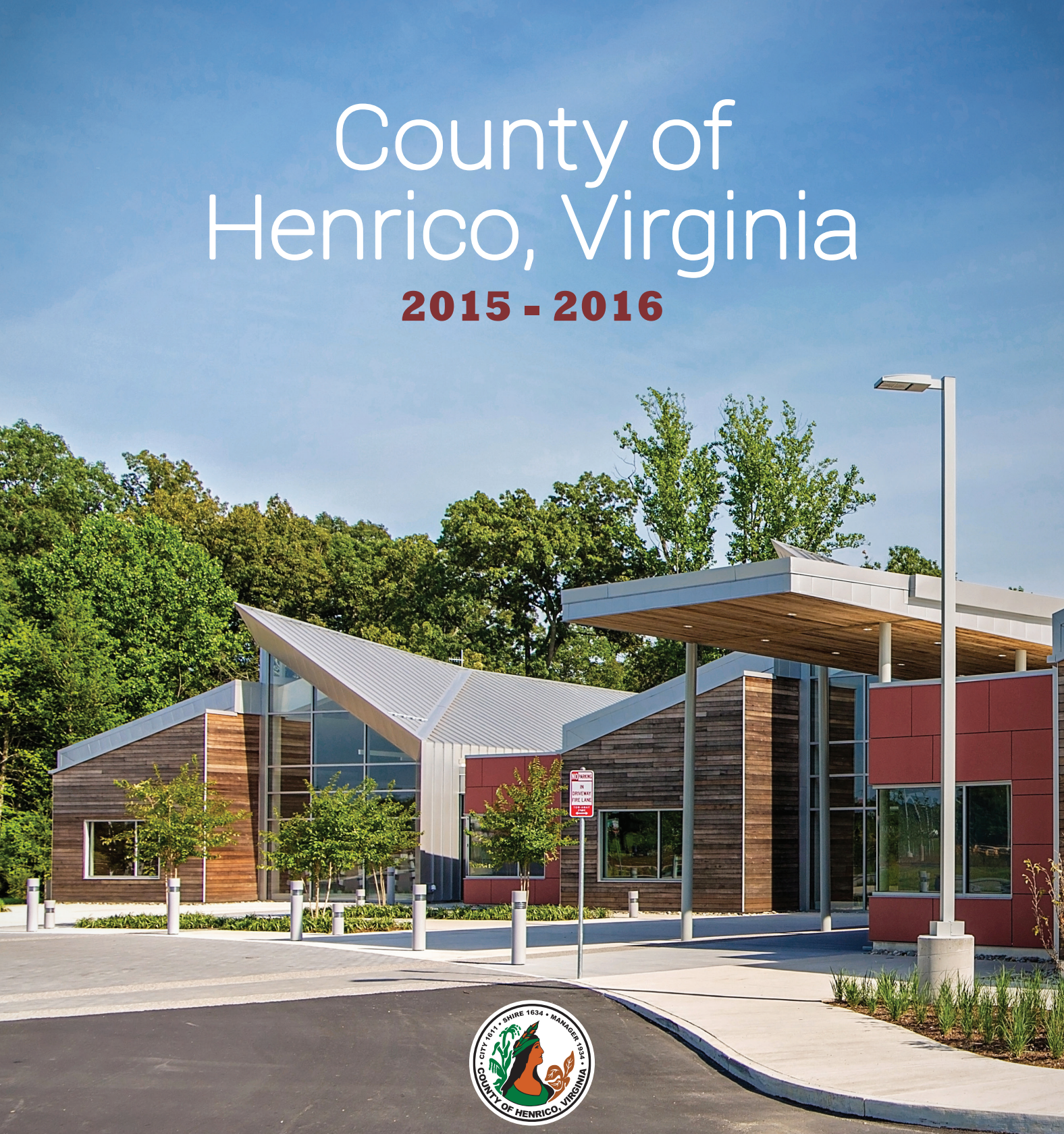
County of Henrico, Virginia

2015 - 2016



Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

COUNTY OF HENRICO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2016

Table of Contents

INTRODUCTORY SECTION (UNAUDITED)		PAGE
Letter of Transmittal		i - xii
Certificate of Achievement for Excellence in Financial Reporting		xiii
Directory of Officials		xiv
Organization Chart		xv
FINANCIAL SECTION (UNAUDITED)	**EXHIBITS**	
Independent Auditors' Report	1	1 - 3
Management's Discussion and Analysis		4 - 12
Government-Wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14 - 15
Governmental Funds Financial Statements:		
Balance Sheet	3	16
Statement of Revenues, Expenditures and Changes in Fund Balances	4	17
Proprietary Funds Financial Statements:		
Statement of Net Position	5	18
Statement of Revenues, Expenses and Changes in Net Position	6	19
Statement of Cash Flows	7	20
Fiduciary Funds Financial Statements:		
Statement of Net Position	8	21
Component Units Financial Statements:		
Statement of Net Position	9	22
Statement of Activities	10	23
Notes to Financial Statements		24 - 84
REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS		
Budgetary Comparison Exhibits:		
Exhibit of Revenues - Budget and Actual - Governmental Funds	11	87 - 89
Exhibit of Expenditures - Budget and Actual - Governmental Funds	12	90 - 93
Schedules of Required Supplemental Information:		
Schedule of Changes in the Net Pension Liability and Related Ratios:		
Governmental Activities and Business-Type Activities	13	94
School Board Non-Professional Group	14	95
Schedule of Contributions	15	96
Schedule of Schools' Proportionate Share of the Net Pension Liability	16	97
Schedule of School Contributions	17	98
Notes to Required Supplemental Information		99
OTHER SUPPLEMENTAL INFORMATION		
	SCHEDULES	
Debt Service Fund - Budgetary Comparison Schedules:		
Schedule of Revenues - Budget and Actual	1	104
Schedule of Expenditures - Budget and Actual	2	105
Internal Service Funds Financial Statements:		
Combining Statements of Net Position	3	108
Combining Statements of Revenues, Expenses and Changes in Net Position	4	109
Combining Statements of Cash Flows	5	110

Table of Contents continued

Agency Funds Financial Statements:
Combining Statements of Assets and Liabilities ---- 6 ---- 112
Combining Statements of Changes in Assets and Liabilities ---- 7 ---- 113

Discretely Presented Component Unit - School Board:
Combining Balance Sheet ---- 8 ---- 116
Combining Statement of Revenues, Expenditures and Changes in Fund Balances ---- 9 ---- 117
Statement of Fiduciary Net Position ---- 10 ---- 118
Schedule of Changes in Assets and Liabilities ---- 11 ---- 119
Schedule of Revenues - Budget and Actual ---- 12 ---- 120 - 121
Schedule of Expenditures - Budget and Actual ---- 13 ---- 122

