	307,832	12,978,091	42,584	48,822	7.2%
2010	311,726	13,265,139	43,151	48,230	7.2%
2011	315,157	13,823,694	44,529	48,431	7.0%
2012	318,158	14,578,842	46,292	49,769	6.3%
2013	321,374	15,128,147	47,482	49,871	5.9%
2014	324,630 (5)	15,413,369 (5)	47,807 (5)	49,128	5.3%
2015	327,919 (5)	15,703,968 (5)	48,135 (5)	49,497	4.9%

Sources:

- (1) Henrico County 3-C Reports. Estimates from these reports are as of December 31 of the respective year.
- (2) U.S. Department of Commerce (Bureau of Economic Analysis in Henrico County, Annual)
- (3) Commonwealth of Virginia Superintendent's Annual Report
- (4) Virginia Employment Commission (Henrico County Economic Profile 6/30/2015)
- (5) Based on a trend average 2009 - 2013

COUNTY OF HENRICO, VIRGINIA
TOP TWENTY PRINCIPAL EMPLOYERS
LAST FIVE FISCAL YEARS

Table XII

Employer	2015 (1)			2014			2013			2012			2011		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Henrico County School Board	5,000-9,999	1	3.6%	5,000-9,999	1	3.4%	5,000-9,999	1	3.6%	5,000-9,999	1	3.9%	5,000-9,999	1	4.2%
County of Henrico	1,000-4,999	2	1.9%	1,000-4,999	3	1.9%	1,000-4,999	3	1.9%	1,000-4,999	3	2.4%	1,000-4,999	2	2.5%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.9%
Capital One Bank	1,000-4,999	4	1.8%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%	1,000-4,999	3	2.5%
Henrico Doctors' Hospital (HC/A)	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	6	1.9%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	6	1.8%	1,000-4,999	6	1.8%	1,000-4,999	8	1.8%	1,000-4,999	7	1.8%	1,000-4,999	5	1.9%
Wells Fargo Bank NA	1,000-4,999	7	1.8%	1,000-4,999	8	1.8%	1,000-4,999	9	1.8%	1,000-4,999	9	1.8%	1,000-4,999	9	1.9%
United States Postal Service	500-999	8	0.5%	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%	1,000-4,999	10	1.9%
Walmart	500-999	9	0.5%	1,000-4,999	9	1.8%	1,000-4,999	11	1.8%	1,000-4,999	11	1.8%	1,000-4,999	11	1.9%
Bank of America	500-999	10	0.5%	1,000-4,999	7	1.8%	1,000-4,999	7	1.8%	1,000-4,999	8	1.8%	1,000-4,999	8	1.9%
GNA Corporation	500-999	11	0.5%	1,000-4,999	11	1.8%	1,000-4,999	13	1.8%	1,000-4,999	12	1.8%	1,000-4,999	13	1.9%
Kroger	500-999	12	0.5%	1,000-4,999	13	1.8%	500-999	15	0.5%	500-999	15	1.8%	500-999	15	0.5%
Martin's Food Market	500-999	13	0.5%	1,000-4,999	12	1.8%	1,000-4,999	12	1.8%	1,000-4,999	13	1.8%	1,000-4,999	12	1.9%
SunTrust Bank	500-999	14	0.5%	1,000-4,999	14	1.8%	1,000-4,999	14	1.8%	500-999	19	0.5%	500-999	19	0.5%
Apex Systems, Inc.	500-999	15	0.5%	500-999	15	0.5%	500-999	17	0.5%	-	N/A	-	-	N/A	-
Market Service, Inc	500-999	16	0.5%	500-999	16	0.5%	500-999	16	0.5%	500-999	17	0.5%	500-999	18	0.5%
Virginia Department of Social Services	500-999	17	0.5%	500-999	17	0.5%	500-999	19	0.5%	500-999	20	0.5%	-	N/A	-
T Mobile USA, Inc.	500-999	18	0.5%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
SourcedTeachers	500-999	19	0.5%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
J. Sargeant Reynolds Community College	500-999	20	0.5%	500-999	20	0.5%	-	N/A	-	-	N/A	-	-	N/A	-
Dominion Resources	-	N/A	-	500-999	18	0.5%	500-999	18	0.5%	500-999	19	0.5%	500-999	16	0.5%
Verizon Virginia, Inc.	-	N/A	-	500-999	19	0.5%	500-999	20	0.5%	-	N/A	-	500-999	20	0.5%
Admiral Security Services	-	N/A	-	-	N/A	-	1,000-4,999	6	1.8%	1,000-4,999	6	1.8%	1,000-4,999	7	1.9%
Altria Corporate Services Inc	-	N/A	-	-	N/A	-	-	N/A	-	500-999	14	1.8%	500-999	14	0.5%
Access America	-	N/A	-	-	N/A	-	-	N/A	-	500-999	16	0.5%	500-999	17	0.5%
Totals			21.0%			30.6%			30.8%			32.6%			31.9%
Total County Employment (3)	180,876			172,420			164,450			166,525			155,163		

