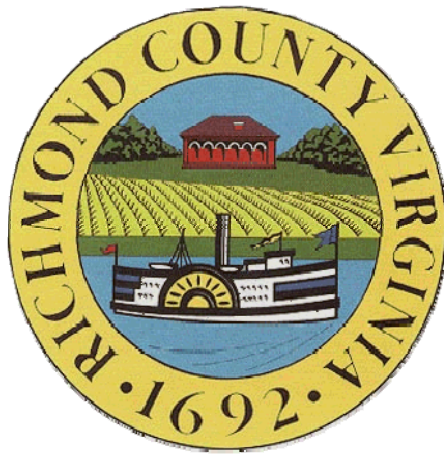


COUNTY OF RICHMOND, VIRGINIA



ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2015

COUNTY OF RICHMOND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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COUNTY OF RICHMOND, VIRGINIA

BOARD OF SUPERVISORS

F. Lee Sanders, Chairperson

Jean C. Harper
John L. Haynes, Jr.

Robert B. Pemberton
Richard E. Thomas, Sr.

COUNTY SCHOOL BOARD

John A. Brown, Chairperson

Boyd K. Blackley, II
Vivian G. Wood

Brenda H. Pemberton
Patricia P. Pugh

SOCIAL SERVICES BOARD

W. Sue France, Chairperson

Jean C. Harper
David Cordes
Gordon Tolson

Neal Schools
Nancy Finnegan

OTHER OFFICIALS

Judge of the Circuit Court.....Harry T. Taliaferro, III
Clerk of the Circuit Court Rosa S. Forrester
Judge of the General District Court Ricardo Rigual
Judge of the Juvenile and Domestic Relations Court R. Michael McKenney
Commonwealth's Attorney..... Wayne L. Emery
Commissioner of the Revenue Jennifer W. Delano
Treasurer Edith A. Sanders
Sheriff Stephen B. Smith
Superintendent of Schools..... James G. Smith
Director of Social Services.....Vanessa Livingstone
County Administrator.....R. Morgan Quicke

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COUNTY OF RICHMOND, VIRGINIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

**To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, 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 accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement Nos. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement Nos. 27 and 71*, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-10, 74-75, and 76-81 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. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Richmond, Virginia's basic financial statements. The other supplementary information and the statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

Other Information (continued)

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

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of County of Richmond, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Richmond, Virginia's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "R. F. Cox", followed by a long horizontal line.

Richmond, Virginia
December 10, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Richmond County
County of Richmond, Virginia**

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$5,046,418 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources of \$9,372,712 (Exhibit 5) after making contributions totaling \$4,937,301 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$696,848, a decrease of \$9,372,712 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$226,718, or 1% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,771,913 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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 difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Richmond, Virginia itself (known as the primary government), but also a legally separate school district, and industrial development authority and for which the County of Richmond, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

Fund financial statements - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Richmond, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds – the General Fund, the Capital Projects Fund and the Sheriff's Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's agency funds. It 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. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board, and Industrial Development Authority. The Component Units do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$5,046,418 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net position:

County of Richmond, Virginia's Net Position			
		Governmental Activities	
		2015	2014
Current and other assets	\$	2,026,886	\$ 12,571,675
Capital assets		<u>24,358,723</u>	<u>15,476,947</u>
Total assets	\$	<u>26,385,609</u>	<u>\$ 28,048,622</u>
Deferred outflows of resources	\$	<u>288,692</u>	<u>\$ -</u>
Current liabilities	\$	1,138,210	\$ 2,244,312
Long-term liabilities outstanding		<u>19,756,911</u>	<u>20,050,656</u>
Total liabilities	\$	<u>20,895,121</u>	<u>\$ 22,294,968</u>
Deferred inflows of resources	\$	<u>732,762</u>	<u>\$ 26,449</u>
Net position:			
Net investment in capital assets	\$	5,795,147	\$ 4,602,633
Unrestricted		<u>(748,729)</u>	<u>1,124,572</u>
Total net position	\$	<u><u>5,046,418</u></u>	<u><u>\$ 5,727,205</u></u>

Because prior year information related to pensions was not available, the 2014 numbers have been restated to reflect GASB 68 calculations.

Government-wide Financial Analysis (Continued)

The County's net position increased by \$501,850 during the current fiscal year. The following table summarizes the County's Statement of Activities.

County of Richmond, Virginia's Changes in Net Position		
	Governmental Activities	
	2015	2014
Charges for services	\$ 413,529	\$ 421,007
Operating grants and contributions	2,600,508	3,055,840
General property taxes	7,360,601	7,157,053
Other local taxes	1,323,118	1,491,479
Contributions from Richmond County School Board	-	75,000
Contributions from Richmond County IDA	75,000	-
Grants and other contributions not restricted	1,204,750	1,146,354
Other general revenues	215,368	276,673
Total revenues	\$ 13,192,874	\$ 13,623,406
General government administration	\$ 1,010,419	\$ 1,120,423
Judicial administration	672,506	710,582
Public safety	2,387,427	2,402,184
Public works	895,848	846,800
Health and welfare	1,570,764	1,690,009
Education	5,215,355	5,642,298
Parks, recreation, and cultural	115,768	162,972
Community development	233,541	228,685
Interest and other fiscal charges	589,396	575,697
Total expenses	\$ 12,691,024	\$ 13,379,650
Change in net position	\$ 501,850	\$ 243,756
Net position, beginning of year	4,544,568	5,483,449
Net position, end of year	\$ 5,046,418	\$ 5,727,205

Because prior year information related to pensions was not available, the 2014 numbers have been restated to reflect GASB 68 calculations. Therefore, beginning net position for 2015 as displayed above does not agree to ending net position for 2014.

Financial Analysis of the County's Funds

As noted earlier, the County used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$696,848, a decrease of \$9,372,712 in comparison with the prior year. Approximately 32.5% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, revenues and other sources were in deficit of budgetary estimates by \$97,316. Budgetary estimates exceeded expenditures and other uses by \$239,177 resulting in a positive variance of \$141,861 for net change in fund balance.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2015 amounts to \$24,358,723 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$18,494,236. Of this amount, \$16,588,442 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds and notes).

The County's total debt decreased by \$842,507 during the current fiscal year.

Additional information on the County of Richmond, Virginia's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2016 fiscal year.

The fiscal year 2016 budget increased by approximately 2% and tax rates for both personal property and machinery and tools increased.

Requests for Information

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government			
	Governmental		Component Units	
	<u>Activities</u>		<u>School Board</u>	<u>IDA</u>
ASSETS				
Cash and cash equivalents	\$ 297,587	\$ 1,202,520	\$ 68,685	
Receivables (net of allowance for uncollectibles):				
Taxes receivable	385,116	-	-	
Accounts receivable	108,213	36,564	-	
Restricted investments	424,849	-	-	
Due from other governmental units	811,121	338,858	-	
Inventories	-	16,566	-	
Net pension asset	-	180,595	-	
Capital assets (net of accumulated depreciation):				
Land	409,475	64,085	56,739	
Buildings and improvements	7,260,304	2,284,204	-	
Machinery, equipment and vehicles	563,688	797,279	-	
Construction in progress	16,125,256	-	-	
Total assets	<u>\$ 26,385,609</u>	<u>\$ 4,920,671</u>	<u>\$ 125,424</u>	
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions subsequent to measurement date	\$ 288,692	\$ 895,413	\$ -	
Total deferred outflows of resources	<u>\$ 288,692</u>	<u>\$ 895,413</u>	<u>\$ -</u>	
LIABILITIES				
Accounts payable	\$ 365,898	\$ 18,931	\$ -	
Accrued liabilities	-	1,105,925	-	
Accrued interest payable	172,254	-	-	
Bonds held for others	71,320	-	-	
Due to other governmental units	454,225	334,391	-	
Unearned revenue	74,513	-	-	
Long-term liabilities:				
Due within one year	905,312	90,473	-	
Due in more than one year	18,851,599	10,659,954	-	
Total liabilities	<u>\$ 20,895,121</u>	<u>\$ 12,209,674</u>	<u>\$ -</u>	
DEFERRED INFLOW OF RESOURCES				
Deferred revenue - property taxes	\$ 29,951	-	\$ -	
Items related to measurement of net pension liability	702,811	1,711,384	-	
Total deferred inflow of resources	<u>\$ 732,762</u>	<u>\$ 1,711,384</u>	<u>\$ -</u>	
NET POSITION				
Net investment in capital assets	\$ 5,795,147	\$ 2,842,388	\$ 56,739	
Unrestricted (deficit)	(748,729)	(10,947,362)	68,685	
Total net position	<u>\$ 5,046,418</u>	<u>\$ (8,104,974)</u>	<u>\$ 125,424</u>	

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

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

				Net (Expense) Revenue and Changes in Net Position		
				Primary		
				Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	School Board	IDA
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,010,419	\$ 7,144	\$ 265,593	\$ (737,682)		
Judicial administration	672,506	5,026	304,144	(363,336)		
Public safety	2,387,427	401,359	878,325	(1,107,743)		
Public works	895,848	-	-	(895,848)		
Health and welfare	1,570,764	-	792,495	(778,269)		
Education	5,215,355	-	143,338	(5,072,017)		
Parks, recreation, and cultural	115,768	-	-	(115,768)		
Community development	233,541	-	-	(233,541)		
Interest on long-term debt	589,396	-	216,613	(372,783)		
Total governmental activities	\$ 12,691,024	\$ 413,529	\$ 2,600,508	\$ (9,676,987)		
Total primary government	\$ 12,691,024	\$ 413,529	\$ 2,600,508			
COMPONENT UNITS:						
School Board	\$ 13,824,574	\$ 118,661	\$ 8,674,183		\$ (5,031,730)	\$ -
IDA	108,156	67,811	-		-	(40,345)
Total component units	\$ 13,932,730	\$ 186,472	\$ 8,674,183		\$ (5,031,730)	\$ (40,345)
General revenues:						
General property taxes				\$ 7,360,601	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				1,118,893	-	-
Other local taxes				204,225	-	-
Unrestricted revenues from use of money and property				31,078	54	34
Miscellaneous				184,290	91,607	4,286
Grants and contributions not restricted to specific programs				1,204,750	-	-
Contributions from Richmond County				-	4,860,091	-
Contributions from Richmond IDA				75,000	-	-
Total general revenues				\$ 10,178,837	\$ 4,951,752	\$ 4,320
Change in net position				\$ 501,850	\$ (79,978)	\$ (36,025)
Net position - beginning, as restated				4,544,568	(8,024,996)	161,449
Net position - ending				\$ 5,046,418	\$ (8,104,974)	\$ 125,424

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

FUND FINANCIAL STATEMENTS

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 201,261	\$ -	\$ 96,326	\$ 297,587
Receivables (net of allowance for uncollectibles):				
Taxes receivable	385,116	-	-	385,116
Accounts receivable	108,213	-	-	108,213
Due from other funds	208,659	-	-	208,659
Restricted investment	-	424,849	-	424,849
Due from other governmental units	811,121	-	-	811,121
Total assets	<u>\$ 1,714,370</u>	<u>\$ 424,849</u>	<u>\$ 96,326</u>	<u>\$ 2,235,545</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 365,898	\$ -	\$ -	\$ 365,898
Bonds held for others	71,320	-	-	71,320
Due to other funds	-	208,659	-	208,659
Due to other governmental units	454,225	-	-	454,225
Unearned revenue	-	-	74,513	74,513
Total liabilities	<u>\$ 891,443</u>	<u>\$ 208,659</u>	<u>\$ 74,513</u>	<u>\$ 1,174,615</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	\$ 364,082	\$ -	\$ -	\$ 364,082
Total deferred inflow of resources	<u>\$ 364,082</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,082</u>
Fund balances:				
Restricted	\$ -	\$ 216,190	\$ 21,813	\$ 238,003
Committed	29,508	-	-	29,508
Assigned	202,619	-	-	202,619
Unassigned	226,718	-	-	226,718
Total fund balances	<u>\$ 458,845</u>	<u>\$ 216,190</u>	<u>\$ 21,813</u>	<u>\$ 696,848</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,714,370</u>	<u>\$ 424,849</u>	<u>\$ 96,326</u>	<u>\$ 2,235,545</u>