STATISTICAL SECTION **TABLES**

Net Position by Component ---- I ---- 124
Schedule of Changes in Net Position ---- II ---- 125 - 126
Fund Balances - Governmental Funds ---- III ---- 127
Changes in Fund Balances - Governmental Funds ---- IV ---- 128
Assessed Value and Actual Value of Taxable Property ---- V ---- 129
Direct Tax Rates ---- VI ---- 130
Principal Property Tax Payers ---- VII ---- 131
Property Tax Levies and Collections ---- VIII ---- 132
Ratios of Outstanding Debt by Type ---- IX ---- 133
Pledged Revenue Coverage ---- X ---- 134
Demographic and Economic Statistics ---- XI ---- 135
Top Twenty Principal Employers ---- XII ---- 136
Government Employees by Department ---- XIII ---- 137
Operating Indicators by Function ---- XIV ---- 138 - 139
Capital Asset Statistics by Function ---- XV ---- 140

INTRODUCTORY SECTION

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

COMMONWEALTH OF VIRGINIA

COUNTY OF HENRICO

John A. Vithoulkas
County Manager

November 18, 2016

The Honorable Board of Supervisors
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors, investors, creditors and any other interested readers. We believe it includes all financial statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a supplemental narrative overview and analysis of the financial statements included in this CAFR. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.us.

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

KPMG LLP, a certified public accounting firm, audited the County's basic financial statements included in this report. The independent auditors planned and performed the audit to obtain reasonable assurance about whether the financial statements of the County are free of material misstatement. KPMG LLP has formed and expressed unmodified opinions stating that, based on the audit evidence obtained, the County's basic financial statements as of and for the fiscal year ended June 30, 2016, are fairly presented, in all material respects, in conformity with GAAP. The

independent auditors' report on the County's financial statements is presented as the first component of the Financial Section of this report. The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This "Single Audit" information is available in a separately issued report, which is available upon request from the County's Department of Finance.

Profile of the Government

The County of Henrico is located in central Virginia and surrounds the City of Richmond on the north side of the James River and constitutes approximately one third of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the intersection of Interstates 95, 64, and 295 as well as Routes 895 and 288, major rail lines, and the James River, an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 325,155 Henrico County residents (approximately one third of the Richmond Metropolitan area) live in a well-planned community of 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Captain Christopher Newport and a band of adventurers from Jamestown (consisting of Captain John Smith, George Percy and others) rowed ashore at the foot of the James River in Henrico in 1607. Captain Newport erected a cross and claimed the land for God and England. Four years after the discovery and exploration, Sir Thomas Dale, Deputy Governor of Virginia, founded Henrico and named it for Prince Henry Frederick, eldest son of King James I. In another four months, it was a bustling community as John Rolfe successfully cultivated a Spanish-type of tobacco similar to that produced in Varinas, Spain, giving birth to America's tobacco industry. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile now appears on the Henrico County seal as a symbol of Henrico's place in our nation's history. In 1634, Henrico became one of the original eight shires in the Virginia Colony. In 1934, Henrico County voters approved the County Manager form of government with five voter-elected members on the Board of Supervisors who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board of Supervisors is elected annually by the members of the Board, and the Board also hires the County Manager who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the

Board of Supervisors, appointing the County's Department Directors, and managing the day- to- day operations of the County government. Henrico County's Manager is also the Director of Public Safety. The County government is responsible for providing a wide array of public services including public safety (fire and police protection, as well as building code enforcement), a full-service water and sewer system, the maintenance of the third largest road system in the Commonwealth of Virginia, and an array of recreational and cultural services. The County government also provides most of the funding for a nationally recognized public school system, though the schools are operated by a legally distinct entity and a separately elected School Board.

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

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

Economic Overview

Henrico County continues to observe positives in the local economy following the economic downturn that suggest that the modest pace of growth experienced the past few years may be trending upward slightly. Real estate assessments have grown for three consecutive years, local consumer spending is robust, and our business community continues to be a strength for Henrico.

Despite the improved economic climate, Henrico County continues to evaluate our governmental practices, identifying areas that exist for greater operational efficiencies and thereby best utilizing taxpayer provided resources. As evidenced by a long history of prudent financial management - and the distinction of being one of only 39 triple AAA rated counties in the country - Henrico County continues to exemplify excellence in local government finance and administration. While

there is always uncertainty regarding future economic conditions, one certainty that does exist is that Henrico County will continue to do everything within its means to create an environment conducive to positive economic growth.

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

The Richmond metro region continues to garner recognition and accolades regarding its financial strength, talented workforce, and pro-business conducive environment. Some examples are: the Richmond area was ranked a Top 10 City for Global Trade in the U.S. by the Global Trade Magazine in August 2016; CNBC named Richmond one of 20 Best Places in America to Start a Business in August 2016; Richmond was named the nation's 4th hottest housing market by Zillow in 2016; Richmond was named 3rd internationally in Best Places to Travel by Travel and Leisure Magazine in 2016; and 28th best place to live in U.S. by the U.S. News and World Report in March 2016.

Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area - such as the 25 *Inc. 5000* companies with a significant presence in Henrico County, as well as the small businesses and entrepreneurial endeavors that drive our diverse economy. The County's diverse labor pool, low tax structure, regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for outside companies to relocate, or for existing companies to expand. Combined, the Henrico companies that made the most recent 2016 Inc. 5000 list account for more than $694.8 million in revenue (2015), while the average three-year growth rate for the group was an astonishing 377.8 percent.

The Richmond region is home to 11 Fortune 1000 companies and 8 of the 11 are ranked in the Fortune 500. Four of those are headquartered in Henrico: Altria, Markel, Genworth Financial, and Brinks. Out of metropolitan areas of its size (1-2 million), Richmond ranked second in the total amount of *Fortune 500* companies behind only San Jose, CA, and ranked 13th for all metropolitan areas. In addition to these companies, Henrico County is also home to Phillip Morris U.S.A. (a subsidiary of Altria), Alfa Laval, Hamilton Beach-Proctor Silex, Southern States Cooperative, along with over fifty companies based in twelve nations outside the United States that maintain offices in Henrico County. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefited from their presence.

The Honorable Board of Supervisors
November 18, 2016

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. According to the Virginia Employment Commission, as of August 2016 the County's unemployment rate (not seasonally adjusted) of 3.9 percent is lower than that of Virginia (4.1 percent) and considerably lower than that of the U.S. (4.9 percent). This relatively low unemployment rate is indicative of the fundamental economic strength of the County, as well as the resiliency and perseverance of state and local employers and the County's educated, talented workforce.