Source: Virginia Employment Commission
Employees and percentage of employment based on size code as published by VEC
(1) 2015 Data as of 1st Qtr 2015
(2) Non-Resident Employer of Henrico County Citizens
(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

COUNTY OF HENRICO, VIRGINIA
GOVERNMENT EMPLOYEES BY DEPARTMENT ⁽¹⁾
LAST TEN FISCAL YEARS

Table XIII

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agriculture & Home Extension	5	3	3	3	3	3	2	2	2	2
Belmont Golf Course	9	9	9	9	9	9	9	9	9	8
Board of Supervisors	5	5	5	5	5	5	5	5	4	4
Building Inspections	59	59	61	61	58	58	56	54	53	52
Central Automotive Maintenance	64	65	65	65	65	65	67	67	67	67
Circuit Court Services	7	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	45	50	56	56	54	54	56	56	56	56
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	17	19	19	19	18	18	17	17	16	16
County Attorney	18	18	18	18	18	18	18	19	19	19
County Manager	13	13	13	13	13	13	13	13	13	13
Electoral Board	10	10	9	9	9	9	8	8	8	8
Finance	160	166	166	167	159	159	157	153	169	168
Fire	491	522	531	540	539	539	539	539	548	548
General Services	150	157	160	161	156	156	155	147	120	119
Human Resources	50	55	57	56	53	53	52	48	58	56
Hold Complement (2)	-	-	-	-	-	-	19	43	36	22
Information Technology	85	91	90	89	83	83	85	89	88	90
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	31	31	33	33	33	33	33	33	33	33
Library	144	178	178	183	173	173	168	164	161	171
Mental Health	223	224	225	225	220	220	220	218	219	219
Permit Centers	17	19	19	19	18	18	17	17	16	16
Planning	46	50	50	50	49	49	46	43	44	44
Police	785	810	799	799	797	799	798	798	807	817
Public Relations & Media Services	19	20	20	20	19	19	19	19	19	19
Public Utilities	310	316	320	320	308	309	307	306	306	306
Public Works	259	265	266	266	258	258	254	254	254	257
Real Property	7	8	8	8	7	7	7	7	7	7
Recreation & Parks	152	167	172	172	168	178	178	177	173	172
Sheriff	360	362	378	377	371	371	371	371	371	373
Social Services	149	154	157	168	168	168	168	168	168	172
Solid Waste	78	78	75	75	70	69	69	69	69	69
Sub-total General Government	3,774	3,938	3,976	4,000	3,915	3,927	3,927	3,927	3,927	3,937
Education	6,081	6,231	6,422	6,588	6,634	6,567	6,564	6,564	6,643	6,686
Total Government Employees	9,855	10,168	10,397	10,587	10,549	10,494	10,491	10,491	10,570	10,623

Source: County of Henrico, Department of Human Resources (Education complement verified by School Finance Office)

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by non-County funds (318 as of February 3, 2015) are not included. General Government positions are based on headcount while Education positions are measured using FTE.