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

County of Richmond, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	696,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 30,933,571	
Accumulated depreciation	<u>(6,574,848)</u>	24,358,723
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	\$ 334,131	
Items related to measurement of net pension liability	<u>(702,811)</u>	(368,680)
Pension contributions subsequent to the measurement date will be a reduction to the net pension liability in the next fiscal year and, therefore, are not reported in the funds.		288,692
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (1,800,202)	
General obligations bonds	(16,588,442)	
Notes payable	(105,592)	
Compensated absences	(150,165)	
Deferred issuance premium	(494,189)	
Net OPEB obligation	(34,352)	
Net pension liability	(583,969)	
Accrued interest payable	<u>(172,254)</u>	(19,929,165)
Net position of governmental activities	<u>\$</u>	<u>5,046,418</u>

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

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

	General Fund	Capital Projects Fund	Sheriff's Fund	Total
REVENUES				
General property taxes	\$ 7,431,289	\$ -	\$ -	\$ 7,431,289
Other local taxes	1,323,118	-	-	1,323,118
Permits, privilege fees, and regulatory licenses	58,390	-	-	58,390
Fines and forfeitures	37,152	-	-	37,152
Revenue from the use of money and property	24,971	6,107	-	31,078
Charges for services	317,987	-	-	317,987
Miscellaneous	184,290	-	-	184,290
Recovered costs	870,638	-	-	870,638
Intergovernmental:				
Local government	75,000	-	-	75,000
Commonwealth	2,998,139	-	19,467	3,017,606
Federal	752,281	-	35,371	787,652
Total revenues	\$ 14,073,255	\$ 6,107	\$ 54,838	\$ 14,134,200
EXPENDITURES				
Current:				
General government administration	\$ 1,001,344	\$ -	\$ -	\$ 1,001,344
Judicial administration	654,643	-	-	654,643
Public safety	2,528,656	-	35,371	2,564,027
Public works	904,524	-	-	904,524
Health and welfare	2,170,967	-	-	2,170,967
Education	4,946,948	-	-	4,946,948
Parks, recreation, and cultural	146,032	-	-	146,032
Community development	242,690	-	-	242,690
Nondepartmental	43,544	-	-	43,544
Capital projects	9,339,889	-	-	9,339,889
Debt service:				
Principal retirement	866,507	-	-	866,507
Interest and other fiscal charges	649,797	-	-	649,797
Total expenditures	\$ 23,495,541	\$ -	\$ 35,371	\$ 23,530,912
Excess (deficiency) of revenues over (under) expenditures	\$ (9,422,286)	\$ 6,107	\$ 19,467	\$ (9,396,712)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 8,805,725	\$ -	\$ -	\$ 8,805,725
Transfers out	-	(8,805,725)	-	(8,805,725)
Issuance of note payable	24,000	-	-	24,000
Total other financing sources (uses)	\$ 8,829,725	\$ (8,805,725)	\$ -	\$ 24,000
Net change in fund balances	\$ (592,561)	\$ (8,799,618)	\$ 19,467	\$ (9,372,712)
Fund balances - beginning	1,051,406	9,015,808	2,346	10,069,560
Fund balances - ending	\$ 458,845	\$ 216,190	\$ 21,813	\$ 696,848

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

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (9,372,712)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period. The following is a summary of items supporting this adjustment:

Capital outlay	\$ 9,263,709	
Depreciation expense	(459,143)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	77,210	8,881,776

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ (70,688)	
Decrease (increase) in items related to measurement of net pension liability	(702,811)	(773,499)

The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 315,945	
Principal retirement on general obligation bonds	519,489	
Principal retirement on note payable	31,073	
Issuance of note payable	(24,000)	842,507

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 59,190	
(Increase) decrease in compensated absences	(19,242)	
(Increase) decrease in net OPEB obligation	(4,741)	
(Increase) decrease in net pension liability	894,199	
(Increase) decrease in deferred outflows related to pension payments subsequent to the measurement date	(6,839)	
(Increase) decrease in accrued interest payable	1,211	923,778

Change in net position of governmental activities	\$ 501,850	
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The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 505,295
Total assets	<u>\$ 505,295</u>
LIABILITIES	
Accounts payable	\$ 25,710
Amounts held for social services clients	18,945
Amounts held for Northern Neck Regional Vocational Center	460,640
Total liabilities	<u>\$ 505,295</u>

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

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies:

The County of Richmond, Virginia (the "County") is governed by an elected five member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, refuse disposal, recreational activities, cultural events, education, and social services.

The financial statements of the County of Richmond, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government'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).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government'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. Under the reporting model, governments provide budgetary comparison information in their annual reports including a requirement to report the government's original budget with the comparison of final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Richmond (the primary government) and its component units. 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. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit.

The County has no blended component units at June 30, 2015.

Discretely Presented Component Units.

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2015.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2015. The Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

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

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of 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 as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, 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. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund.

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only special revenue fund the is the Sheriff's Fund, which is considered a major fund.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

c. Capital Projects Fund

The Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments. The Capital Projects Fund is considered a major fund.

2. Fiduciary Funds - (Trust and Agency Funds)

Fiduciary Funds (Trust and Agency Funds) account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. The County's Agency Funds include Library, Special Welfare, Local Sales Tax and Northern Neck Regional Vocational Center. These funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

F. Investments

Investments are reported at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$88,043 at June 30, 2015 and is comprised solely of property taxes.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Vehicles	5
Buses	10
Equipment	10

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. In accordance with the provisions of Governmental Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

J. Use of Estimates

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

K. Net Position

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

N. Fund Equity

The County reports fund balance in accordance with GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

N. Fund Equity (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Capital Projects Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
Fund balances:				
Restricted:				
Drug seizure	\$ -	\$ -	\$ 21,813	\$ 21,813
School construction	-	216,190	-	216,190
Total restricted fund balance	<u>\$ -</u>	<u>\$ 216,190</u>	<u>\$ 21,813</u>	<u>\$ 238,003</u>
Committed:				
Courthouse maintenance	\$ 29,508	\$ -	\$ -	\$ 29,508
Total committed fund balance	<u>\$ 29,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,508</u>
Assigned:				
Electric service backbone for community park	\$ 20,197	\$ -	\$ -	\$ 20,197
Asset forfeiture	2,706	-	-	2,706
Extension office renovation	5,345	-	-	5,345
Bond holding fund	74,241	-	-	74,241
Capital improvement fund	69,817	-	-	69,817
Ambulance purchase	30,313	-	-	30,313
Total assigned fund balance	<u>\$ 202,619</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,619</u>
Unassigned	\$ 226,718	\$ -	\$ -	\$ 226,718
Total fund balances	<u><u>\$ 458,845</u></u>	<u><u>\$ 216,190</u></u>	<u><u>\$ 21,813</u></u>	<u><u>\$ 696,848</u></u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 1—Summary of Significant Accounting Policies: (Continued)

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category. It is comprised of contributions to the pension plan made during the current year and subsequent to the net pension liability (asset) measurement date, which will be recognized as an increase to or a reduction of the net pension asset or liability next fiscal year. For more detailed information on these items, reference the pension note.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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 that time. The County has two types of items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension liability (asset) are reported as deferred inflows of resources. These include differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions. For more detailed information on these items, reference the pension note.

P. Adoption of Accounting Principles

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*:

The County implemented the financial reporting provisions for the above Statements for the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing assets, liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures related to pensions. Note disclosure and required supplementary information requirements about pensions are also addressed. The requirements will improve financial reporting by improving accounting and financial reporting by state and local governments for pensions. The implementation of these Statements resulted in a restatement of net position, reference Note 18.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse on June 30, for all County units.

Expenditures and Appropriations

Expenditures exceeded appropriations in the Sheriff's Fund, School Operating Fund, and School Cafeteria Fund at June 30, 2015.

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

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 the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2015 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	<u>AAAm</u>
Virginia State Non-Arbitrage Program	<u>\$ 424,849</u>

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the SNAP is the same as the value of the pool shares.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 4—Due from/to Other Governments:

At June 30, 2015, amounts due from other governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Richmond County School Board	\$ 334,391	\$ -
Commonwealth of Virginia:		
Motor vehicle carriers' tax	328	-
Recordation tax	3,146	-
Rolling stock tax	354	-
Welfare	23,068	-
State sales Tax	-	202,785
Local sales tax	131,502	-
Constitutional officer reimbursements	91,822	-
Domestic violence	20,000	-
Comprehensive services act	26,700	-
Communications tax	50,330	-
Wireless grant	7,194	-
Voting machine equipment grant	73,860	-
Other state funds	1,404	-
Federal Government:		
School fund grants	-	136,073
Ground transportation safety grant	5,842	-
Welfare	41,180	-
Total due from other governments	<u>\$ 811,121</u>	<u>\$ 338,858</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 4—Due from/to Other Governments: (Continued)

At June 30, 2015, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Richmond	\$ -	\$ 334,391
Commonwealth of Virginia	454,225	-
	<u>\$ 454,225</u>	<u>\$ 334,391</u>

Note 5—Interfund Obligations:

Details of the County and School Board's interfund receivables and payables as of June 30, 2015, are as follows:

	Interfund Receivable	Interfund Payable
Primary Government:		
General Fund	\$ 208,659	\$ -
Capital Projects Fund	-	208,659
Total Primary Government Funds	<u>\$ 208,659</u>	<u>\$ 208,659</u>
School Board		
School Operating Fund	\$ -	\$ 18,397
School Cafeteria Fund	18,397	-
Total School Board Funds	<u>\$ 18,397</u>	<u>\$ 18,397</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<i>Primary Government:</i>				
Capital assets not subject to depreciation:				
Land	\$ 409,475	\$ -	\$ -	\$ 409,475
Construction in Progress	6,999,897	9,147,404	22,045	16,125,256
Total capital assets not subject to depreciation	\$ 7,409,372	\$ 9,147,404	\$ 22,045	\$ 16,534,731
Capital assets subject to depreciation:				
Buildings and improvements	\$ 7,039,576	\$ 8,243	\$ -	\$ 7,047,819
Machinery, equipment, & vehicles	1,741,743	130,107	-	1,871,850
Jointly owned assets	5,287,458	-	(191,713)	5,479,171
Total capital assets subject to depreciation	\$ 14,068,777	\$ 138,350	\$ (191,713)	\$ 14,398,840
Accumulated depreciation:				
Buildings and improvements	\$ 1,832,811	\$ 161,373	\$ -	\$ 1,994,184
Machinery, equipment, & vehicles	1,133,681	174,481	-	1,308,162
Jointly owned assets	3,034,710	123,289	(114,503)	3,272,502
Total accumulated depreciation	\$ 6,001,202	\$ 459,143	\$ (114,503)	\$ 6,574,848
Total capital assets subject to depreciation, net	\$ 8,067,575	\$ (320,793)	\$ (77,210)	\$ 7,823,992
Governmental activities capital assets, net	\$ 15,476,947	\$ 8,826,611	\$ (55,165)	\$ 24,358,723

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 6—Capital Assets: (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 64,085	\$ -	\$ -	\$ 64,085
Total capital assets not subject to depreciation	\$ 64,085	\$ -	\$ -	\$ 64,085
Capital assets subject to depreciation:				
Buildings and improvements	\$ 135,943	\$ 100,000	\$ -	\$ 235,943
Machinery, equipment, & vehicles	2,764,752	112,206	-	2,876,958
Jointly owned assets	5,319,349	-	191,713	5,127,636
Total capital assets subject to depreciation	\$ 8,220,044	\$ 212,206	\$ 191,713	\$ 8,240,537
Accumulated depreciation:				
Buildings and improvements	\$ 5,940	\$ 10,892	\$ -	\$ 16,832
Machinery, equipment, & vehicles	1,899,835	179,844	-	2,079,679
Jointly owned assets	3,053,013	124,033	114,503	3,062,543
Total accumulated depreciation	\$ 4,958,788	\$ 314,769	\$ 114,503	\$ 5,159,054
Total capital assets subject to depreciation, net	\$ 3,261,256	\$ (102,563)	\$ 77,210	\$ 3,081,483
Governmental activities capital assets, net	\$ 3,325,341	\$ (102,563)	\$ 77,210	\$ 3,145,568

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government administration	\$ 13,250
Judicial administration	141,745
Public safety	163,261
Health and welfare	3,196
Education	123,289
Parks, recreation and cultural	412
Community development	13,990
Total Governmental activities	\$ 459,143
Component Unit School Board	\$ 314,769