While the economic downturn had a significant impact on the real estate market in Henrico in both the residential and commercial sectors, the County has now experienced four successive years of growth in the total assessed value of real property. For the most recent assessment of new and existing commercial and residential real estate, as of January 1, 2016, the total taxable assessed value of the County was approximately $34.2 billion, which represents an increase of about $1.1 billion compared to January 1, 2015. The increase in existing residential and commercial properties totaled 2.3 percent, while new residential and commercial construction increased $341 million. The most recent year-over-year increase in reassessments is slightly under the prior year's 2.5 percent increase. These increases are two years in a three-year trend of reassessments coming in at over 2.0% and are significant improvements from three years prior, in which the total tax base increased just 0.36 percent, while 2012 and 2011 saw drops in the total tax base of 3.3 percent and 1.0 percent, respectively. Henrico remains cautiously optimistic by the improving economy and local real estate market as it continues to recover the nearly $4.0 billion in tax base that was lost since 2009.

There are some clear positive trends occurring in Virginia's housing market, and in the Central Virginia/Richmond region, with increases in the year-over-year median sales price, as well as decreases in inventory and the number of days on the market, recognized through September 2016. For example, the median sale price of homes as of September 2016 stands at $215,000, representing a 1.9 percent increase from the prior year. While this is an increase, it must be noted that it is significantly slower than last year's year-over-year growth of 7.0 percent. However, the average number of days on the market has decreased 22 percent year-over-year which is much lower compared to last year's year-over-year decrease of 11 percent and active inventory is down 18 percent which is keeping with last year's year-over-year decrease of 17 percent.

Henrico County is still one of the Commonwealth's leaders in retail sales as it ranks second behind only Fairfax County – a locality with more than triple the population of Henrico – in total annual taxable sales. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2015 were $5.43 billion, representing a 4.5 percent increase from 2014. In addition, Henrico ranks 1st in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. These statistics are another indication that the County has grown to be a destination for shoppers locally, regionally and statewide. Henrico was able to establish itself as a destination for shoppers starting with Regency Square, built in the 1970s, and more recently with Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

Tourism has been another area of economic achievement for Henrico. The County has an 8% transient lodging tax used for tourism efforts that brought in $13,169,350 for FY16, an 8% increase from FY15. This continues a trend of strong gains in visitor spending the County has been experiencing and is why tourism, especially sports tourism, will continue to be a focus area for stimulating the economy and bringing in local revenues. In fact, for 2015, Henrico had the largest visitor spending of all the surrounding localities at $852,185,976.

On November 5, 2013, the majority of voters in Henrico County approved a referendum that would allow the Board of Supervisors to impose a tax on prepared food and beverages, commonly known as a "meals tax", equal to four (4) percent of the amount charged. The January 28, 2014 Board of Supervisors agenda included the introduction of an ordinance to amend the County Code to levy a four percent food and beverage tax, and at the February 25, 2014 Board of Supervisors meeting a public hearing was held on the amendment to the Code of the County of Henrico to levy a four percent meals tax. After the public hearing the Board of Supervisors approved the amendment to levy a four percent meals tax. The collection of this tax began on June 1, 2014. It was anticipated that a four percent meals tax would generate approximately $18 million in additional revenue, which is dedicated to the operational and capital project needs of Henrico County Public Schools. However, as of September 2016 for FY2015 and FY2016 the county collected $26.8 million and $28.1 million, respectively, significantly exceeding the estimates. To date the meals tax has funded 141 projects at 51 schools throughout Henrico.

The presence of these business and corporate entities would not be possible were it not for the favorable business environment that Henrico County has fostered throughout the years. Since 1978, the Board of Supervisors has prudently decreased the real estate tax rate six times. In addition to these decreases, Henrico is also the lowest taxing locality in Virginia when compared to the 10 largest localities. Henrico also approved two tax rate reductions in recent years: the Aircraft tax rate went from $1.60 per $100 of assessed value to $0.50 and the Machinery and Tools tax rate went from $1.00 per $100 of assessed value to $0.30, both of which make Henrico more competitive and gives Henrico the lowest effective Aircraft and Machinery and Tools Tax Rates in Central Virginia. The low tax burden combined with a record of prudent fiscal management and excellent services creates an enticing environment for businesses that are looking to relocate their operations.

Financial Guidelines

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

General Guidelines:

The County of Henrico will strive to maintain its (AAA/Aaa/AAA) General Obligation Bond ratings with Standard and Poor's, Moody's Investor Service and Fitch IBCA, respectively. These excellent bond ratings mean two things for our residents. First, our financial management has been examined by three separate agencies that analyze local government finances on a daily basis and determined Henrico worthy of the highest financial recognition available. Second, the County's high credit rating allows us to obtain the most competitive interest rates when financing long-term capital improvement projects.

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

The County of Henrico will allocate new dollars (after meeting fixed commitments such as debt service requirements and benefits changes) to the areas of education and public safety first.

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

Capital Improvement Program Guidelines:

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

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

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

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

Debt Guidelines:

A long-term debt affordability analysis will be completed on an annual basis as a means of ensuring that the County does not exceed its ability to service current and future debt requirements. This analysis will verify that the County is maintaining the following

prescribed ratios and will be performed in conjunction with the County's Capital Improvement Program Process. The maximum guidelines that are utilized are as follows:

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

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

Revenues:

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

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

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

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

Fund Balance Guidelines:

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

FY05:	18.0%	FY11:	18.0%
FY06:	18.0%	FY12:	15.0%
FY07:	18.0%	FY13:	15.0%
FY08:	18.0%	FY14:	15.0%
FY09:	18.0%	FY15:	15.0%
FY10:	18.0%	FY16:	15.0%

During the FY06 budget process, the Board of Supervisors (the Board) agreed with a policy recommendation to maintain the unassigned fund balance at a level of 18.0 percent of General Fund expenditures effective June 30, 2006. This policy was reviewed during the annual budget

process for FY13 and it was recommended that the Board approve a reduction in the percentage to provide one-time funding for police vehicles, fire apparatus, and school buses. This change was necessary to avoid layoffs and provided the necessary funding for these vehicles for three years. Since that time, ongoing revenues have been identified for this purpose. The percentage of unassigned fund balance was reduced to 15.0 percent of General Fund expenditures, effective June 30, 2012. The County will continue to monitor this percentage during the annual budget process for future fiscal years. The County will not use its unassigned fund balance to subsidize current operations.

Major Initiatives and Accomplishments

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

In August 2011, shortly after Standard and Poor's had downgraded the U.S.'s long-term credit rating, Henrico County reaffirmed its AAA rating from the three primary bond rating agencies - Moody's, Standard and Poor's, and Fitch - maintaining its position as one of the best financially managed localities in the nation. Furthermore, Henrico County was the first municipality in the country to achieve this AAA reaffirmation by all three rating agencies following the historic downgrade of the U.S. As of this writing, 39 counties in the nation enjoy the triple AAA distinction, which represents just over 1 percent of all counties nationwide. Despite the slower economic conditions that exist, Henrico County has capitalized on its premier credit rating by taking advantage of extremely low interest rates.