(2) Certain approved, vacant and frozen positions have been removed from the department where previously assigned and are being held in the Hold Complement until reassignment is made.

**COUNTY OF HENRICO, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table XIV

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Finance:										
Standard & Poor G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	105,742	107,533	109,333	109,970	110,369	112,383	112,490	112,986	113,641	114,283
Vehicles Assessed	347,000	348,862	349,306	328,204	347,913	347,790	354,721	354,419	351,318	354,633
GFOA Award CAFR - # of Years	24	25	26	27	28	29	30	31	32	33
GFOA Award Budget - # of Years	17	18	19	20	21	22	23	24	25	26
General Services:										
Fleet Annual Miles Driven	22,170,727	22,601,564	24,000,000	24,594,634	25,112,408	24,681,815	24,553,438	24,588,773	23,708,593	24,581,640
Gallons of Fuel Consumed	2,649,446	2,723,080	2,867,559	2,963,209	3,007,474	2,955,906	2,940,537	2,909,914	2,809,075	2,826,000
Total Work Orders Completed	26,963	28,301	30,490	24,589	20,361	22,308	24,550	23,000	20,048	21,200
Information Technology										
Internet Pages Accessed	8,840,785	12,207,405	13,861,882	16,629,902	19,212,527	19,121,527	6,365,812	6,486,961	6,865,209	7,014,890
Internet Site Visits	1,870,150	2,637,719	2,744,028	2,280,415	2,269,242	2,269,242	1,857,899	2,155,914	2,232,898	2,440,719
Central Computer Average Uptime	99.1%	99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	N/A
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	82,426	76,146	67,768	50,160	50,440	37,682	48,972	48,926	51,257	36,443
Civil Cases	2,831	2,881	3,001	2,852	3,104	3,034	3,113	3,135	3,237	3,475
Criminal Cases	8,113	8,613	8,001	6,971	7,133	6,431	5,616	5,833	5,375	5,073
General District Courts:										
New Criminal Cases Filed	10,422	10,475	7,878	10,386	10,620	15,196	13,057	13,267	13,158	13,967
New Civil Cases Filed	39,095	37,502	33,134	43,284	42,329	40,411	40,011	39,300	36,025	39,300
New Traffic Cases Filed	68,642	72,102	62,073	66,924	76,218	80,481	71,329	70,555	64,844	73,555
Commonwealth Attorney:										
Criminal Cases	25,980	25,532	26,000	25,084	25,038	34,061	34,227	35,617	35,687	35,325
Traffic Cases	99,567	96,553	97,000	94,356	107,397	109,152	99,262	97,580	90,598	110,150
Public Safety										
Police:										
Calls for Service	200,158	205,189	209,292	197,808	193,173	192,726	198,373	194,029	197,502	201,452
Criminal Arrests	21,925	24,815	25,311	21,399	20,330	20,716	19,989	20,690	27,671	27,947
Traffic Arrests	56,811	51,496	52,525	53,051	63,009	65,481	59,062	58,269	40,935	41,753
Fire Protection:										
Calls For Service	35,365	37,962	39,043	36,931	37,575	39,120	40,963	43,348	43,143	43,955
EMS and Rescue Calls	24,229	25,722	27,100	27,293	28,028	29,114	30,189	36,176	35,662	36,504
Fire Incidents	1,223	1,204	1,183	1,025	915	1,110	983	817	777	733
Sheriff:										
Civil Papers Served	120,370	121,201	123,098	115,186	120,746	116,434	115,948	100,626	105,120	106,000
Annual Commitments to Jail	12,201	12,588	12,600	13,605	16,888	17,623	12,157	16,134	14,094	14,500
Average Daily Inmate Population	1,169	1,234	1,300	1,164	1,140	1,167	1,138	1,183	1,175	1,200
Building Inspections:										
Total Permits Issued	20,907	18,509	20,000	12,819	11,975	12,208	13,771	14,274	13,972	14,000
Total Inspections	95,661	86,130	85,500	59,795	51,495	51,351	56,236	67,036	70,990	69,850
Public Works										
Public Works:										
Lane Miles Maintained	3,277	3,231	3,310	3,348	3,385	3,402	3,433	3,452	3,454	3,461
Traffic Signals Maintained	136	138	130	138	140	144	144	149	150	150
Development Plans Reviewed	1,415	1,630	1,536	1,026	776	653	691	880	875	1,600
Health and Social Services										
Public Health:										
Patient Visits	25,700	26,000	26,050	26,308	28,545	27,531	27,153	27,584	28,090	28,090
Water/Sewer Inspection Applications	397	350	350	195	179	179	243	243	243	N/A