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 7—Long-Term Obligations:

Primary Government:

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

	Restated Balance at July 1, 2014	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Governmental Activities Obligations:					
Incurred by County:					
Compensated absences	\$ 130,923	\$ 32,334	\$ 13,092	\$ 150,165	\$ 15,017
Lease revenue bonds	2,116,147	-	315,945	1,800,202	331,189
Notes payable	112,665	24,000	31,073	105,592	32,647
Add deferred amounts:					
Issuance premium	220,243	-	44,048	176,195	-
Net pension liability	1,478,168	1,106,649	2,000,848	583,969	-
Net OPEB obligation	29,611	11,441	6,700	34,352	-
Total incurred by County	<u>\$ 4,087,757</u>	<u>\$ 1,174,424</u>	<u>\$ 2,411,706</u>	<u>\$ 2,850,475</u>	<u>\$ 378,853</u>
Incurred by School Board:					
General obligation bonds	\$ 17,107,931	\$ -	\$ 519,489	\$ 16,588,442	\$ 526,459
Add deferred amounts:					
Issuance premium	333,136	-	15,142	317,994	-
Total incurred by School Board	<u>\$ 17,441,067</u>	<u>\$ -</u>	<u>\$ 534,631</u>	<u>\$ 16,906,436</u>	<u>\$ 526,459</u>
Total Governmental Activities Obligations	<u>\$ 21,528,824</u>	<u>\$ 1,174,424</u>	<u>\$ 2,946,337</u>	<u>\$ 19,756,911</u>	<u>\$ 905,312</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	County Obligations			
	Lease Revenue Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2016	\$ 331,189	\$ 70,629	\$ 32,647	\$ 2,356
2017	346,441	55,537	33,372	1,631
2018	356,703	39,819	34,033	888
2019	376,976	24,221	5,188	128
2020	388,893	8,564	352	24
Total	<u>\$ 1,800,202</u>	<u>\$ 198,770</u>	<u>\$ 105,592</u>	<u>\$ 5,027</u>

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2016	\$ 526,459	\$ 531,191
2017	533,748	519,860
2018	540,930	508,546
2019	553,438	497,669
2020	561,317	490,311
2021	854,559	479,877
2022	869,559	463,086
2023	884,558	447,312
2024	899,558	434,481
2025	900,526	424,226
2026	910,526	414,324
2027	920,526	403,629
2028	883,467	386,478
2029	903,467	365,583
2030	923,467	346,979
2031	943,467	327,763
2032	963,467	307,939
2033	983,467	287,503
2034	1,003,467	266,459
2035	1,028,469	127,891
Total	<u>\$ 16,588,442</u>	<u>\$ 8,031,107</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 7—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

Incurred by County:

Lease Revenue Bonds:

\$2,660,000 VRA refunding bonds issued November 17, 2011, due in annual principal installments through November 1, 2019, interest payable semi-annually at various rates.

Total Amount
\$ 1,770,000

\$59,800 USDA revenue bonds issued January 29, 2010, due in monthly principal installments through December 19, 2019, interest payable monthly at 4%.

30,202

Total Lease Revenue Bonds

\$ 1,800,202

Notes Payable:

\$140,332 note payable to Peoples Community Bank issued September 12, 2012, due in annual principal installments through September 12, 2017, interest payable annually at 1.9%.

\$ 85,675

\$24,000 USDA note payable issued July 10, 2014, due in monthly principal installments through July 1, 2019, interest payable monthly at 4%.

19,917

Total Notes Payable

\$ 105,592

Issuance premium

\$ 176,195

Compensated absences (payable by General Fund)

\$ 150,165

Net pension liability

\$ 583,969

Net OPEB obligation (payable by General Fund)

\$ 34,352

Total incurred by County

\$ 2,850,475

Incurred by School Board:

General Obligation Bonds:

\$1,999,022 School bonds issued November 19, 1998, due in varying annual installments of principal and interest through January 15, 2019, interest payable semi-annually ranges from 3.6% to 5.1%.

\$ 441,963

\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments of \$147,059 through September 1, 2026. This bond is interest-free.

1,764,706

\$6,085,183 School bonds issued October 31, 2012, due in varying annual installments of principal and interest through December 1, 2034, interest payable semi-annually at the rate of 3.84% per annum.

5,841,773

\$8,770,000 School bonds issued November 15, 2012, due in varying annual installments of principal and interest through July 15, 2034, interest payable semi-annually ranges from 2.05% to 5.05%.

8,540,000

Total General Obligation Bonds

\$ 16,588,442

Bond issuance premium

\$ 317,994

Total incurred by School Board

\$ 16,906,436

Total Long-Term Obligations, Primary Government

\$ 19,756,911

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board:

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

	Restated Balance at July 1, 2014	Increases	Decreases	Balance at June 30, 2015	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 227,103	\$ 22,710	\$ 92,267	\$ 157,546	\$ 15,755
Capital leases	376,231	-	73,051	303,180	74,718
Net pension liability	11,765,000	769,000	2,379,000	10,155,000	-
Net OPEB obligation	98,897	65,304	29,500	134,701	-
Total Component Unit-School Board	<u>\$ 12,467,231</u>	<u>\$ 857,014</u>	<u>\$ 2,573,818</u>	<u>\$ 10,750,427</u>	<u>\$ 90,473</u>

	School Obligations	
Year Ending June 30	Capital Leases	
	Principal	Interest
2016	\$ 74,718	\$ 6,376
2017	76,466	4,628
2018	78,247	2,847
2019	73,749	1,014
Total	<u>\$ 303,180</u>	<u>\$ 14,865</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 7—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<u><i>Incurred by School Board:</i></u>	
<u>Capital Leases:</u>	
\$56,000 capital lease (payable from the School Fund) issued November 11, 2013, principal due in monthly installments of \$933.33 through February 2019. Interest at 0.0%.	\$ 40,133
\$16,624 capital lease (payable from the School Fund) issued December 11, 2013, principal due in monthly installments of \$227.24 through December 11, 2018. Interest at 0.0%.	11,644
\$309,927 capital lease (payable from the School Fund) issued June 24, 2014, principal due in monthly installments of \$5,547.23 through June 24, 2019, including interest of 2.80%.	251,403
Total Capital Leases	<u>\$ 303,180</u>
Compensated absences payable	<u>\$ 157,546</u>
Net pension liability	<u>\$ 10,155,000</u>
Net OPEB obligation	<u>\$ 134,701</u>
Total incurred by School Board	<u><u>\$ 10,750,427</u></u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 8—Capital Leases:

The government has entered into a lease agreement as lessee for financing the acquisition of buses, IT equipment and a tractor. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:	School Board
Tractor	\$ 18,484
Buses	309,888
Servers	56,000
Less: Accumulated depreciation	<u>(91,771)</u>
Total	<u>\$ 292,601</u>

The future minimum lease obligations and the net present value of minimum lease payments as of June 30, 2015 are as follows:

Year Ended June 30	School Board
2016	\$ 81,094
2017	81,094
2018	81,094
2019	<u>74,763</u>
Total minimum lease payments	\$ 318,045
Less: amount representing interest	<u>(14,865)</u>
Present value of minimum lease payments	<u>\$ 303,180</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 9—Northern Neck Regional Jail Lease Agreement:

On June 29, 2000, Richmond County, along with Westmoreland County signed a financing lease agreement with the County of Northumberland for lease of Northern Neck Regional Jail. Presently, Richmond County owns 32% and Westmoreland County owns 68% of the jail. The lease term expires on December 15, 2015. At the end of this term, the ownership in the jail will be reallocated as follows: 25% to Richmond County, 25% to Northumberland County, and 50% to Westmoreland County.

Future minimum lease payments to be received as of June 30, 2015 are as follows:

Year Ending June 30	
2016	\$ 124,800
Total minimum future lease payments	<u>\$ 124,800</u>

Note 10—Unearned and Deferred/Unavailable Revenue:

Unavailable 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. The County had unavailable revenue totaling \$364,082 and deferred revenue totaling \$29,951 comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$334,131 at June 30, 2015.

Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2015 but paid in advance by the taxpayers totaled \$29,951 at June 30, 2015.

Deferred Revenue - Deferred revenue representing prepaid taxes due subsequent to June 30, 2015 totaled \$29,951.

Unearned Revenue - Other unearned revenue items totaled \$74,513 at June 30, 2015, which consisted of forfeited asset grant funds.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 11—Commitments and Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

The following construction contracts were outstanding at June 30, 2015:

Project	Contractor	Amount of Contract	Contract Outstanding at June 30, 2015
High School Renovation	Southwood Building Systems	\$ 7,133,599	\$ 190,277
Elementary School Renovation	Southwood Building Systems	2,756,404	27,564

Note 12—Litigation:

At June 30, 2015, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 13—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 14—Pension Plan:**Plan Description**

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. 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 Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.	About Plan 2 Plan 2 is a defined benefit plan. 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 Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (see "Eligible Members") • 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 component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 (Cont.)	About Plan 2 (Cont.)	About the Hybrid Retirement Plan (Cont.) • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 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. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. Hybrid Opt-In Election Eligible 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. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. *Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

*Note 14—Pension Plan: (Continued)**Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Hybrid Opt-In Election (Cont.) Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	*Non-Eligible Members (Cont.) Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some political subdivisions and school divisions elected to phase in the required 5% member contribution but all employees will be paying the full 5% by July 1, 2016.	Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

*Note 14—Pension Plan: (Continued)**Plan Description (Continued)*

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Creditable Service Same as Plan 1.	Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	Vesting (Cont.) <u>Defined Contributions Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.
Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	Calculating the Benefit (Cont.)	Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013. Sheriffs and regional jail superintendents: Same as Plan 1. Political subdivision hazardous duty employees: Same as Plan 1.	Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Sheriffs and regional jail superintendents: Not applicable. Political subdivision hazardous duty employees: Not applicable. Defined Contribution Component: Not applicable.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Normal Retirement Age VRS: Age 65. Political subdivisions hazardous duty employees: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. Political subdivisions hazardous duty employees: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service. Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90. Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.	Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Same as Plan 1.	Earliest Reduced Retirement Eligibility (Cont.) Political subdivisions hazardous duty employees: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. <u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. <u>Eligibility:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2. <u>Defined Contribution Component:</u> Not applicable. <u>Eligibility:</u> Same as Plan 1 and Plan 2.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1	Cost-of-Living Adjustment (COLA) in Retirement (Cont.) <u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Employees of political subdivisions and School divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <u>Defined Contribution Component:</u> Not applicable.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Plan Description (Continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Employees Covered by Benefit Terms

As of the June 30, 2013 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	34	2
Inactive members:		
Vested inactive members	11	-
Non-vested inactive members	16	2
Inactive members active elsewhere in VRS	38	3
Total inactive members	65	5
Active members	66	9
Total covered employees	165	16

Contributions

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

The County's contractually required contribution rate for the year ended June 30, 2015 was 10.84% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$288,692 and \$295,531 for the years ended June 30, 2015 and June 30, 2014, respectively.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Contributions (Continued)

The Component Unit School Board's contractually required contribution rate for nonprofessional employees for the year ended June 30, 2015 was 4.16% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$9,587 and \$19,067 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability (Asset)

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

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Actuarial Assumptions - General Employees (Continued)

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

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

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

Actuarial Assumptions - Public Safety Employees

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

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Actuarial Assumptions - Public Safety Employees (Continued)

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

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

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the County and Component Unit School Board (nonprofessional) Retirement Plans will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2013	\$ 11,502,645	\$ 10,024,477	\$ 1,478,168
Changes for the year:			
Service cost	\$ 312,258	\$ -	\$ 312,258
Interest	785,883	-	785,883
Contributions - employer	-	295,531	(295,531)
Contributions - employee	-	129,721	(129,721)
Net investment income	-	1,575,513	(1,575,513)
Benefit payments, including refunds of employee contributions	(551,499)	(551,499)	-
Administrative expenses	-	(8,508)	8,508
Other changes	-	83	(83)
Net changes	\$ 546,642	\$ 1,440,841	\$ (894,199)
Balances at June 30, 2014	\$ 12,049,287	\$ 11,465,318	\$ 583,969

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2013	\$ 580,313	\$ 690,252	\$ (109,939)
Changes for the year:			
Service cost	\$ 29,025	\$ -	\$ 29,025
Interest	39,965	-	39,965
Contributions - employer	-	19,067	(19,067)
Contributions - employee	-	10,737	(10,737)
Net investment income	-	110,415	(110,415)
Benefit payments, including refunds of employee contributions	(18,758)	(18,758)	-
Administrative expenses	-	(579)	579
Other changes	-	6	(6)
Net changes	\$ 50,232	\$ 120,888	\$ (70,656)
Balances at June 30, 2014	\$ 630,545	\$ 811,140	\$ (180,595)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 7.00%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
County			
Net Pension Liability (Asset)	\$ 2,045,814	\$ 583,969	\$ (634,509)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (102,146)	\$ (180,595)	\$ (246,623)

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

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

For the year ended June 30, 2015, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$104,143 and (\$2,205) respectively. At June 30, 2015, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 702,811	\$ -	\$ 49,384
Employer contributions subsequent to the measurement date	288,692	-	9,587	-
Total	\$ 288,692	\$ 702,811	\$ 9,587	\$ 49,384

\$288,692 and \$9,587 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2016	\$ (175,703)	\$ (12,346)
2017	(175,703)	(12,346)
2018	(175,703)	(12,346)
2019	(175,702)	(12,346)
Thereafter	-	-

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information regarding the plan description can be found in the first section of this note.