On June 14, 2016, the Board of Supervisors passed a resolution asking Henrico County's Circuit Court to order a referendum vote for November 8, 2016. The referendum that Henrico voters overwhelmingly approved is for $419.8 million of capital improvement projects, $272.6 million of which will be used for school renovation and improvement projects as well as a new facility. The remaining $147.2 million will be used for park renovations and improvements, two new firehouses and a training center, replacing Fairfield Library, and a road construction project on a stretch of the Richmond-Henrico Turnpike, a major thoroughfare in the central part of the County.

Henrico County has been proactive in capitalizing on the attractive interest rate environment by refunding existing debt to realize significant cost savings and by simultaneously issuing bonds for new construction projects. Most recently, in May, 2016, Henrico County refunded $51.3 million in Series 2009 and Series 2009A Water and Sewer Revenue Bonds, achieving a true interest cost of 1.60 percent, and a net present value savings of $6.7 million. In the same May, 2016 bond issue, the County issued new Water and Sewer debt to fund construction projects totaling $90 million. These proceeds will be used to fund a variety of projects, including a portion of the Cobb's Creek reservoir project. The new funding had a true interest cost of 3.26% over a 30-year amortization period.

The Honorable Board of Supervisors
November 18, 2016

In September, 2015, Dominion Resources, Inc. partnered with the PGA TOUR Champion's Tour to bring professional golf to Henrico. This is the first time in 25 years that a PGA/Champion's Tour has come to the Richmond area and is expected to attract as many as 50,000 spectators and produce millions of dollars of revenue for the Richmond area. Just like the UCI Bike Race, the PGA Tour is a major sports event that fits in line with the Richmond area's push for more sports tourism.

Henrico County has completed Phase I of the Cobb's Creek Reservoir project, which was acquisition of all the properties. This project is important because it will secure the County's water needs for the next 50 years. County staff worked with 22 property owners to purchase the needed property. The cost of the acquisitions totaled $9.8 million, about $1 million under budget. Henrico County will complete Phase II of the project by the end of 2016, in which Colonial Pipeline Company and Dominion Virginia Power are relocating their existing utilities from the reservoir pool to outside the reservoir footprint. Contractors also completed erecting a communications tower and road system. Phase III of the project began in October 2016 with a bid process for the construction of 2 earthen dams and all the facilities which will support this massive facility. Construction of the dams and facilities is scheduled to begin in March 2017.

The County has also begun working on a new radio communication project that will replace the current system, which is dated, with one that is more advanced, allowing better regional communication among police, firefighters, and EMS. Henrico County along with our partners in the City of Richmond, County of Chesterfield, County of Hanover, City of Colonial Heights and the Capital Regional Airport Commission, awarded individual contracts for this project in June/July of 2016. Since that time, Henrico County and the vendor, Motorola Solutions, Inc., have been working towards implementing the project plan. These activities include identifying and securing new tower locations, detailed design review of technical specifications, and preparations for ordering and deploying the first phase of radio subscribers. Expenditures are tracking with the described deployment progress of the project, and are on target with what was originally projected.

Fiscal Year 2016 represents the ninth full fiscal year under the healthcare self-insurance program, whereby the County began paying claims and third party administrative fees. Self-insurance allows the County to more fully control all aspects of the plan, including setting rates to smooth out the impact of increases on employees and the County, while maintaining adequate funding to cover claims, expenses and reserves. Since the transition to the self-insurance program, the County's healthcare cost increases have been well below the growth trend experienced nationally, resulting in significant savings relative to the national average. For example, according to a Wells Fargo analysis, in 2016, the national cost of healthcare coverage increased by 7.5 percent, while Henrico County recognized an increase of 3.2 percent, resulting in an estimated savings of $4.0 million compared to the national average. Through 2016, Henrico County has saved an estimated $24.4 million in healthcare premium cost avoidance as a result of becoming self-insured. Henrico remains committed to evaluating and proposing plan design options that best meet the healthcare needs of a large, diverse population, while conforming to the dynamic budgetary and regulatory requirements of a constantly evolving healthcare landscape.

Future Challenges

The lingering impacts of the "Great Recession" and the slow pace of growth since have had a significant impact on the County's finances, as the two largest sources of revenue – state aid and real estate taxes – declined dramatically during the protracted economic downturn. Growth in many areas still is not as high as it was pre-recession, but positive trends in the labor market and wages show promising signs of an economy that is finally picking up momentum.

However, in June, 2016, Governor McAuliffe announced that the State would miss its revenue estimates in FY16. This was a result of withholding and sales tax revenue coming in less than projected. After the required revenue reforecasting, Governor McAuliffe announced that the budget shortfall for the 2016-2018 biennial budget is $1.5 billion. With state aid comprising 36% of our general fund revenues, Henrico will have to continue to monitor what the state does to determine how much of an impact this shortfall will have on the County's budget in future years.

On a similar note, beginning in FY 2015, a new GASB accounting pronouncement – known as GASB 68 – required the reporting of a governmental entity's net unfunded pension liability for defined benefit pension plans on the reporting entity's statement of net position. The County's adoption of this new pension accounting standard in FY 2015 had, and will continue to have, a significant impact on Henrico County and its discretely presented School Board component unit, due in large part to the Commonwealth's systemic underfunding of teacher pensions. The effect of GASB 68 requiring school boards in the Commonwealth to report a net unfunded pension liability has, in Henrico County's case, resulted in its liabilities and deferred inflows of resources exceeding its assets and deferred outflows of resources and for the first time resulted in a negative total net position being reported on the statement of net position as of June 30, 2015. The net unfunded pension liability cannot be reduced without significant future pension plan contribution increases, which may have significant budgetary impacts for Henrico County well into the future. It is important to note, however, that Henrico County has always fully funded VRS premiums, even when given the opportunity by the Commonwealth to pay premiums below the actuarial valuations.

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

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Henrico, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the thirty-fifth consecutive year that the government has received this prestigious award.