**COUNTY OF HENRICO, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Table XIV

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<i>Health and Social Services con.t</i>										
Social Services:										
Clients Entering Employment	369	531	525	545	609	483	632	650	675	694
Clients Employed After 90 Days	277	409	404	436	493	367	512	527	547	486
Education										
Schools:										
Cost Per Student	\$ 7,832	\$ 8,485	\$ 8,957	\$ 9,369	\$ 9,485	\$ 9,015	\$ 9,041	\$ 9,110	\$ 8,978	\$ 9,305
Teaching Positions	3,489	3,554	3,657	3,791	3,815	3,720	3,737	3,719	3,741	3,780
Student/Teacher Ratio	13.4	13.4	13.2	12.7	13.0	13.0	13.0	13.4	13.1	13.1
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	3,595,204	3,401,181	3,500,000	3,537,272	4,001,371	3,951,571	3,829,590	3,787,758	3,333,223	3,800,000
Program Participants	264,393	306,575	350,000	306,498	396,900	397,000	397,000	397,000	23,223	30,404
Recreation Programs	13,514	16,364	16,550	17,234	15,848	16,400	16,400	16,400	1,197	2,762
Library:										
Customer Visits	1,447,124	1,446,004	1,632,666	1,865,118	1,904,924	2,046,163	2,040,073	2,063,468	2,032,388	1,986,263
Annual Circulation of Materials	2,637,296	2,695,776	2,690,534	3,584,375	3,786,229	3,905,151	3,860,738	3,881,526	3,935,828	3,936,061
Community Development										
Economic Development:										
Prospects Available	95	95	95	95	95	95	95	95	95	238
Retention Calls	690	464	580	690	650	650	650	650	30	203
Successful Prospects	38	36	38	30	38	38	35	35	20	8
Planning:										
Reviews Completed	490	537	289	326	256	300	260	232	284	300
Petitions and Permits Processed	275	262	122	110	85	87	87	86	126	120
Maps Prepared	2,200	1,603	1,588	848	743	1,036	1,048	1,048	1,191	1,100
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	8,882	8,996	9,075	10,985	11,345	11,004	10,421	10,766	10,609	10,300
Inspections Completed	21,304	22,133	22,500	27,513	29,138	27,499	26,626	27,406	27,273	26,000
Volunteers Hours Worked	7,423	7,154	7,511	5,024	6,242	2,488	4,076	2,708	3,478	3,500
Permit Center:										
Permit Applications Received	6,886	6,298	5,873	4,253	4,225	4,519	4,734	5,123	5,085	5,075
Permit Applications Reviewed	13,675	11,605	11,307	6,954	7,156	7,113	7,191	6,558	10,930	10,923
Permits Issued	4,229	5,763	5,151	4,168	4,035	4,447	4,646	5,076	5,472	5,058
Inquires	24,184	23,348	20,404	15,248	14,072	13,295	12,793	12,581	15,278	22,920
Public Utilities										
Solid Waste:										
Number of Customers	32,346	34,364	36,000	37,647	39,117	39,862	41,121	42,578	43,728	44,000
Tons of Waste Collected	100,079	108,614	97,800	91,855	81,785	83,264	90,495	93,860	95,748	45,750
Tons Deposited in Public Use Areas	32,346	37,078	30,000	40,272	32,212	29,700	29,888	29,091	29,942	32,000
Water and Sewer:										
Number of Water Customers	90,000	91,482	92,800	94,886	91,776	92,243	92,946	94,006	95,097	96,000
Number of Sewer Customers	88,391	89,790	91,000	91,631	88,854	89,355	90,068	91,110	92,125	93,100
Fire Hydrants in Service	10,561	11,054	11,200	11,567	11,799	11,969	12,167	12,321	12,464	12,900