Contributions

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

Each School Division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% 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 was 18.20%. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of §51.1-145 of the Code of Virginia, as amended the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2015. Contributions to the pension plan from the School Board were \$885,826 and \$717,000 for the years ended June 30, 2015 and June 30, 2014, respectively.

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

At June 30, 2015, the school division reported a liability of \$10,155,000 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the school division's proportion was 0.08403% as compared to 0.08540% at June 30, 2013.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the school division recognized pension expense of \$769,000. Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2015, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 1,507,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	155,000
Employer contributions subsequent to the measurement date	<u>885,826</u>	<u>-</u>
Total	<u>\$ 885,826</u>	<u>\$ 1,662,000</u>

\$885,826 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (411,000)
2017	(411,000)
2018	(411,000)
2019	(411,000)
Thereafter	(18,000)

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

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

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females set back 5 years

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement

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

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Long-Term Expected Rate of Return

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

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

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 14—Pension Plan: (Continued)

Component Unit School Board (professional) (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	Rate		
	(6.00%)	(7.00%)	(8.00%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability (Asset) \$	14,911,000 \$	10,155,000 \$	6,239,000

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2015

Note 15–Surety Bonds:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety:	
Rosa S. Forrester, Clerk of Circuit Court	\$ 103,000
Edith Anne Sanders, Treasurer	300,000
Jennifer W. Delano, Commissioner of the Revenue	3,000
Douglas A. Bryant, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
Jean C. Harper, Supervisor	2,000
John L. Haynes, Jr., Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Courtney M. Sisson, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
Marilyn Barr, Superintendent of Schools	10,000
Susan Johns, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

Note 16–Other Postemployment Benefits - Health Insurance:

A. Plan Description

The County allows retirees that retire at the age of 55 with at least 30 years of service with the County or 65 with at least 5 years of service with the County to remain on their health insurance plan. Health benefits include medical and dental. The retiree is responsible for 100% of the premium which is paid directly to Anthem. Benefits are offered to the retiree and spouse for the lifetime of the retiree.

The School Board allows retirees that retire at the age of 50 with a least 12 consecutive years of service to remain on their health insurance plan until the age of 65. This coverage is at the retiree's own expense. Health benefits include medical only.

The School Board allows retirees that retire at the age of 55 with at least 12 consecutive years of service to remain on their health insurance plan until the age of 65. The School Board pays a portion of each retiree's premium at a rate to be determined annually by the School Board. Health benefits include medical only.

B. Funding Policy

The funding policies of both groups of retirees are described above. The Schools currently have 5 retirees and 0 spouses on their plan. The County has 2 retirees with 0 spouses.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 16—Other Postemployment Benefits - Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation

The County and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The County and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the County and School Board. The following table shows the components of the County and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County and School Board's net OPEB obligation to the Retiree Health Plan:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 11,500	\$ 65,500
Interest on net OPEB obligation	1,036	3,461
Adjustment to annual required contribution	(1,095)	(3,657)
Annual OPEB cost (expense)	\$ 11,441	\$ 65,304
Contributions made	(6,700)	(29,500)
Increase in net OPEB obligation	4,741	35,804
Net OPEB obligation-beginning of year	29,611	98,897
Net OPEB obligation-end of year	\$ 34,352	\$ 134,701

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 16—Other Postemployment Benefits - Health Insurance: (Continued)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The County and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
County:			
6/30/2015 \$	11,441	58.56% \$	34,352
6/30/2014	10,953	48.39%	29,611
6/30/2013	10,658	75.06%	23,958
Schools:			
6/30/2015 \$	65,304	45.17% \$	134,701
6/30/2014	62,867	50.42%	98,897
6/30/2013	60,330	46.08%	67,730

D. Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's actuarial accrued liability for benefits was \$101,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,861,900, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 3.55 percent.

As of June 30, 2013, the most recent actuarial valuation date, the School Board's actuarial accrued liability for benefits was \$606,600, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,351,400, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.55 percent.

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 included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 16–Other Postemployment Benefits - Health Insurance: (Continued)

E. Actuarial Methods and Assumptions

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

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS pension valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the RP-2000 Combined Healthy mortality tables for males and females projected to 2015 using Scale AA.

Coverage elections -The actuary assumed that 30% of eligible retirees will elect coverage and that 30% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the County's short-term investment portfolio, a discount of 3.5% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2013 was thirty years.

Note 17–Other Postemployment Benefits - Health Insurance Credit:

A. Plan Description

The School Board participates in the Health Insurance Credit Program, a plan designed to assist retirees with the cost of health insurance coverage. This program is a cost sharing, multiple-employer defined benefit plan administered by the Virginia Retirement System (VRS). The Virginia General Assembly establishes the dollar amount of the health insurance credit for each year of creditable service. The credit amount and eligibility differs for state, school division, political subdivision, local officer, local social services department and general registrar retirees.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 17-Other Postemployment Benefits - Health Insurance Credit: (Continued)

A. Plan Description (Continued)

A teacher, who retires under VRS with at least 15 years of total creditable service under the System and is enrolled in a health insurance plan, is eligible to receive a monthly health insurance credit of \$4 per year of creditable service. However, such credit shall not exceed the health insurance premium for the retiree. Disabled retirees automatically receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of their creditable service or (ii) the amount of creditable service they would have completed at age 60 if they had remained in service to that age.

Benefit provisions and eligibility requirements are established by Title 51.1, Chapter 14 of the Code of Virginia. The VRS actuarially determines the amount necessary to fund all credits provided, reflects the cost of such credits in the applicable employer contribution rate pursuant to §51.1-145, and prescribes such terms and conditions as are necessary to carry out the provisions of the health insurance credit program. VRS issues separate financial statements as previously discussed in Note 14.

B. Funding Policy

The School Board is required to contribute, at an actuarially determined rate, the entire amount necessary to fund participation in the program. The current rate is 1.11% of annual covered payroll. The School Board's contributions to VRS for the years ended June 30, 2015, 2014, and 2013 were \$61,076, \$68,700 and \$67,224, respectively and equaled the required contributions for each year.

Note 18-Restatement of Net Position:

The following adjustments were made to beginning net position:

	<u>Governmental Activities</u>	<u>Component-Unit School Board</u>
Net position as previously reported	\$ 5,727,205	\$ 2,893,998
Implementation of GASB 68:		
Deferred outflows of resources	295,531	736,067
Net pension asset	-	109,939
Net pension liability	<u>(1,478,168)</u>	<u>(11,765,000)</u>
Net position as restated	\$ <u>4,544,568</u>	\$ <u>(8,024,996)</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 19-Upcoming Pronouncements:

Statement No. 72, *Fair Value Measurement and Application*, amends the definitions of fair value used throughout GASB literature to be consistent with the definition and principles provided in FASB Accounting Standards Codification Topic 820, *Fair Value Measurement*. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68 and amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement 68 for pension plans and pensions that are within their respective scopes. The requirements of this Statement that address accounting and financial reporting by employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. No formal study or estimate of the impact of this standard has been performed.

Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, improves 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. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. No formal study or estimate of the impact of this standard has been performed.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. This Statement is effective for fiscal years beginning after June 15, 2017. No formal study or estimate of the impact of this standard has been performed.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2015

Note 19-Upcoming Pronouncements: (Continued)

Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, objective is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. No formal study or estimate of the impact of this standard has been performed.

Statement No. 77, *Tax Abatement Disclosures*, will increase the disclosure of tax abatement agreements to disclose information about the agreements. The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. No formal study or estimate of the impact of this standard has been performed.

REQUIRED SUPPLEMENTARY INFORMATION

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
General property taxes	\$ 7,180,320	\$ 7,180,320	\$ 7,431,289	\$ 250,969
Other local taxes	1,445,000	1,445,000	1,323,118	(121,882)
Permits, privilege fees, and regulatory licenses	57,600	57,600	58,390	790
Fines and forfeitures	35,000	35,000	37,152	2,152
Revenue from the use of money and property	37,627	37,627	24,971	(12,656)
Charges for services	364,500	364,500	317,987	(46,513)
Miscellaneous	71,713	71,713	184,290	112,577
Recovered costs	1,151,137	1,151,137	870,638	(280,499)
Intergovernmental:				
Local government	75,000	75,000	75,000	-
Commonwealth	3,125,571	3,125,571	2,998,139	(127,432)
Federal	441,020	441,020	752,281	311,261
Total revenues	<u>\$ 13,984,488</u>	<u>\$ 13,984,488</u>	<u>\$ 14,073,255</u>	<u>\$ 88,767</u>
EXPENDITURES				
Current:				
General government administration	\$ 962,687	\$ 1,040,516	\$ 1,001,344	\$ 39,172
Judicial administration	635,410	662,500	654,643	7,857
Public safety	2,473,348	2,566,297	2,528,656	37,641
Public works	884,888	908,430	904,524	3,906
Health and welfare	2,305,809	2,265,434	2,170,967	94,467
Education	5,345,877	5,345,877	4,946,948	398,929
Parks, recreation, and cultural	144,789	146,160	146,032	128
Community development	270,617	247,334	242,690	4,644
Nondepartmental	79,063	87,000	43,544	43,456
Capital projects	9,015,808	9,015,808	9,339,889	(324,081)
Debt service:				
Principal retirement	866,507	866,507	866,507	-
Interest and other fiscal charges	348,493	582,855	649,797	(66,942)
Total expenditures	<u>\$ 23,333,296</u>	<u>\$ 23,734,718</u>	<u>\$ 23,495,541</u>	<u>\$ 239,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,348,808)</u>	<u>\$ (9,750,230)</u>	<u>\$ (9,422,286)</u>	<u>\$ 327,944</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 9,015,808	\$ 9,015,808	\$ 8,805,725	\$ (210,083)
Issuance of note payable	-	-	24,000	24,000
Total other financing sources (uses)	<u>\$ 9,015,808</u>	<u>\$ 9,015,808</u>	<u>\$ 8,829,725</u>	<u>\$ (186,083)</u>
Net change in fund balances	\$ (333,000)	\$ (734,422)	\$ (592,561)	\$ 141,861
Fund balances - beginning	333,000	734,422	1,051,406	316,984
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 458,845</u>	<u>\$ 458,845</u>

County of Richmond, Virginia
 Sheriff's Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 19,467	\$ 19,467
Federal	-	-	35,371	35,371
Total revenues	\$ -	\$ -	\$ 54,838	\$ 54,838
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 35,371	\$ (35,371)
Total expenditures	\$ -	\$ -	\$ 35,371	\$ (35,371)
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 19,467	\$ 19,467
Net change in fund balances	\$ -	\$ -	\$ 19,467	\$ 19,467
Fund balances - beginning	-	-	2,346	2,346
Fund balances - ending	\$ -	\$ -	\$ 21,813	\$ 21,813

County of Richmond, Virginia

Schedule of OPEB Funding Progress - Retiree Health Insurance Plan

For the Year Ended June 30, 2015

Actuarial Valuation Date*	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UUAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
Primary Government:						
6/30/2010	\$ -	\$ 94,400	94,400	0.00%	\$ 2,615,600	3.61%
6/30/2013	-	101,600	101,600	0.00%	2,861,900	3.55%
Discretely Presented Component Unit:						
6/30/2010	\$ -	\$ 594,800	594,800	0.00%	\$ 6,648,200	8.95%
6/30/2013	-	606,600	606,600	0.00%	6,351,400	9.55%