The Honorable Board of Supervisors
November 18, 2016

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

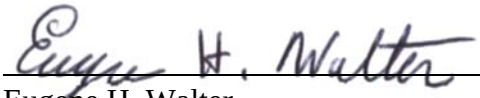
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate

Acknowledgements

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

Respectfully submitted,

John A. Vithoulkas
County Manager



Eugene H. Walter
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Henrico

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2016

BOARD OF SUPERVISORS

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

ADMINISTRATIVE OFFICIALS

John A. Vithoulkas	County Manager
Anthony J. Romanello	Deputy County Manager for Administration
Randall R. Silber	Deputy County Manager for Community Development
Timothy A. Foster	Deputy County Manager for Community Operations
W. Brandon Hinton	Deputy County Manager for Community Services
Douglas A. Middleton	Deputy County Manager for Public Safety
Eugene H. Walter	Director of Finance
Joseph P. Rapisarda, Jr.	County Attorney

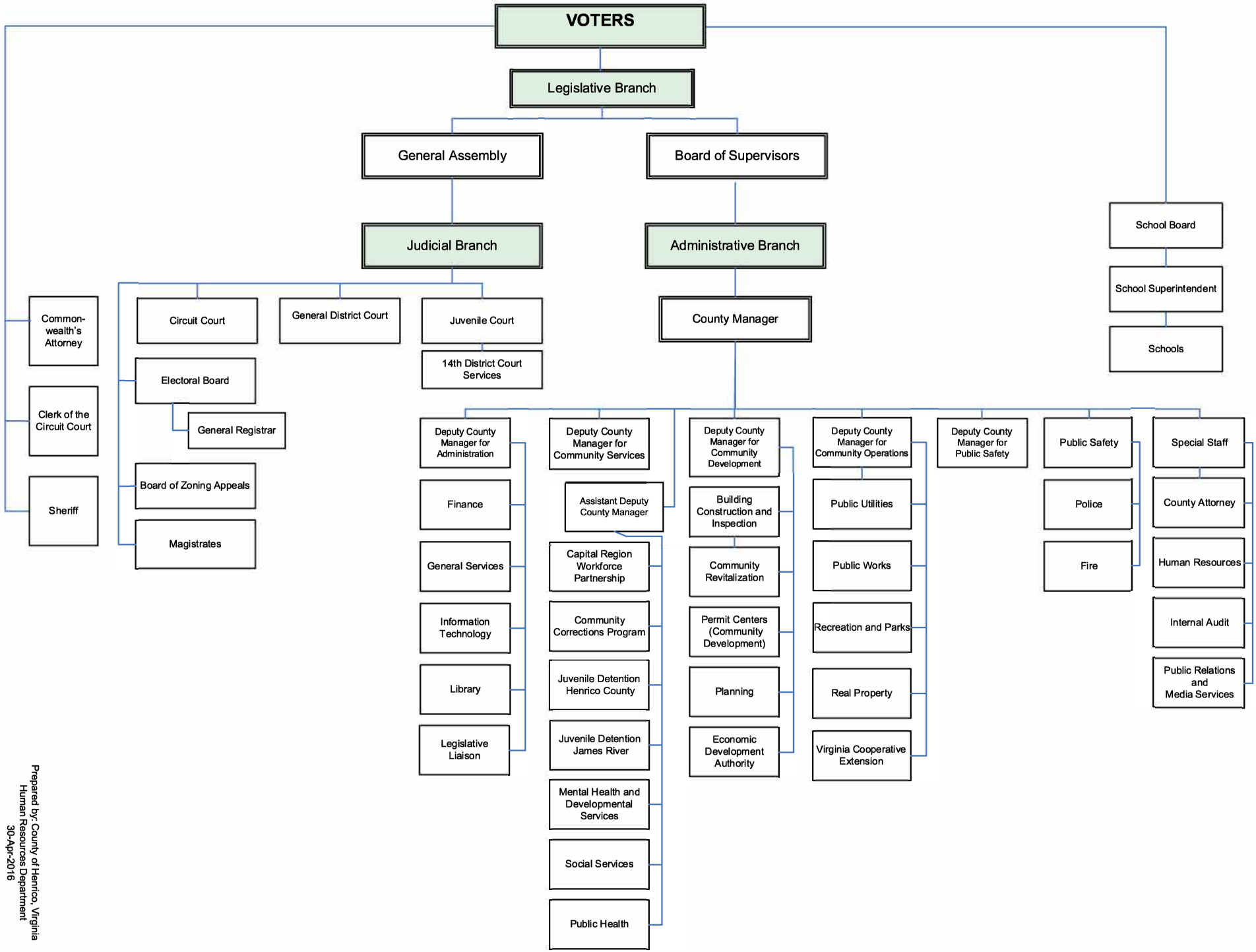
ELECTED SCHOOL BOARD

Michelle F. "Micky" Ogburn, Chair	Three Chopt District
Beverly L. Cocke, Vice Chair	Brookland District
Roscoe D. Cooper, III, Vice Chair	Fairfield District
Lisa A. Marshall	Tuckahoe District
John W. Montgomery, Jr.	Varina District

ADMINISTRATIVE OFFICIALS - SCHOOLS

Dr. Patrick C. Kinlaw	Superintendent of Schools
Dr. Beth Teigen	Deputy Superintendent for Instruction
Nyah Hamlett	Assistant Superintendent for Instructional Support
Al Ciarochi	Assistant Superintendent for Operations
Bill Bowen	Assistant Superintendent for Finance and Administration
Mandy Baker	Director of Human Resources
Andy Jenks	Director of Communications and Public Relations

County of Henrico, Virginia Organization Chart



Prepared by: County of Henrico, Virginia
Human Resources Department
30-Apr-2016

FINANCIAL SECTION

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

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

Independent Auditors' Report

The Honorable Members of the Board of Supervisors
County of Henrico, Virginia:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia, as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows therof for the year then ended in accordance with U. S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 12, the budgetary comparison information on pages 87 through 93, the Schedules of Required Supplementary Information, including the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions, Schedule of Schools' Proportionate Share of the Net Pension Liability, Schedule of School Contributions, and Notes to Required Supplemental Information, on pages 94 through 99, and the Schedules of Funding Progress on page 78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information listed as Other Supplemental Information in the table of contents, and the Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

KPMG LLP

November 18, 2016

COUNTY OF HENRICO, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

The following discussion and analysis of the County of Henrico's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2016 (FY 2016). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements and related notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2016

On a government-wide basis for governmental activities, the County had expenses net of program revenues of $614.0 million. Expenses exceeded the general revenues of $612.2 million, net of program revenues, by $1.2 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled $2,242.5 million at June 30, 2016 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financial sources and uses by $5.7 million (Exhibit 4) after making transfers out of $121.5 million, which include transfers to the Capital Projects Fund for $43.0 million, Special Revenue Fund for $24.4 million and Debt Service Fund for $54.1 million. In addition, the General Fund contributed $212.1 million to the County's component units (Exhibit 10).

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole in better financial condition or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide financial statements, report information about the County as a whole and

about its activities in a way that helps answer this question. These financial statements include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The County has three types of funds:

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

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

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

In fact, the County's Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flow. The County's Enterprise Fund accounts for the operation of the County's water and sewer utility and the County-owned golf course.