Source: Approved County Budget

(1) FY2015 column data is revised budget not actual, where actual data is not yet available

**COUNTY OF HENRICO, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Table XV

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Vehicles	340	410	533	728	487	575	559	534	920	567
Building Square Footage	2,132,633	2,182,633	2,194,808	2,194,808	2,203,193	2,225,054	2,669,214	2,691,018	2,672,574	2,680,779
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Police Stations	2	2	2	2	2	2	2	2	3	3
Police Field Offices	2	2	2	2	2	3	3	3	2	2
Vehicles	648	650	638	651	711	740	734	808	1,064	825
Sheriff:										
Vehicles	54	55	55	55	60	59	61	61	61	67
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
Juvenile & Domestic Relations										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
Fire Protection:										
Stations	19	20	20	20	20	20	20	20	20	20
Vehicles	164	169	168	168	175	177	177	175	179	192
Public Works:										
Miles of Maintained Roads	1,298	1,311	1,317	1,327	1,338	1,339	1,349	1,354	1,357	1,360
Miles of Storm Drainage	1,062	1,078	1,093	1,102	1,116	1,116	1,116	959	1,547	2,096
Vehicles	311	306	299	323	323	315	333	333	335	336
Education										
Schools:										
School Facilities	68	70	70	71	71	71	73	73	74	72
Vehicles	1,033	1,070	1,096	1,158	1,131	1,137	1,173	1,183	1,184	1,186
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	17	17	17	20	17	20	20	20	14	21
Developed Park Acreage	1,800	1,897	1,900	2,505	2,505	2,505	2,505	2,515	2,539	2,584
Athletic Fields/Courts	407	417	419	419	423	410	410	187	227	199
County Golf Courses	1	1	1	1	1	1	1	1	1	1
Library:										
Number of Libraries	10	10	10	11	10	11	11	11	11	11
Titles in Collection	298,528	326,326	331,242	327,455	329,141	324,527	314,907	321,108	338,485	328,918
Volumes in Collection	823,864	895,954	1,042,188	901,837	924,076	860,640	863,149	899,266	903,125	839,037
Public Utilities										
Water and Sewer:										
Miles of Water Mains	1,431	1,463	1,495	1,515	1,528	1,548	1,558	1,572	1,582	1,595
Miles of Sewer Mains	1,364	1,391	1,420	1,445	1,443	1,450	1,456	1,463	1,470	1,481
Vehicles	341	341	347	354	353	358	358	358	380	373
Landfills	1	1	1	1	1	1	1	1	1	-

Source: Approved County Budget

(1) FY2015 column data is revised budget not actual, where actual data is not yet available

(2) The Springfield Landfill was closed June 30, 2014.

SINGLE AUDIT 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 Henrico, 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 Henrico, Virginia (the County), as of and for the year ended June 30, 2015, and the notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 23, 2015, which included a paragraph emphasizing that in fiscal year 2015, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which provide new accounting guidance that addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts.

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. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 23, 2015



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

**Independent Auditors' Report on Compliance for Each Major Program and
Report on Internal Control Over Compliance 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 Henrico, Virginia:

Report on Compliance for Each Major Federal Program

We have audited the County of Henrico, Virginia's (the County) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (*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, 2015. 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 County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.



Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

KPMG LLP

November 23, 2015

COUNTY OF HENRICO, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

(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: **None**
- (i) Major programs:
 - **Child Nutrition Cluster (CFDA No. 10.553 and 10.555)**
 - **Title I Grant (CFDA No. 84.010)**
 - **Special Education Cluster (CFDA No. 84.027 and 84.173)**
 - **Workforce Investment Act Cluster (CFDA No. 17.258, 17.259, and 17.278)**
 - **Community Development Block Grant (CFDA No. 14.218)**
 - **Medical Assistance Program (CFDA No. 93.778)**
- (j) Dollar threshold used to distinguish between Type A and Type B programs: **\$ 1,817,685**
- (k) Auditee qualified as low-risk auditee under Section 530 of OMB Circular A-133: **No**

COUNTY OF HENRICO, VIRGINIA
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

(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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2015

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF AGRICULTURE:			
PASS-THROUGH AWARDS:			
STATE DEPARTMENT OF EDUCATION:			
SCHOOL BREAKFAST PROGRAM	* 10.553	\$ 2,837,221	\$ -
NATIONAL SCHOOL LUNCH PROGRAM	* 10.555	9,073,518	-
CHILD NUTRITION DISCRETIONARY GRANT	10.579	34,539	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		11,945,278	-
STATE DEPARTMENT OF SOCIAL SERVICES:			
STATE ADMIN MATCHING GRANT FOR THE SUPPLEMENTAL NUTRITION ASSIST PRGM	10.561	1,690,851	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		1,690,851	-
STATE DEPARTMENT OF JUVENILE JUSTICE:			
SCHOOL BREAKFAST PROGRAM	* 10.553	21,481	-
NATIONAL SCHOOL LUNCH PROGRAM	* 10.555	71,165	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF JUVENILE JUSTICE		92,646	-
NON-CASH AWARDS:			
STATE DEPARTMENT OF AGRICULTURE:			
NATIONAL SCHOOL LUNCH PROGRAM	* 10.555	1,253,863	-
SUBTOTAL NON-CASH AWARDS STATE DEPARTMENT OF AGRICULTURE		1,253,863	-
TOTAL NATIONAL SCHOOL LUNCH PROGRAM	* 10.555	10,398,546	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE		\$ 14,982,638	\$ -
U.S. DEPARTMENT OF DEFENSE:			
PASS-THROUGH AWARDS:			
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	\$ -	\$ 148,431
TOTAL U.S. DEPARTMENT OF DEFENSE		\$ -	\$ 148,431
U.S. DEPARTMENT OF EDUCATION:			
DIRECT AWARDS:			
FEDERAL PELL GRANT PROGRAM	84.063	\$ 324,093	\$ -
TOTAL DIRECT AWARDS		324,093	-
PASS-THROUGH AWARDS:			
STATE DEPARTMENT OF EDUCATION:			
EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981			
ADULT EDUCATION BASIC GRANTS TO STATES	84.002	324,391	-
TITLE I GRANTS TO LOCAL EDUCATION AGENCIES	* 84.010	8,088,292	-
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	* 84.013	164,424	-
TOTAL EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981		8,577,107	-
TITLE VI:			
ASSISTANCE TO STATES FOR EDUCATION OF HANDICAPPED CHILDREN			
SPECIAL EDUCATION GRANTS TO STATES	* 84.027	9,962,181	-
SPECIAL EDUCATION PRESCHOOL-GRANT	* 84.173	180,306	-
TOTAL TITLE VI		10,142,487	-
TITLE VI-B:			
VOCATIONAL EDUCATION:			
CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	84.048	1,073,833	-
TOTAL VOCATIONAL EDUCATION		1,073,833	-
SPECIAL PROJECTS:			
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196	77,675	-
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	362,686	-
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	1,152,834	-
TEACHER INCENTIVE FUND	* # 84.374	3,016,827	-
TOTAL SPECIAL PROJECTS		4,610,022	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		24,403,449	-
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ 24,727,542	\$ -