* Only two actuarial valuations available

County of Richmond, Virginia
Schedule of Components of and Changes in Net Pension Liability and Related Ratios
Primary Government
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 312,258
Interest	785,883
Benefit payments, including refunds of employee contributions	(551,499)
Net change in total pension liability	\$ 546,642
Total pension liability - beginning	11,502,645
Total pension liability - ending (a)	<u>\$ 12,049,287</u>
 Plan fiduciary net position	
Contributions - employer	\$ 295,531
Contributions - employee	129,721
Net investment income	1,575,513
Benefit payments, including refunds of employee contributions	(551,499)
Administrative expense	(8,508)
Other	83
Net change in plan fiduciary net position	\$ 1,440,841
Plan fiduciary net position - beginning	10,024,477
Plan fiduciary net position - ending (b)	<u>\$ 11,465,318</u>
 County's net pension liability - ending (a) - (b)	 \$ 583,969
 Plan fiduciary net position as a percentage of the total pension liability	 95.15%
 Covered-employee payroll	 \$ 2,595,777
 County's net pension liability as a percentage of covered-employee payroll	 22.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Components of and Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2015

	<u>2014</u>
Total pension liability	
Service cost	\$ 29,025
Interest	39,965
Benefit payments, including refunds of employee contributions	(18,758)
Net change in total pension liability	\$ 50,232
Total pension liability - beginning	580,313
Total pension liability - ending (a)	<u>\$ 630,545</u>
 Plan fiduciary net position	
Contributions - employer	\$ 19,067
Contributions - employee	10,737
Net investment income	110,415
Benefit payments, including refunds of employee contributions	(18,758)
Administrative expense	(579)
Other	6
Net change in plan fiduciary net position	\$ 120,888
Plan fiduciary net position - beginning	690,252
Plan fiduciary net position - ending (b)	<u>\$ 811,140</u>
 School Division's net pension liability (asset) - ending (a) - (b)	\$ (180,595)
 Plan fiduciary net position as a percentage of the total pension liability	128.64%
 Covered-employee payroll	\$ 214,727
 School Division's net pension liability (asset) as a percentage of covered-employee payroll	-84.10%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Year Ended June 30, 2015*

	<u>2015</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.08403%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 10,155,000
Employer's Covered-Employee Payroll	6,281,160
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	161.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

County of Richmond, Virginia
Schedule of Employer Contributions
For the Year Ended June 30, 2015

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Employee Payroll (4)</u>	<u>Contributions as a % of Covered Employee Payroll (5)</u>
Primary Government					
2015	\$ 288,692	\$ 288,692	\$ -	\$ 2,663,210	10.84%
Component Unit School Board (nonprofessional)					
2015	\$ 9,587	\$ 9,587	\$ -	\$ 230,452	4.16%
Component Unit School Board (professional)					
2015	\$ 885,826	\$ 885,826	\$ -	\$ 6,109,145	14.50%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

County of Richmond, Virginia
Notes to Required Supplementary Information
For the Year Ended June 30, 2015

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 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 do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

Component Unit School Board - Professional Employees

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates withdrawals for 3 through 9 years of service
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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County of Richmond, Virginia
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 6,107	\$ 6,107
Total revenues	\$ -	\$ -	\$ 6,107	\$ 6,107
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 6,107	\$ 6,107
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (9,015,808)	\$ (9,015,808)	\$ (8,805,725)	\$ 210,083
Total other financing sources (uses)	\$ (9,015,808)	\$ (9,015,808)	\$ (8,805,725)	\$ 210,083
Net change in fund balances	\$ (9,015,808)	\$ (9,015,808)	\$ (8,799,618)	\$ 216,190
Fund balances - beginning	9,015,808	9,015,808	9,015,808	-
Fund balances - ending	\$ -	\$ -	\$ 216,190	\$ 216,190

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

	Agency Funds			
	<u>Library</u>	<u>Special Welfare</u>	<u>Northern Neck Regional Vocational Center</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 25,710	\$ 18,945	\$ 460,640	\$ 505,295
Total assets	<u>\$ 25,710</u>	<u>\$ 18,945</u>	<u>\$ 460,640</u>	<u>\$ 505,295</u>
LIABILITIES				
Accounts payable	\$ 25,710	\$ -	\$ -	\$ 25,710
Amounts held for social services clients	-	18,945	-	18,945
Amounts held for Northern Neck Regional Vocational Center	-	-	460,640	460,640
Total liabilities	<u>\$ 25,710</u>	<u>\$ 18,945</u>	<u>\$ 460,640</u>	<u>\$ 505,295</u>

County of Richmond, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Library:</u>				
ASSETS				
Cash and cash equivalents	\$ 27,437	\$ 119,192	\$ 120,919	\$ 25,710
LIABILITIES				
Accounts payable	\$ 27,437	\$ 119,192	\$ 120,919	\$ 25,710
<u>Special Welfare:</u>				
ASSETS				
Cash and cash equivalents	\$ 23,176	\$ 2,880	\$ 7,111	\$ 18,945
LIABILITIES				
Amounts held for social services clients	\$ 23,176	\$ 2,880	\$ 7,111	\$ 18,945
<u>Northern Neck Regional Vocational Center:</u>				
ASSETS				
Cash and cash equivalents	\$ 459,324	\$ 2,104,556	\$ 2,103,240	\$ 460,640
LIABILITIES				
Amounts held for Northern Neck Regional Vocational Center	\$ 459,324	\$ 2,104,556	\$ 2,103,240	\$ 460,640

County of Richmond, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<u>Local Sales Tax Fund:</u>				
ASSETS				
Cash and cash equivalents	\$ -	\$ 1,635,135	\$ 1,635,135	\$ -
LIABILITIES				
Amounts held for others	\$ -	\$ 1,635,135	\$ 1,635,135	\$ -
<u>Total - All Agency Funds:</u>				
ASSETS				
Cash and cash equivalents	\$ 509,937	\$ 3,861,763	\$ 3,866,405	\$ 505,295
LIABILITIES				
Accounts payable	\$ 27,437	\$ 119,192	\$ 120,919	\$ 25,710
Amounts held for social services clients	23,176	2,880	7,111	18,945
Amounts held for Northern Neck Regional Vocational Center	459,324	2,104,556	2,103,240	460,640
Amounts held for others	-	1,635,135	1,635,135	-
Total liabilities	\$ 509,937	\$ 3,861,763	\$ 3,866,405	\$ 505,295

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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County of Richmond, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2015

	School Operating <u>Fund</u>	School Cafeteria <u>Fund</u>	Total Governmental <u>Funds</u>
ASSETS			
Cash and cash equivalents	\$ 1,098,023	\$ 104,497	\$ 1,202,520
Receivables (net of allowance for uncollectibles):			
Accounts receivable	36,564	-	36,564
Due from other funds	-	18,397	18,397
Due from other governmental units	338,858	-	338,858
Inventories	-	16,566	16,566
Total assets	<u>\$ 1,473,445</u>	<u>\$ 139,460</u>	<u>\$ 1,612,905</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 14,732	\$ 4,199	\$ 18,931
Accrued liabilities	1,105,925	-	1,105,925
Due to other funds	18,397	-	18,397
Due to other governmental units	334,391	-	334,391
Total liabilities	<u>\$ 1,473,445</u>	<u>\$ 4,199</u>	<u>\$ 1,477,644</u>
Fund balances:			
Nonspendable	\$ -	\$ 16,566	\$ 16,566
Committed:			
School Cafeteria Fund	\$ -	\$ 118,695	\$ 118,695
Total fund balances	<u>\$ -</u>	<u>\$ 135,261</u>	<u>\$ 135,261</u>
Total liabilities and fund balances	<u>\$ 1,473,445</u>	<u>\$ 139,460</u>	<u>\$ 1,612,905</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above \$ 135,261

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the funds.

Capital assets, cost	\$ 8,304,622	
Accumulated depreciation	<u>(5,159,054)</u>	3,145,568

The net pension asset is not an available resource and, therefore, is not reported in the funds. 180,595

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

Items related to measurement of net pension liability (1,711,384)

Pension contributions subsequent to the measurement date will be a reduction to the net
pension liability in the next fiscal year and, therefore, are not reported in the funds. 895,413

Long-term liabilities, including compensated absences, are not due and payable in the current
period and, therefore, are not reported in the funds.

Compensated absences	\$ (157,546)	
Capital leases	(303,180)	
Net pension liability	(10,155,000)	
Net OPEB obligation	<u>(134,701)</u>	(10,750,427)

Net position of governmental activities \$ (8,104,974)

County of Richmond, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund	School Cafeteria Fund	Total Governmental Funds
REVENUES			
Revenue from the use of money and property	\$ -	\$ 54	\$ 54
Charges for services	-	118,661	118,661
Miscellaneous	90,782	825	91,607
Recovered costs	76,031	-	76,031
Intergovernmental:			
Local government	4,937,301	-	4,937,301
Commonwealth	7,603,113	-	7,603,113
Federal	1,037,744	33,326	1,071,070
Total revenues	\$ 13,744,971	\$ 152,866	\$ 13,897,837
EXPENDITURES			
Current:			
Education	\$ 13,307,351	\$ 644,743	\$ 13,952,094
Debt service:			
Principal retirement	73,051	-	73,051
Interest and other fiscal charges	8,319	-	8,319
Total expenditures	\$ 13,388,721	\$ 644,743	\$ 14,033,464
Excess (deficiency) of revenues over (under) expenditures	\$ 356,250	\$ (491,877)	\$ (135,627)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ -	\$ 356,250	\$ 356,250
Transfers out	(356,250)	-	(356,250)
Total other financing sources (uses)	\$ (356,250)	\$ 356,250	\$ -
Net change in fund balances	\$ -	\$ (135,627)	\$ (135,627)
Fund balances - beginning	-	270,888	270,888
Fund balances - ending	\$ -	\$ 135,261	\$ 135,261

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (135,627)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period. The following is a summary of items supporting this adjustment:

Capital asset additions	212,206
Depreciation expense	(314,769)
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	(77,210)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(Increase) decrease in items related to measurement of net pension liability (1,711,384)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

73,051

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Decrease (increase) in compensated absences	69,557
Increase (decrease) in deferred outflows related to pension payments subsequent to the measurement date	159,346
(Increase) decrease in net pension liability/asset	1,680,656
Decrease (increase) in Net OPEB obligation	(35,804)

Change in net position of governmental activities \$ (79,978)

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County of Richmond, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2015

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	97,000	97,000	90,782	(6,218)
Recovered costs	262,573	325,681	76,031	(249,650)
Intergovernmental:				
Local government	5,336,230	5,336,230	4,937,301	(398,929)
Commonwealth	7,240,855	7,240,855	7,603,113	362,258
Federal	876,523	876,523	1,037,744	161,221
Total revenues	\$ 13,813,181	\$ 13,876,289	\$ 13,744,971	\$ (131,318)
EXPENDITURES				
Current:				
Education	\$ 13,204,467	\$ 13,267,575	\$ 13,307,351	\$ (39,776)
Debt service:				
Principal retirement	1,709	1,709	73,051	(71,342)
Interest and other fiscal charges	-	-	8,319	(8,319)
Total expenditures	\$ 13,206,176	\$ 13,269,284	\$ 13,388,721	\$ (119,437)
Excess (deficiency) of revenues over (under) expenditures	\$ 607,005	\$ 607,005	\$ 356,250	\$ (250,755)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(607,005)	(607,005)	(356,250)	250,755
Total other financing sources (uses)	\$ (607,005)	\$ (607,005)	\$ (356,250)	\$ 250,755
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
<u>Original</u>	<u>Final</u>	<u>Actual</u>		
\$ -	\$ -	\$ 54	\$	54
-	-	118,661		118,661
-	-	825		825
-	-	-		-
-	-	-		-
-	-	-		-
-	33,326	33,326		-
\$ -	\$ 33,326	\$ 152,866	\$	119,540
\$ 607,005	\$ 640,331	\$ 644,743	\$	(4,412)
-	-	-		-
-	-	-		-
\$ 607,005	\$ 640,331	\$ 644,743	\$	(4,412)
\$ (607,005)	\$ (607,005)	\$ (491,877)	\$	115,128
\$ 607,005	\$ 607,005	\$ 356,250	\$	(250,755)
-	-	-		-
\$ 607,005	\$ 607,005	\$ 356,250	\$	(250,755)
\$ -	\$ -	\$ (135,627)	\$	(135,627)
-	-	270,888		270,888
\$ -	\$ -	\$ 135,261	\$	135,261