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects a summary of the County's net position at June 30, 2015 and 2016 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015[1]	2016	2015[1]	2016	2015[1]	2016	2015[1]	2016
Current and Other Assets	$ 550.3	$ 566.9	$ 153.7	$ 229.1	$ 704.0	$ 796.0	$ 57.6	$ 68.2
Capital Assets	1,440.4	1,433.9	1,192.6	1,236.2	2,633.0	2,670.1	253.4	277.1
Total Assets	1,990.7	2,000.8	1,346.3	1,465.3	3,337.0	3,466.1	311.0	345.3
Deferred Outflow of Resources	28.3	30.8	8.8	12.8	37.1	43.6	41.7	41.3
Long-term Liabilities	515.2	496.3	232.7	312.3	747.9	808.6	45.7	38.8
Net Pension Liability	174.3	176.2	12.4	12.5	186.7	188.7	426.8	441.6
Other Liabilities	99.5	110.1	35.5	51.7	135.0	163.2	7.5	14.4
Total Liabilities	789.0	782.6	280.6	376.5	1,069.6	1,160.5	480.0	494.8
Deferred Inflow of Resources	73.8	94.7	3.6	5.3	77.4	100.0	83.6	110.9
Net Position:								
Net Investment in Capital Assets	1082.9	1,093.5	1,006.6	1,045.6	2,089.5	2,139.1	221.1	251.1
Restricted	148.8	160.7	17.0	21.5	165.8	182.2	11.6	5.0
Unrestricted	(75.5)	(99.9)	47.3	27.8	(28.2)	(72.1)	(443.6)	(475.2)
Total Net Position	$ 1,156.2	$ 1,154.3	$ 1.070.9	$ 1,094.9	$ 2,227.1	$ 2,249.2	$ (210.9)	$ (219.1)

[1] The County implemented GASB Statement Nos. 68 and 71 in fiscal year 2015.

The County's combined net position increased by 1.0% percent, or $22.1 million to $2,249.2 million from $2,227.1 million, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 1).

The net position of the County's governmental activities decreased 0.2 percent, or $1.9 million to $1,154.3 million (Exhibit 1). Net Investment in Capital Assets increased by $10.7 million due to capital assets acquired and debt payments made for both bonds and capital leases. Restricted net position increased by $11.9 million due to an increase in funds expended for capital projects and by additional funds reserved for debt service and grants. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by $24.4 million to ($99.9) million at June 30, 2016 (Exhibit 1) due mainly to the changes in the deferred pension outflows, deferred pension inflows and net pension liability that are required by GASB No. 68 to be presented on the Statement of Net Position.

The net position in the Governmental Statement of Activities (Exhibit 2) decreased by $1.8 million, mainly due to depreciation and other non-cash expenses of $42.6 million, Pension expenses of $20.3 million, certain revenues that do not provide current financial resources of $.3 million, and results from the operation of the County's Internal Service funds of $7.7 million. These reductions were offset by gains of $30.4 million in the total governmental fund balance, debt service related activities of $10.3 million, and other capital outlay activities of $28.4.

The net position of business-type activities increased by 2.2 percent, or $24.0 million from $1,070.9 million to $1,094.9 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was $27.8 million as of June 30, 2016.

The net position of the aggregate discretely presented component units decreased 3.9 percent, or $8.2 million from $(210.9) million to ($219.1) million. Net Investment in Capital Assets increased by $30.0 million due to capital assets acquired and debt payments made for capital leases. Restricted net position decreased by $6.6 million due to an increase in funds expended for grants. Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, decreased by $31.6 million to (475.2) million at June 30, 2016 (Exhibit 1) due mainly to the deferred pension outflows, deferred pension inflows and net pension liability that are required by GASB No. 68 to be presented on the Statement of Net Position.

Schedule of Activities

The following chart summarizes the revenues and expenses of the County's activities for the fiscal years ended June 30, 2015 and 2016 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2015[1]	2016	2015[1]	2016	2015[1]	2016	2015[1]	2016
Revenues:								
Program Revenues:								
Charges for Services	$ 39.6	$ 39.7	$ 111.8	$ 118.0	$ 151.4	$ 157.7	$ 11.6	$ 12.0
Operating Grants and Contributions	137.5	152.9	-	-	137.5	152.9	288.5	298.4
Capital Grants and Contributions	-	-	10.3	11.0	10.3	11.0	.1	.1
General Revenues:								
Property Taxes	377.4	387.7	-	-	377.4	387.7	-	-
Other Taxes	160.2	169.7	-	-	160.2	169.7	-	-
Other	55.6	54.7	3.6	4.0	59.2	58.7	5.4	2.3
Payment from Primary Government	-	-	-	-	-	-	205.8	212.1
Total Revenues	$ 770.3	$ 804.7	$ 125.7	$ 133.0	$ 896.0	$ 937.7	$ 511.4	$ 524.9
Expenses:								
General Government	$ 101.6	$ 129.5	$ -	$ -	$ 101.6	$ 129.5	$ -	$ -
Judicial Administration	11.2	11.3	-	-	11.2	11.3	-	-
Public Safety	181.6	186.8	-	-	181.6	186.8	5.0	5.7
Public Works	82.6	80.9	-	-	82.6	80.9	-	-
Health and Welfare	61.8	67.0	-	-	61.8	67.0	-	-
Education	217.1	251.8	-	-	217.1	251.8	494.9	527.4
Parks, Recreation and Cultural	35.1	37.4	-	-	35.1	37.4	-	-
Community Development	31.8	29.9	-	-	31.8	29.9	-	-
Interest on Long-term Debt	17.2	12.0	-	-	17.2	12.0	-	-
Water and Sewer	-	-	103.0	107.9	103.0	107.9	-	-
Golf Course	-	-	1.0	1.1	1.0	1.1	-	-
Total Expenses	$ 740.0	$ 806.6	$ 104.0	$ 109.0	$ 844.0	$ 915.6	$ 499.9	$ 533.1
Change in Net Position	30.3	(1.9)	21.7	24.0	52.0	22.1	11.5	(8.2)
Net Position, beginning of year[1]	1,125.9	1,156.2	1,049.2	1,070.9	2,175.1	2,227.1	(222.4)	(210.9)
Net Position, end of year	$ 1,156.1	$ 1,154.3	$ 1,070.9	$ 1,094.9	$ 2,227.1	$ 2,249.2	$ (210.9)	$ (219.1)

[1] The County implemented GASB Statement Nos. 68 and 71 in fiscal year 2015.

REVENUES

For the fiscal year ended June 30, 2016, revenues from governmental activities totaled $804.7 million, an increase of $34.4 million from fiscal year 2015. Real Estate Tax Revenues, the County's largest revenue source, which reflects the recognition of the second half calendar year 2015 and the first half of calendar year 2016 real property tax, collected during fiscal year 2016 totaled $298.1 million an increase of $10.6 million, or 3.7 percent from fiscal 2015. The County Board of Supervisor maintained the Real Estate Tax Rate at the current amount of 87 cents per $100 of assessed value for calendar year 2016.

During fiscal year 2016, the County collected $71.7 million in personal property tax revenue from County residents, and received Personal Property Tax Relief from the Commonwealth of Virginia (the Commonwealth) of $37.0 million for a total personal property tax related receipts of $109.3 million. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth's share of the

local personal property tax payment for a calendar year was frozen at 70 percent for qualified vehicles. During the 2004 General Assembly, the Commonwealth's obligation for car tax relief was capped at $950 million annually. Each jurisdiction's share of the $950 million is based on the total 2004 reimbursement as of December 31, 2005. The County's share for 2016 of $37.0 million is paid in three installments. At June 30, 2016, the County accrued $18.4 million for the first half of the 2016 calendar year.