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2015

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS
U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES:			
DIRECT AWARDS:			
VIRGINIA COMMISSION FOR THE ARTS:			
PROMOTION OF THE HUMANITIES CHALLENGE GRANTS	45.130	\$ 5,000	\$ -
TOTAL U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES		\$ 5,000	\$ -
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
DIRECT AWARDS:			
ADMINISTRATION FOR CHILDREN, YOUTH & FAMILIES HEAD START	93.600	\$ 1,108,940	\$ -
TOTAL DIRECT AWARDS		1,108,940	-
PASS- THROUGH AWARDS:			
STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION			
SPECIAL EDUCATION GRANTS FOR INFANTS AND FAMILIES	84.181	323,097	-
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICE	93.958	555,439	-
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	963,628	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION		1,842,164	-
STATE DEPARTMENT OF SOCIAL SERVICES:			
PASS- THROUGH AWARDS:			
PROMOTING SAFE AND STABLE FAMILIES	93.556	134,308	-
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	2,616,909	-
REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	93.566	63,389	-
LOW-INCOME HOME ENERGY ASSISTANCE	93.568	132,231	-
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT	93.596	194,135	-
FOSTER CARE-TITLE IV-E	93.658	1,204,493	-
TOTAL FOSTER CARE		1,204,493	-
ADOPTION ASSISTANCE	93.659	581,704	-
TOTAL ADOPTION ASSISTANCE		581,704	-
SOCIAL SERVICES BLOCK GRANT	93.667	1,084,064	-
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674	27,635	-
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767	60,473	-
MEDICAL ASSISTANCE PROGRAM	93.778	2,034,736	-
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		8,134,077	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		\$ 11,085,181	\$ -
DEPARTMENT OF HOMELAND SECURITY:			
PASS THROUGH AWARDS:			
STATE DEPARTMENT OF EMERGENCY SERVICES:			
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	57,964	-
PORT SECURITY GRANT PROGRAM	97.056	319,415	-
HOMELAND SECURITY GRANT PROGRAM	97.067	67,738	-
SUBTOTAL STATE DEPARTMENT OF EMERGENCY SERVICES		445,117	-
TOTAL DEPARTMENT OF HOMELAND SECURITY		\$ 445,117	\$ -
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
DIRECT AWARDS:			
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	\$ 1,217,320	\$ 735,140
EMERGENCY SOLUTIONS GRANT	14.231	\$ 21,366	\$ 45,577
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	60,336	666,734
TOTAL U.S. OF HOUSING AND URBAN DEVELOPMENT		\$ 1,299,022	\$ 1,447,451
U.S. DEPARTMENT OF JUSTICE:			
DIRECT AWARDS:			
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606	17,009	-
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	105,012	-
TOTAL DIRECT AWARDS		122,021	-

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF JUNE 30, 2015

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS
PASS- THROUGH AWARDS:			
STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES			
CRIME VICTIM ASSISTANCE	16.575	277,723	-
SUBTOTAL STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES		277,723	-
TOTAL U.S. DEPARTMENT OF JUSTICE		\$ 399,744	\$ -
U. S. DEPARTMENT OF LABOR:			
PASS- THROUGH AWARDS:			
COMMUNITY COLLEGE SYSTEM:			
WIA ADULT PROGRAM	17.258	672,544	869,844
TOTAL WIA ADULT PROGRAM		672,544	869,844
WIA YOUTH ACTIVITIES	17.259	694,375	704,634
TOTAL WIA YOUTH ACTIVITIES		694,375	704,634
WIOA NATIONAL DISLOCATED WORKER	17.277	-	3,683
WIA DISLOCATED WORKERS	17.278	533,117	1,412,961
TOTAL WIA DISLOCATED WORKERS PROGRAM		533,117	1,416,644
SUBTOTAL COMMUNITY COLLEGE SYSTEM		1,900,036	2,991,122
THE SKILLSOURCE GROUP, INC.:			
WORKFORCE INNOVATION FUND	17.283	166,470	466,668
TOTAL WORKFORCE INNOVATION FUND		166,470	466,668
SUBTOTAL SKILLSOURCE GROUP, INC		166,470	466,668
TOTAL U.S. DEPARTMENT OF LABOR		\$ 2,066,506	\$ 3,457,790
U.S. DEPARTMENT OF TRANSPORTATION:			
PASS- THROUGH AWARDS:			
STATE DEPARTMENT OF MOTOR VEHICLES:			
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	\$ 286,704	\$ -
STATE DEPARTMENT OF TRANSPORTATION:			
HIGHWAY PLANNING AND CONSTRUCTION	20.205	212,380	-
INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	20.703	25,999	-
SUBTOTAL STATE DEPARTMENT OF TRANSPORTATION		238,379	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		\$ 525,083	\$ -
TOTAL FEDERAL EXPENDITURES		\$ 55,535,833	\$ 5,053,672