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*DISCRETELY PRESENTED COMPONENT UNIT
INDUSTRIAL DEVELOPMENT AUTHORITY*

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County of Richmond, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2015

	Industrial Development Authority
ASSETS	
Cash and cash equivalents	\$ 68,685
Capital assets:	
Land	56,739
Total assets	<u>\$ 125,424</u>
NET POSITION	
Investment in capital assets	\$ 56,739
Unrestricted	68,685
Total net position	<u>\$ 125,424</u>

County of Richmond, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2015

	Industrial Development Authority
OPERATING REVENUES	
Charges for services:	
Rents	\$ 67,811
Miscellaneous	4,286
Recovered costs	2,102
Total operating revenues	<u>\$ 74,199</u>
OPERATING EXPENSES	
Other charges	\$ 35,258
Total operating expenses	<u>\$ 35,258</u>
Operating income (loss)	<u>\$ 38,941</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 34
Contribution to County of Richmond	(75,000)
Total nonoperating revenues (expenses)	<u>\$ (74,966)</u>
Changes in net position	\$ (36,025)
Net position - beginning	161,449
Net position - ending	<u><u>\$ 125,424</u></u>

County of Richmond, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 74,199
Other receipts (payments)	(35,258)
Net cash provided by (used for) operating activities	<u>\$ 38,941</u>

CASH FLOWS FROM NONCAPITAL FINANCING
ACTIVITIES

Contribution to Richmond County	\$ (75,000)
Net cash provided (used) by noncapital financing activities	<u>\$ (75,000)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 34
Net cash provided by (used for) investing activities	<u>\$ 34</u>

Net increase (decrease) in cash and cash equivalents	\$ (36,025)
--	-------------

Cash and cash equivalents - beginning	104,710
Cash and cash equivalents - ending	<u><u>\$ 68,685</u></u>

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$ 38,941
Net cash provided by (used for) operating activities	<u><u>\$ 38,941</u></u>

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SUPPORTING SCHEDULES

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County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

Schedule 1
Page 1 of 6

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,210,000	\$ 5,210,000	\$ 5,308,139	\$ 98,139
Real and personal public service corporation taxes	415,000	415,000	461,271	46,271
Personal property taxes	1,381,000	1,381,000	1,455,469	74,469
Mobile home taxes	16,000	16,000	17,398	1,398
Merchant's capital taxes	53,000	53,000	51,259	(1,741)
Machinery and tools taxes	320	320	171	(149)
Penalties	70,000	70,000	78,719	8,719
Interest	35,000	35,000	58,863	23,863
Total general property taxes	\$ 7,180,320	\$ 7,180,320	\$ 7,431,289	\$ 250,969
Other local taxes:				
Local sales and use taxes	\$ 1,250,000	\$ 1,250,000	\$ 1,118,893	\$ (131,107)
Consumers' utility taxes	125,000	125,000	122,841	(2,159)
Consumption tax	24,000	24,000	21,556	(2,444)
Taxes on recordation and wills	46,000	46,000	59,828	13,828
Total other local taxes	\$ 1,445,000	\$ 1,445,000	\$ 1,323,118	\$ (121,882)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 10,000	\$ 10,000	\$ 5,446	\$ (4,554)
Transfer fees	350	350	293	(57)
Permits and other licenses	47,250	47,250	52,651	5,401
Total permits, privilege fees, and regulatory licenses	\$ 57,600	\$ 57,600	\$ 58,390	\$ 790
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 37,152	\$ 2,152
Revenue from use of money and property:				
Revenue from use of money	\$ 22,000	\$ 22,000	\$ 9,273	\$ (12,727)
Revenue from use of property	15,627	15,627	15,698	71
Total revenue from use of money and property	\$ 37,627	\$ 37,627	\$ 24,971	\$ (12,656)
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 997	\$ (3)
Charges for courthouse maintenance	4,000	4,000	4,191	191
Charges for courthouse security	15,000	15,000	22,488	7,488
Charges for other court costs	350	350	1,913	1,563
Charges for Commonwealth's Attorney	500	500	835	335
Charges for EMS billings	339,000	339,000	277,592	(61,408)
Charges for correction and detention	-	-	1,570	1,570
Charges for other protection	4,150	4,150	3,170	(980)
Charges for sales of publications	500	500	-	(500)
Charges for DMV fees	-	-	5,231	5,231
Total charges for services	\$ 364,500	\$ 364,500	\$ 317,987	\$ (46,513)

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous revenue:				
Miscellaneous	\$ 71,713	\$ 71,713	\$ 184,290	\$ 112,577
Recovered costs:				
Streetlights	\$ -	\$ -	\$ 4,421	\$ 4,421
Court services unit	15,750	15,750	25,508	9,758
Other recovered costs	1,135,387	1,135,387	840,709	(294,678)
Total recovered costs	\$ 1,151,137	\$ 1,151,137	\$ 870,638	\$ (280,499)
Total revenue from local sources	\$ 10,342,897	\$ 10,342,897	\$ 10,247,835	\$ (95,062)
Intergovernmental:				
Revenues from local governments:				
Contribution from Industrial Development Authority	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Total revenue from local governments	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ 354	\$ (646)
Mobile home titling tax	17,500	17,500	9,192	(8,308)
Motor vehicle rental tax	-	-	60,117	60,117
State recordation tax	17,210	17,210	16,130	(1,080)
Communications tax	320,000	320,000	306,616	(13,384)
Personal property tax relief funds	803,954	803,954	803,955	1
Total noncategorical aid	\$ 1,159,664	\$ 1,159,664	\$ 1,196,364	\$ 36,700
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 165,124	\$ 165,124	\$ 163,948	\$ (1,176)
Sheriff	635,047	635,047	630,115	(4,932)
Commissioner of revenue	59,572	59,572	59,156	(416)
Treasurer	73,135	73,135	72,720	(415)
Medical examiner	90	90	-	(90)
Registrar/electoral board	28,000	28,000	33,837	5,837
Clerk of the Circuit Court	141,606	141,606	140,196	(1,410)
Total shared expenses	\$ 1,102,574	\$ 1,102,574	\$ 1,099,972	\$ (2,602)
Other categorical aid:				
Four for life grant	\$ 9,739	\$ 9,739	\$ 9,423	\$ (316)
Fire program funds	19,500	19,500	24,527	5,027
Comprehensive services act program	243,500	243,500	81,424	(162,076)
Public assistance and welfare administration	329,350	329,350	232,536	(96,814)
Litter control grant	6,300	6,300	-	(6,300)
Domestic violence grant	40,000	40,000	50,000	10,000

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV selective enforcement	\$ 25,500	\$ 25,500	\$ -	\$ (25,500)
Spay/neuter funds	-	-	20	20
Emergency services grant	-	-	1,000	1,000
Wireless grant	41,000	41,000	42,971	1,971
Preschool initiative program	79,380	79,380	143,338	63,958
School resource officer	41,464	41,464	41,464	-
Voting machine equipment grant	-	-	73,860	73,860
Court security grant	22,000	22,000	-	(22,000)
Other state grants	5,600	5,600	1,240	(4,360)
Total other categorical aid	<u>\$ 863,333</u>	<u>\$ 863,333</u>	<u>\$ 701,803</u>	<u>\$ (161,530)</u>
Total categorical aid	<u>\$ 1,965,907</u>	<u>\$ 1,965,907</u>	<u>\$ 1,801,775</u>	<u>\$ (164,132)</u>
Total revenue from the Commonwealth	<u>\$ 3,125,571</u>	<u>\$ 3,125,571</u>	<u>\$ 2,998,139</u>	<u>\$ (127,432)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,386</u>	<u>\$ 386</u>
Categorical aid:				
Law enforcement grant	\$ 22,400	\$ 22,400	\$ -	\$ (22,400)
State and community highway safety	-	-	22,747	22,747
Public assistance and welfare administration	400,000	400,000	476,590	76,590
QSCB interest rate subsidy	-	-	216,613	216,613
USDA equipment grant	-	-	26,000	26,000
Comprehensive services act program	-	-	1,945	1,945
Byrne justice assistance grant program	10,620	10,620	-	(10,620)
Total categorical aid	<u>\$ 433,020</u>	<u>\$ 433,020</u>	<u>\$ 743,895</u>	<u>\$ 310,875</u>
Total revenue from the federal government	<u>\$ 441,020</u>	<u>\$ 441,020</u>	<u>\$ 752,281</u>	<u>\$ 311,261</u>
Total General Fund	<u>\$ 13,984,488</u>	<u>\$ 13,984,488</u>	<u>\$ 14,073,255</u>	<u>\$ 88,767</u>

County of Richmond, Virginia
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Fund:				
Sheriff's Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 19,467	\$ 19,467
Total revenue from the Commonwealth	\$ -	\$ -	\$ 19,467	\$ 19,467
Revenue from the federal government:				
Categorical aid:				
Forfeited assets	\$ -	\$ -	\$ 35,371	\$ 35,371
Total revenue from the federal government	\$ -	\$ -	\$ 35,371	\$ 35,371
Total Sheriff's Fund	\$ -	\$ -	\$ 54,838	\$ 54,838
Capital Projects Fund:				
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 6,107	\$ 6,107
Total revenue from local sources	\$ -	\$ -	\$ 6,107	\$ 6,107
Total County Capital Improvements Fund	\$ -	\$ -	\$ 6,107	\$ 6,107
Total Primary Government	\$ 13,984,488	\$ 13,984,488	\$ 14,134,200	\$ 149,712
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous revenue:				
Miscellaneous	\$ 97,000	\$ 97,000	\$ 90,782	\$ (6,218)
Total miscellaneous revenue	\$ 97,000	\$ 97,000	\$ 90,782	\$ (6,218)
Recovered costs:				
Cafeteria funds	\$ 262,573	\$ 262,573	\$ -	\$ (262,573)
Other recovered costs	-	63,108	76,031	12,923
Total recovered costs	\$ 262,573	\$ 325,681	\$ 76,031	\$ (249,650)
Total revenue from local sources	\$ 359,573	\$ 422,681	\$ 166,813	\$ (255,868)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 5,336,230	\$ 5,336,230	\$ 4,937,301	\$ (398,929)

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 1,142,566	\$ 1,142,566	\$ 1,151,981	\$ 9,415
Basic school aid	3,728,848	3,728,848	3,909,751	180,903
At risk payments	154,242	154,242	161,748	7,506
Early reading intervention	20,353	20,353	23,145	2,792
English as a second language	49,643	49,643	46,296	(3,347)
Fringe benefits	703,876	703,876	732,615	28,739
GED preparation assistance	7,859	7,859	9,859	2,000
Gifted and talented	36,354	36,354	38,089	1,735
Industry certification	-	-	7,239	7,239
Mentor teacher program	245	245	1,129	884
Primary class size	205,064	205,064	207,971	2,907
Remedial education	213,033	213,033	202,657	(10,376)
School food	14,432	14,432	11,217	(3,215)
School security	-	-	63,108	63,108
Special education	572,382	572,382	599,707	27,325
Special education - foster children	-	-	8,216	8,216
Special education - homebound	2,950	2,950	896	(2,054)
Special education - jails	7,612	7,612	2,520	(5,092)
SOL algebra readiness	18,727	18,727	19,360	633
Technology	128,000	128,000	128,000	-
Textbook payment	74,425	74,425	77,978	3,553
Virtual grant	-	-	656	656
Vocational education	96,686	96,686	101,302	4,616
Vocational education - equipment	-	-	16,040	16,040
Vocational education - occupational preparedness	63,558	63,558	76,267	12,709
Vocational education - adult	-	-	3,000	3,000
Workforce readiness	-	-	2,366	2,366
Total categorical aid	\$ 7,240,855	\$ 7,240,855	\$ 7,603,113	\$ 362,258
Total revenue from the Commonwealth	\$ 7,240,855	\$ 7,240,855	\$ 7,603,113	\$ 362,258