Business-type activities produced total revenues of $133.0 million, an increase of $7.3 million from fiscal year 2015. The largest business-type source of revenue is the County's Water and Sewer activity, which produced $118.0 million in charges for services and $11.0 million in capital grants and contributions. (Exhibit 2)

EXPENSES

For the fiscal year ended June 30, 2016, expenses for governmental activities totaled $806.6 million, an increase of $66.6 million from fiscal year 2015. Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as public safety, recreation, and libraries.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include $211.4 million for School operations (Exhibit 4).

The expenses of business-type activities, which result from the operations of the County's Water and Sewer activity and Golf Course activity, totaled $109.0 million, an increase of $5.0 million or 4.8 percent over fiscal year 2015 (Exhibit 2). The Water and Sewer activity accounts for $107.9 million of the total expenses of $109.0 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2016, the governmental funds reflect a combined fund balance of $413.1 million, an increase of $30.4 million from fiscal year 2015 (Exhibit 3). The General Fund accounts for $220.4 million (Exhibit 3) of the total combined balance. This is an increase of $5.7 million or 2.6 percent from the General Fund balance of $214.6 million recorded at June 30, 2015. The current General Fund Balance was impacted by General Fund Revenues, which increased by $27.8 million from fiscal year 2015. The most significant increases occurred in General property taxes, which increased by $12.3 million and Other local taxes, which increased by $9.2 million. At the same time, General Fund Expenditures increased by $17.3 million or 3.1 percent from fiscal year 2015. Other Financing Uses, net increased by $16.7 million or 16.0 percent over fiscal year 2015. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed $43.5 million to the Capital Projects Fund to finance various capital projects, $24.4 million to the Special Revenue Fund and $56.1 million for debt service.

- The General Fund contributed $211.4 million to fund the fiscal year 2016 School Board operations, an increase of $6.2 million or 3.0 percent from the fiscal 2015 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of $51.0 million (Exhibit 4) increased $3.9 million from fiscal year 2015. The increase is due to revenues of $74.0 million and other financing sources and uses of $23.9 million exceeding expenditures of $94.0 million. The major function of the Special Revenue

Fund is to account for State and Federal grants received by the County, Social Services programs and solid waste operations. State and Federal grants are received on a reimbursement basis and accounted for $44.9 million in revenues. The County's Social Services operations accounted for $22.1 million in State and Federal grant revenues and $30.6 million in expenditures during fiscal year 2016.

- The Debt Service Fund Balance remained level (Exhibit 4) during fiscal year 2016. During the fiscal year, expenditures for debt service were $56.1 million and the Fund received transfers from the General Fund of $56.1 million.

- The Capital Projects Fund Balance of $140.6 million (Exhibit 4) is an increase of $20.8 million, or 17.4 percent in comparison to fiscal year 2015. During the fiscal year, expenditures for capital projects were $56.1 million, and transfers from the General Fund totaled $43.5 million and transfers to the Debt Service Fund totaled $2.0 million. Proceeds from loans increased by $34.0 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget
(in millions)

	Original	Revised	Actual
Revenues:			
Taxes	$ 510.4	$ 513.9	$ 551.7
Intergovernmental	126.1	128.7	134.1
Other	26.1	26.4	28.5
Total Revenues	$ 662.6	$ 669.0	$ 714.3
Expenditures and Other Financing Uses:			
Expenditures	$ 577.9	$ 601.7	$ 587.3
Other Financing Uses	122.9	122.9	121.3
Total Expenditures and Other Financing Uses	700.8	724.6	708.6
Change in Fund Balance	$ (38.2)	$ (55.6)	$ 5.7

Revenues and other financing uses exceeded expenditures by $5.7 million in the General Fund for fiscal year 2016.

Actual General Fund revenues were more than the original budgeted revenues by $51.7 million during fiscal year 2016. Actual revenue collections exceeded the revised budget by 45.3 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes which exceeded the revised budget by $14.5 million and other local taxes, such as the meals tax and bank franchise taxes, which exceeded the revised budget by $23.2 million. Actual General Fund expenditures were more than the original budget by $9.4 million, and less than the revised budget by $14.4 million.

During fiscal year 2016, the County Board of Supervisors amended the budget four times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

- To reappropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2015.

- To reappropriate grant revenues authorized in fiscal year 2015 or earlier, but not expended or encumbered as of June 30, 2015.

- To appropriate grants or donations accepted or adjusted in fiscal year 2016.

- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2016 budget.

CAPITAL ASSETS

At the end of fiscal year 2016, the County's governmental activities (including Internal Service Funds) had net capital assets totaling $1,433.8 million, which represents a net decrease of $6.5 million or 0.5 percent over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2015	2016	2015	2016	2015	2016	2015	2016
Non-Depreciable Assets:								
Land	$ 370.1	$ 376.9	$ 19.1	$ 19.1	$ 389.2	$ 396.0	$ 42.5	$ 43.8
Construction in Progress	77.8	55.7	96.2	136.9	174.0	192.6	3.4	4.3
Other Capital Assets:								
Building	870.3	859.1	375.0	382.1	1,245.3	1,241.2	275.9	338.5
Infrastructure	665.4	680.4	1,062.6	1,089.9	1,728.0	1,770.3	-	-
Equipment	231.8	239.7	155.5	156.0	387.3	395.7	188.8	196.0
Improvements other than Buildings	67.1	83.8	3.8	3.7	70.9	87.5	29.4	32.9
Accumulated Depreciation On Other Capital Assets	(842.2)	(861.8)	(519.6)	(551.5)	(1,361.8)	(1,413.3)	(292.9)	(338.4)
Total	$ 1,440.3	$ 1,433.8	$ 1,192.6	$ 1,236.2	$ 2,632.9	$ 2,670.0	$ 247.1	$ 277.1

The business-type net activities capital assets grew by $43.6 million to $1,236.2 million, an increase of 3.7 percent over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities and the County-owned golf course.

The Component Units' capital assets increased by $30.0 million to $277.1 million, an increase of 12.1 percent from the previous fiscal year. The School Board accounted for the major portion of the net increase. More detailed information about the County's capital assets is presented in Note 6 of the notes to the financial statements.

LONG-TERM DEBT

In March 2005, the County voters authorized the issuance of $349.3 million of general obligation bonds. Proceeds from the issuance of these bonds provide financing for future public improvements, including County and School facilities. To date, the County has issued $339.7 million of the voter approved bonds, which reduced the amount of approved but not issued to $9.6 million as of June 30, 2016.