NOTES:

- * DENOTES MAJOR FEDERAL PROGRAM
- # AWARD WAS PASSED THROUGH BY "COMMUNITY TRAINING AND ASSISTANCE CENTER, INC." FUNDS USED TO INCENTIVIZE TEACHERS FOR THE FY13 SCHOOL YEAR
- (A) BASIS OF ACCOUNTING-THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE IS PREPARED ON THE MODIFIED ACCRUAL BASIS. EXPENDITURES ARE RECOGNIZED WHEN THEY BECOME A DEMAND ON CURRENT AVAILABLE FINANCIAL RESOURCES. CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS ARE IN THE FORM OF NONCASH AWARDS(SEE NOTE D). FEDERAL FINANCIAL ASSISTANCE PROVIDED TO SUBRECIPIENT IS TREATED AS AN EXPENDITURE WHEN IT IS PAID TO THE SUBRECIPIENT.
- (B) REPORTING ENTITY-THE COUNTY OF HENRICO, VIRGINIA, FOR PURPOSE OF THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE INCLUDES ALL THE FUNDS OF THE PRIMARY GOVERNMENT AS DEFINED BY GASB STATEMENT 14. THE FINANCIAL REPORTING ENTITY, THE COUNTY OF HENRICO, VIRGINIA, ADMINISTERS CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS THROUGH SUBRECIPIENTS. THOSE SUBRECIPIENT ARE ALSO NOT CONSIDERED PART OF THE COUNTY OF HENRICO, VIRGINIA, REPORTING ENTITY.
- (C) PASS-THROUGH AWARDS-THE COUNTY OF HENRICO, VIRGINIA, RECEIVES CERTAIN FEDERAL FINANCIAL ASSISTANCE FROM PASS-THROUGH AWARDS OF THE COMMONWEALTH OF VIRGINIA. THE AMOUNTS RECEIVED ARE SEPERATELY IDENTIFIED.
- (D)NONCASH AWARDS-CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS DO NOT INVOLVE CASH AWARDS TO THE COUNTY OF HENRICO, VIRGINIA. THESE PROGRAMS ARE DONATED COMMODITIES AND FOOD STAMPS AS FOLLOWS:
 - U. S. DEPARTMENT OF AGRICULTURE:
 - DONATED COMMODITIES CFDA # 10.555 (MAJOR)
 - VALUE OF COMMODITIES ISSUED \$9,132
 - VALUE OF COMMODITIES ON HAND \$4,200
 - DONATED COMMODITIES CFDA # 10.555 (MAJOR)
 - VALUE OF COMMODITIES ISSUED \$1,063,415
 - VALUE OF COMMODITIES ON HAND \$15,158

Totals by Clusters:

Child Nutrition Cluster (CFDA 10.553, 10.555)	13,291,787
Title I, Part A Cluster (CFDA 84.010, 84.013)	8,252,716
WIA Cluster (CFDA 17.258, 17.259, 17.277, 17.278)	4,891,158