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 207,700	\$ 207,700	\$ 218,257	\$ 10,557
Title VI-B, STEM grant	-	-	22,000	22,000
Title VI-B, rural and low income	20,606	20,606	19,987	(619)
Vocational education	22,133	22,133	41,884	19,751
Title I	239,349	239,349	279,461	40,112
Title II, Part A	52,735	52,735	87,445	34,710
Language acquisition	4,000	4,000	22,789	18,789
Advanced placement testing	-	-	888	888
School lunch and breakfast programs	330,000	330,000	345,033	15,033
Total categorical aid	\$ 876,523	\$ 876,523	\$ 1,037,744	\$ 161,221
Total revenue from the federal government	\$ 876,523	\$ 876,523	\$ 1,037,744	\$ 161,221
Total School Operating Fund	\$ 13,813,181	\$ 13,876,289	\$ 13,744,971	\$ (131,318)
Special Revenue Funds:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 54	\$ 54
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 118,661	\$ 118,661
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 825	\$ 825
Total revenue from local sources	\$ -	\$ -	\$ 119,540	\$ 119,540
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 33,326	\$ 33,326	\$ -
Total School Cafeteria Fund	\$ -	\$ 33,326	\$ 152,866	\$ 119,540
Total Discretely Presented Component Unit - School Board	\$ 13,813,181	\$ 13,909,615	\$ 13,897,837	\$ (11,778)

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 99,664	\$ 108,000	\$ 106,879	\$ 1,121
General and financial administration:				
County administrator	\$ 150,144	\$ 195,000	\$ 197,046	\$ (2,046)
Information technology	227,220	237,654	231,146	6,508
Commissioner of revenue	174,112	172,000	171,085	915
Assessor	30,000	30,862	862	30,000
Treasurer	203,784	212,000	210,603	1,397
Total general and financial administration	\$ 785,260	\$ 847,516	\$ 810,742	\$ 36,774
Board of elections:				
Electoral board and officials	\$ 17,711	\$ 12,000	\$ 11,644	\$ 356
Registrar	60,052	73,000	72,079	921
Total board of elections	\$ 77,763	\$ 85,000	\$ 83,723	\$ 1,277
Total general government administration	\$ 962,687	\$ 1,040,516	\$ 1,001,344	\$ 39,172
Judicial administration:				
Courts:				
Circuit court	\$ 59,935	\$ 73,000	\$ 73,292	\$ (292)
General district court	11,810	3,500	3,470	30
Magistrate	100	-	-	-
Court services unit	28,748	74,000	71,686	2,314
Clerk of the circuit court	229,523	205,000	201,652	3,348
Total courts	\$ 330,116	\$ 355,500	\$ 350,100	\$ 5,400
Commonwealth's attorney:				
Commonwealth's attorney	\$ 305,294	\$ 307,000	\$ 304,543	\$ 2,457
Total judicial administration	\$ 635,410	\$ 662,500	\$ 654,643	\$ 7,857
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,389,874	\$ 1,500,000	\$ 1,508,350	\$ (8,350)
Fire and rescue services:				
Volunteer fire department	\$ 157,000	\$ 142,437	\$ 131,193	\$ 11,244
Volunteer rescue squad	642,213	613,000	578,541	34,459
Total fire and rescue services	\$ 799,213	\$ 755,437	\$ 709,734	\$ 45,703
Correction and detention:				
Juvenile group home	\$ 1,000	\$ 11,698	\$ 11,698	\$ -

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 76,211	\$ 72,500	\$ 71,925	\$ 575
Other protection:				
Animal control	\$ 58,525	\$ 62,000	\$ 62,617	\$ (617)
Civil defense	76,625	78,582	78,582	-
Medical examiner	400	80	80	-
E-911 system	71,500	86,000	85,670	330
Total other protection	\$ 207,050	\$ 226,662	\$ 226,949	\$ (287)
Total public safety	\$ 2,473,348	\$ 2,566,297	\$ 2,528,656	\$ 37,641
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 4,292	\$ 4,292	\$ -
Sanitation and waste removal:				
Refuse collection and disposal	\$ 581,600	\$ 605,000	\$ 601,511	\$ 3,489
Maintenance of general buildings and grounds:				
General properties	\$ 299,138	\$ 299,138	\$ 298,721	\$ 417
Total public works	\$ 884,888	\$ 908,430	\$ 904,524	\$ 3,906
Health and welfare:				
Health:				
Supplement of local health department	\$ 127,309	\$ 127,000	\$ 126,759	\$ 241
Mental health and mental retardation:				
Community services board	\$ 23,000	\$ 23,000	\$ 23,000	\$ -
Welfare:				
Family development center	\$ 126,000	\$ 190,794	\$ 190,933	\$ (139)
Area agency on aging	7,650	7,650	7,650	-
Virginia public assistance	1,684,350	1,641,990	1,533,421	108,569
Tax relief for the elderly	-	-	30,736	(30,736)
Comprehensive services	337,500	275,000	258,468	16,532
Total welfare	\$ 2,155,500	\$ 2,115,434	\$ 2,021,208	\$ 94,226
Total health and welfare	\$ 2,305,809	\$ 2,265,434	\$ 2,170,967	\$ 94,467
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 9,647	\$ 9,647	\$ 9,647	\$ -
Contribution to County School Board	5,336,230	5,336,230	4,937,301	398,929
Total education	\$ 5,345,877	\$ 5,345,877	\$ 4,946,948	\$ 398,929

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 42,500	\$ 42,500	\$ 42,500	\$ -
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 19,500	\$ 19,372	\$ 128
Library:				
Contribution to county library	\$ 84,160	\$ 84,160	\$ 84,160	\$ -
Total parks, recreation, and cultural	\$ 144,789	\$ 146,160	\$ 146,032	\$ 128
Community development:				
Planning and community development:				
Planning	\$ 169,498	\$ 163,000	\$ 160,290	\$ 2,710
Economic development	14,438	13,000	12,543	457
Northern Neck planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 193,436	\$ 185,500	\$ 182,333	\$ 3,167
Environmental management:				
Contribution to soil and water conservation district	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
Wetlands board	3,207	2,200	1,922	278
Litter and recycling program	5,000	3,634	3,634	-
Total environmental management	\$ 18,207	\$ 15,834	\$ 15,556	\$ 278
Cooperative extension program:				
Extension office	\$ 58,974	\$ 46,000	\$ 44,801	\$ 1,199
Total community development	\$ 270,617	\$ 247,334	\$ 242,690	\$ 4,644
Nondepartmental:				
Other nondepartmental	\$ 79,063	\$ 87,000	\$ 43,544	\$ 43,456
Capital projects:				
School construction	\$ 9,015,808	\$ 9,015,808	\$ 9,339,889	\$ (324,081)
Debt service:				
Principal retirement	\$ 866,507	\$ 866,507	\$ 866,507	\$ -
Interest and other fiscal charges	348,493	582,855	649,797	(66,942)
Total debt service	\$ 1,215,000	\$ 1,449,362	\$ 1,516,304	\$ (66,942)
Total General Fund	\$ 23,333,296	\$ 23,734,718	\$ 23,495,541	\$ 239,177

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2015

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Sheriff's Fund:				
Public safety:				
Other protection:				
Other protection	\$ -	\$ -	\$ 35,371	\$ (35,371)
Total public safety	\$ -	\$ -	\$ 35,371	\$ (35,371)
Total Sheriff's Fund	\$ -	\$ -	\$ 35,371	\$ (35,371)
Total Primary Government	\$ 23,333,296	\$ 23,734,718	\$ 23,530,912	\$ 203,806
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 10,132,081	\$ 10,195,189	\$ 10,369,986	\$ (174,797)
Operating costs:				
Administration, attendance and health services	\$ 872,289	\$ 872,289	\$ 901,843	\$ (29,554)
Pupil transportation	786,575	786,575	779,257	7,318
Operation and maintenance of school plant	1,413,522	1,413,522	1,256,265	157,257
Total operating costs	\$ 3,072,386	\$ 3,072,386	\$ 2,937,365	\$ 135,021
Total education	\$ 13,204,467	\$ 13,267,575	\$ 13,307,351	\$ (39,776)
Debt service:				
Principal retirement	\$ 1,709	\$ 1,709	\$ 73,051	\$ (71,342)
Interest and other fiscal charges	-	-	8,319	(8,319)
Total debt service	\$ 1,709	\$ 1,709	\$ 81,370	\$ (79,661)
Total School Operating Fund	\$ 13,206,176	\$ 13,269,284	\$ 13,388,721	\$ (119,437)
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 607,005	\$ 607,005	\$ 611,417	\$ (4,412)
Commodities	-	33,326	33,326	-
Total school food services	\$ 607,005	\$ 640,331	\$ 644,743	\$ (4,412)
Total education	\$ 607,005	\$ 640,331	\$ 644,743	\$ (4,412)
Total School Cafeteria Fund	\$ 607,005	\$ 640,331	\$ 644,743	\$ (4,412)
Total Discretely Presented Component Unit - School Board	\$ 13,813,181	\$ 13,909,615	\$ 14,033,464	\$ (123,849)

STATISTICAL INFORMATION

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Table 1

County of Richmond, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years (1)

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
2015	\$ 1,010,419	\$ 672,506	\$ 2,387,427	\$ 895,848	\$ 1,570,764	\$ 5,215,355	\$ 115,768	\$ 233,541	\$ 589,396	\$ 12,691,024
2014	1,120,423	710,582	2,402,184	846,800	1,690,009	5,642,298	162,972	228,685	575,697	13,379,650
2013	1,073,266	685,595	2,363,407	862,389	1,444,859	5,316,656	614,679	296,212	666,508	13,323,571
2012	1,157,245	701,428	2,205,361	968,585	1,480,014	4,888,913	385,484	210,363	306,399	12,303,792
2011	1,189,224	696,062	2,308,389	818,640	1,521,335	5,390,116	120,655	217,423	185,898	12,447,742
2010	1,247,741	707,540	1,967,062	826,963	1,504,350	4,819,073	165,934	165,662	470,384	11,874,709
2009	887,637	738,746	2,124,489	904,776	1,493,767	4,482,010	124,819	294,235	378,731	11,429,210
2008	864,726	1,233,067	1,585,738	900,170	1,866,168	4,443,785	139,272	311,368	234,691	11,578,985
2007	730,497	648,463	1,418,622	771,453	1,432,078	4,171,087	118,814	177,170	247,003	9,715,187

(1) Information has only been available for nine years.

Table 2

County of Richmond, Virginia
Government-Wide Revenues
Last Ten Fiscal Years (1)

Fiscal Year	PROGRAM REVENUES		GENERAL REVENUES									
	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Contributions Not Restricted to Specific Programs	Gain on Sale of Capital Assets	Contributions from Richmond IDA	Total		
2015	\$ 413,529	\$ 2,600,508	\$ 7,360,601	\$ 1,323,118	\$ 31,078	\$ 184,290	\$ 1,204,750	\$ -	\$ -	\$ 75,000	\$ 13,192,874	
2014	421,007	3,055,840	7,157,053	1,491,479	232,585	119,088	1,146,354	-	-	-	13,623,406	
2013	434,520	2,353,317	7,171,701	1,368,449	62,614	59,131	1,151,877	-	-	-	12,601,609	
2012	475,971	1,977,184	7,099,394	1,274,484	37,213	78,501	1,156,517	-	-	-	12,099,264	
2011	499,826	2,200,305	5,812,489	1,306,532	64,972	58,253	1,210,495	-	-	-	11,152,872	
2010	321,894	2,457,852	5,503,475	1,209,769	88,122	78,697	1,171,538	-	-	-	10,831,347	
2009	390,629	2,133,243	5,484,432	1,605,267	273,471	62,299	844,261	-	-	-	10,793,602	
2008	158,352	2,447,905	5,291,354	1,890,206	249,852	143,575	883,429	75,854	-	-	11,140,527	
2007	126,029	2,201,339	4,965,281	1,941,182	335,739	171,022	916,138	154,704	-	-	10,811,434	

(1) Information has only been available for nine years.

Table 3

County of Richmond, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration	Judicial Administration	Public Safety	Public Works	Health and Welfare	Education (2)	Parks, Recreation, and Cultural	Community Development	Non-departmental	Debt Service	Total
2015	\$ 1,001,344	\$ 654,643	\$ 2,564,027	\$ 904,524	\$ 2,170,967	\$ 13,961,741	\$ 146,032	\$ 242,690	\$ 43,544	\$ 1,597,674	\$ 23,287,186
2014	1,090,274	632,107	2,590,816	848,147	2,390,932	13,857,177	141,032	228,823	68,970	1,474,862	23,323,140
2013	1,020,637	606,017	2,540,282	864,220	2,060,587	13,279,129	140,886	267,170	168,483	1,057,085	22,004,496
2012	1,108,803	634,017	2,351,954	902,538	1,897,136	12,603,436	141,132	238,211	124,402	3,686,465	23,688,094
2011	1,164,161	608,545	2,279,225	832,318	1,847,211	12,441,861	137,909	274,025	140,371	724,236	20,449,862
2010	1,190,412	662,736	2,488,050	882,014	1,509,373	13,019,411	144,436	275,542	150,988	846,569	21,169,531
2009	945,269	672,311	2,225,390	923,742	1,490,733	12,929,843	138,294	311,486	122,877	740,525	20,500,470
2008	850,599	675,746	1,661,920	912,019	1,863,998	12,179,225	129,529	292,957	85,043	601,335	19,252,371
2007	713,750	615,881	1,526,306	780,781	1,427,785	11,673,412	118,814	244,181	77,908	602,693	17,781,511
2006	668,888	546,957	1,626,249	827,527	1,555,509	10,935,534	112,811	314,837	64,756	610,290	17,263,358

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board; excludes capital projects expenditures.

(2) Beginning in FY2006, excludes contribution from Primary Government to Component Unit - School Board.

Table 4

County of Richmond, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2015	\$ 7,431,289	\$ 1,323,118	\$ 58,390	\$ 37,152	\$ 25,025	\$ 436,648	\$ 275,897	\$ 946,669	\$ 12,554,441	\$ 23,088,629
2014	7,118,755	1,491,479	53,928	29,785	207,402	447,874	152,141	1,002,971	12,205,371	22,709,706
2013	7,184,262	1,368,449	55,131	26,108	28,612	478,419	206,356	1,186,869	11,059,627	21,593,833
2012	6,972,485	1,274,484	48,535	21,860	25,029	577,097	235,248	904,951	10,752,740	20,812,429
2011	5,955,280	1,306,532	53,247	26,086	65,099	575,620	141,161	738,210	11,003,032	19,864,267
2010	5,324,410	1,209,769	53,083	31,958	88,280	439,430	115,188	629,433	11,760,077	19,651,628
2009	5,427,144	1,605,267	63,041	39,536	188,999	514,400	93,032	423,577	11,322,727	19,677,723
2008	5,271,537	1,890,206	67,647	50,216	146,054	288,076	216,495	354,020	10,975,894	19,260,145
2007	4,956,725	1,941,203	62,798	39,383	336,316	266,775	204,572	286,488	10,509,405	18,603,665
2006 (2)	4,527,993	1,969,243	66,472	35,228	349,388	273,144	76,922	518,818	10,566,898	18,384,106

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

(2) Beginning in FY2006, excludes contribution from Primary Government to Component Unit - School Board.

Table 5

County of Richmond, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of		Outstanding Delinquent Taxes (1, 2)	Percent of	
						Total Tax Collections to Tax Levy	Total Tax Collections to Tax Levy		Delinquent Taxes to Tax Levy	Delinquent Taxes to Tax Levy
2015	\$ 8,129,588	\$ 7,772,456	95.61%	\$ 294,468	8,066,924	99.23%	99.23%	\$ 385,381	4.74%	4.74%
2014	7,972,187	7,599,200	95.32%	223,201	7,822,401	98.12%	98.12%	443,024	5.56%	5.56%
2013	7,850,271	7,630,099	97.20%	240,504	7,870,603	100.26%	100.26%	362,749	4.62%	4.62%
2012	7,811,023	7,485,794	95.84%	186,686	7,672,480	98.23%	98.23%	379,082	4.85%	4.85%
2011	6,670,585	6,363,482	95.40%	283,844	6,647,326	99.65%	99.65%	252,172	3.78%	3.78%
2010	6,025,304	5,878,951	97.57%	169,423	6,048,374	100.38%	100.38%	323,834	5.37%	5.37%
2009	6,268,800	6,001,076	95.73%	139,341	6,140,417	97.95%	97.95%	277,366	4.42%	4.42%
2008	5,935,338	5,893,054	99.29%	100,343	5,993,397	100.98%	100.98%	261,891	4.41%	4.41%
2007	5,651,753	5,550,726	98.21%	130,459	5,681,185	100.52%	100.52%	257,444	4.56%	4.56%
2006 (3)	5,307,595	5,156,333	97.15%	111,949	5,268,282	99.26%	99.26%	225,374	4.25%	4.25%

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

(3) Beginning in FY 2006, PPTRA is included with Tax Levy and Current Tax Collections.

Table 6

County of Richmond, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes	Machinery and Tools	Merchant's Capital	Public Utility (2)			Total
					Real Estate	Personal Property		
2015	\$ 782,102,928	\$ 60,970,573	\$ 3,317,151	\$ 1,769,910	\$ 61,611,846	\$ 1,384,915	\$ 911,157,323	
2014	784,551,166	59,139,690	3,485,854	1,736,997	53,094,641	1,530,251	903,538,599	
2013	783,877,464	56,013,615	3,316,309	1,626,543	54,904,120	1,478,343	901,216,394	
2012	784,113,367	56,928,760	2,419,874	1,645,530	45,720,172	1,157,333	891,985,036	
2011	535,213,370	55,959,138	2,926,283	1,647,700	27,847,132	861,618	624,455,241	
2010	531,312,380	53,760,890	3,079,608	1,690,180	37,964,495	1,206,024	629,013,577	
2009	527,089,300	63,387,130	3,265,563	1,665,480	19,514,656	439,498	615,361,627	
2008	519,347,200	59,893,830	3,585,620	1,511,680	22,174,210	480,370	606,992,910	
2007	508,564,720	59,112,310	3,797,920	1,569,400	25,194,248	529,373	598,767,971	
2006	498,595,965	56,476,220	4,345,030	1,513,460	28,427,984	740,165	590,098,824	

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

County of Richmond, Virginia
Property Tax Rates
Last Ten Fiscal Years

Fiscal Year					Public Utility	
	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Real Estate	Personal Property
2015	\$ 0.67	\$ 3.50	\$ 0.01	\$ 3.50	\$ 0.67	\$ 3.50
2014	0.67	3.50	0.01	3.50	0.67	3.50
2013	0.67	3.50	0.01	3.50	0.67	3.50
2012	0.67	3.50	0.01	3.50	0.67	3.50
2011	0.79	3.50	0.01	3.50	0.79	3.50
2010	0.70	3.50	0.50	3.50	0.70	3.50
2009	0.70	3.50	0.50	3.50	0.70	3.50
2008	0.67	3.50	0.50	3.50	0.67	3.50
2007	0.67	3.50	0.50	3.50	0.67	3.50
2006	0.63	3.50	0.50	3.50	0.63	3.50

Table 8

County of Richmond, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands)(2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2015	9,254	\$ 911,157	\$ 16,588,442	1.82%	\$ 1,793
2014	9,254	903,539	17,107,931	1.89%	1,849
2013	9,254	901,216	17,564,950	1.95%	1,898
2012	9,254	891,985	2,959,216	0.33%	320
2011	9,254	624,455	3,207,433	0.51%	347
2010	9,254	629,014	3,458,563	0.55%	374
2009	8,809	615,362	1,061,722	0.17%	121
2008	8,809	606,993	1,163,928	0.19%	132
2007	8,809	598,768	1,281,842	0.21%	146
2006	8,809	590,099	1,398,998	0.24%	159

(1) Center for Weldon Cooper Public Service at the University of Virginia from 2000 and 2010 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.

COMPLIANCE

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ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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

**To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the County of Richmond, Virginia's basic financial statements and have issued our report thereon dated December 10, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Richmond Virginia'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 County of Richmond, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "D. F. Cox", followed by a long horizontal line.

Richmond, Virginia
December 10, 2015

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133

**To The Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia**

Report on Compliance for Each Major Federal Program

We have audited County of Richmond, Virginia's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Richmond, Virginia's major federal programs for the year ended June 30, 2015. County of Richmond, Virginia'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 County of Richmond, Virginia'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 County of Richmond, Virginia'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 of Richmond, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Richmond, Virginia 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 County of Richmond, Virginia 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 County of Richmond, Virginia'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 County of Richmond, Virginia's internal control over compliance.

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

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

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

A handwritten signature in dark ink, appearing to read "D. Frick", followed by a long horizontal line extending to the right.

Richmond, Virginia
December 10, 2015

County of Richmond, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass-Through Payments:			
<i>Department of Social Services:</i>			
Promoting Safe and Stable Families	93.556	0950114/0950115	\$ 13,751
Temporary Assistance for Needy Families	93.558	0400114/0400115	80,934
Refugee and Entrant Assistance - State Administered Programs	93.566	0500114/0500115	140
Low-Income Home Energy Assistance	93.568	0600414/00600415	9,498
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760114/0760115	15,564
Adoption and Legal Guardianship Incentive Payments	93.603	1130114/1130115	812
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900114/090115	593
Foster Care - Title IV-E	93.658	1100114/1100115	78,488
Adoption Assistance	93.659	1120114/1120115	18,178
Social Services Block Grant	93.667	1000114/1000115	55,943
Chafee Foster Care Independence Program	93.674	9150114/9150115	506
Children's Health Insurance Program	93.767	0540114/0540115	3,120
Medical Assistance Program	93.778	1200114/1200115	107,028
Total Department of Health and Human Services			\$ 384,555
Department of Agriculture:			
Direct Payments:			
Community Facilities Loans and Grants	10.780	N/A	\$ 50,000
Pass-Through Payments:			
Child Nutrition Cluster:			
<i>Department of Agriculture:</i>			
Food Distribution	10.555	17901-45707	\$ 33,326
<i>Department of Education:</i>			
National School Lunch Program	10.555	17901-40623	256,446 \$ 289,772
School Breakfast Program	10.553	17901-40591	88,587
<i>Department of Social Services:</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113/0010114	93,980
Total Department of Agriculture			\$ 472,339
Department of Transportation:			
Pass-Through Payments:			
<i>Department of Motor Vehicles:</i>			
State and Community Highway Safety	20.600	50507-52033/53066/53071	\$ 22,747
Department of Treasury:			
Pass-Through Payments:			
Commonwealth of Virginia Attorney General's Office:			
Forfeited assets	21.000	Unavailable	\$ 35,371

County of Richmond, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education:			
Pass-Through Payments:			
<i>Department of Education:</i>			
Title I Grants to Local Educational Agencies	84.010	17901-42901	\$ 279,461
Special Education - Grants to States	84.027	17901-43071	240,257
Career and Technical Education - Basic Grants to States	84.048	17901-61095	41,884
English Language Acquisition State Grants	84.365	17901-60512	22,789
Advanced Placement Program	84.330	609570	888
Rural Education	84.358	17901-43481	19,987
Improving Teacher Quality State Grants	84.367	17901-61480	87,445
Total Department of Education			<u>\$ 692,711</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,657,723</u></u>

See accompanying notes to schedule of expenditures of federal awards.

County of Richmond, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the County of Richmond, Virginia under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the County of Richmond, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Richmond, Virginia.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note C - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note D - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 752,281
Special Revenue Funds:	
Sheriff's Fund	35,371
Total primary government	<u>\$ 787,652</u>

Component Unit School Board:

School Operating Fund	\$ 1,037,744
School Cafeteria Fund	33,326
Total Component Unit School Board	<u>\$ 1,071,070</u>

Total federal expenditures per basic financial statements	<u>\$ 1,858,722</u>
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Add: Rural development note proceeds	\$ 24,000
Less: Federal interest subsidy	(216,613)
Less: Payment in Lieu of Taxes	<u>(8,386)</u>

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 1,657,723</u></u>
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County of Richmond, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs: unmodified

Any findings disclosed that are required to be
reported in accordance with section 510(a) of
OMB Circular A-133? _____ yes ✓ no

Identification of major programs:

CFDA Number(s)

93.778

10.553/10.555

Name of Federal Program or Cluster

Medical Assistance Program

Child Nutrition Cluster

Dollar threshold used to distinguish between type A
and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

**County of Richmond, Virginia
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2015**

There were no prior year findings.

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