At the end of fiscal year 2016, the County had $353.2 million in outstanding General Obligation Bonds, a decrease of $34.6 million, or 8.9 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

OTHER INFORMATION

During fiscal year 2008, the County joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions (OPEB). For the year ended June 30, 2016, the County contributed $7.8 million, which fully funded the Annual Required Contribution (ARC) of $7.8 million which maintained the Net OPEB Asset at $2.4 million. More detailed information about the County's OPEB Plan is presented in Note 11 of the notes to the financial statements.

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

At June 30, 2016, the County's investment portfolio amounted to $420.2 million, and contained United States Agency obligations, high quality municipal bonds and prime commercial paper. The County's investment strategy has remained relatively unchanged during fiscal 2016 with the exception of revising the investment guidelines to allow the use of "AA" rated corporate notes in the portfolio (not more than 20% of the portfolio). The reduced credit risk associated with this strategy has resulted in reduced yields, which impacted investment earnings available for operations in fiscal year 2016. With this conservative strategy, the County has not experienced any significant adverse credit exposure decline in the fair value of the investments and cash equivalents. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2015, the County had a net increase of 20,203 jobs since 2012, resulting in total employment of 186,728. The County's unemployment rate, which was reported at 3.7 percent as of June 30, 2016, was slightly lower than that posted for the state (4.0 percent) and well below the federal rate (5.1 percent) as of June 30, 2016. As of 2015 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of $53,046 registered higher than the national average of $48,112 and higher than the Commonwealth of Virginia average of $52,052.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.us.

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2016

Exhibit 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets:				
Cash and temporary investments	$ 493,342,956	$ 84,663,117	$ 578,006,073	$ 36,742,714
Receivables, net	25,599,028	21,898,002	47,497,030	-
Due from other governments	36,784,015	-	36,784,015	31,307,550
Internal balances	(2,104,864)	2,104,864	-	-
Due from component unit	892,278	-	892,278	-
Inventories	763,654	1,541,189	2,304,843	-
Other assets	11,686,714	5,241,263	16,927,977	107,811
Restricted cash	-	112,157,947	112,157,947	28,841
Capital assets:				
Land and construction in progress	432,675,563	155,963,962	588,639,525	48,134,591
Other capital assets, net	1,001,196,753	1,080,252,740	2,081,449,493	228,977,516
Capital assets, net	1,433,872,316	1,236,216,702	2,670,089,018	277,112,107
Total Assets	2,000,836,097	1,463,823,084	3,464,659,181	345,299,023
Deferred Outflows of Resources:				
Pension contributions after measurement date	29,372,311	2,038,178	31,410,489	40,216,332
Change in pension proportionate share allocation	1,421,084	13,444	1,434,528	1,049,815
Deferred loss on debt refunding, net	-	10,811,571	10,811,571	-
Total Deferred Outflows of Resources	30,793,395	12,863,193	43,656,588	41,266,147
Total Assets and Deferred Outflows of Resources	2,031,629,492	1,476,686,277	3,508,315,769	386,565,170
Liabilities:				
Accounts payable	56,627,140	19,031,852	75,658,992	3,847,165
Deposits payable	-	1,057,847	1,057,847	-
Accrued liabilities	43,761,787	2,237,276	45,999,063	4,325,109
Amounts held for others	9,843,343	-	9,843,343	83,866
Unearned revenues	-	18,503,484	18,503,484	1,838
Due to Primary Government	-	-	-	5,924,773
Net pension liability	176,178,190	12,515,121	188,693,311	441,570,818
Long-term liabilities due within one year	78,311,464	10,866,461	89,177,925	18,482,564
Long-term liabilities due in more than one year	417,958,860	312,280,809	730,239,669	20,525,811
Total Liabilities	782,680,784	376,492,850	1,159,173,634	494,761,944
Deferred Inflows of Resources:				
Change in pension proportionate share allocation	1,063,258	105,689	1,168,947	11,733,062
Difference between actual and expected experience	12,140,848	855,713	12,996,561	7,483,196
Difference between projected and actual earnings	60,162,660	4,300,913	64,463,573	80,091,289
Deferred revenue	21,276,760	-	21,276,760	11,614,253
Total Deferred Inflows of Resources	94,643,526	5,262,315	99,905,841	110,921,800
Total Liabilities and Deferred Inflows of Resources	877,324,310	381,755,165	1,259,079,475	605,683,744
Net Position:				
Net investment in capital assets	1,093,485,964	1,045,556,254	2,139,042,218	251,139,806
Restricted for:				
Highways, streets and buildings	74,459,618	-	74,459,618	-
Debt service	35,283,179	21,532,272	56,815,451	-
Grants	51,009,527	-	51,009,527	4,972,622
Unrestricted (deficit)	(99,933,106)	27,842,586	(72,090,520)	(475,231,002)
Total Net Position	$ 1,154,305,182	$ 1,094,931,112	$ 2,249,236,294	$ (219,118,574)

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	$ 129,490,727	$ 11,969,419	$ 2,231,107	$ -
Judicial administration	11,297,934	957,044	5,647,198	-
Public safety	186,839,473	2,878,137	28,753,256	-
Public works	80,917,722	3,464,461	73,537,560	-
Health and welfare	66,955,859	11,317,157	34,519,686	-
Education	251,839,693	-	-	-
Parks, recreation and culture	37,433,941	1,249,898	200,070	-
Community development	29,868,010	7,843,205	8,014,490	-
Interest on long-term debt	11,941,491	-	-	-
Total Governmental Activities	806,584,850	39,679,321	152,903,367	-
Business-type activities:				
Water and Sewer	107,949,561	117,239,585	-	10,979,512
Belmont Park Golf Course	1,082,148	822,874	-	-
Total Business-type Activities	109,031,709	118,062,459	-	10,979,512
Total Primary Government	$ 915,616,559	$ 157,741,780	$ 152,903,367	$ 10,979,512
Component Units:				
School Board	$ 527,405,372	$ 7,180,150	$ 298,354,304	$ -
James River Juvenile Detention Commission	5,670,761	4,854,585	-	82,443
Total Component Units	$ 533,076,133	$ 12,034,735	$ 298,354,304	$ 82,443
General Revenues:				
Taxes:				
Property				
Local sales and use				
Business licenses				
Hotel and motel				
Bank franchise				
Other				
Interest and investment earnings				
Grants and contributions not restricted to specific programs				
Recovered costs				
Miscellaneous				
Payment from Primary Government				
Total general revenues				
Change in net position				
Total Net Position at June 30, 2015				
Total Net Position at June 30, 2016				

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

Exhibit 2

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (115,290,201)	$ -	$ (115,290,201)	$ -
(4,693,692)	-	(4,693,692)	-
(155,208,080)	-	(155,208,080)	-
(3,915,701)	-	(3,915,701)	-
(21,119,016)	-	(21,119,016)	-
(251,839,693)	-	(251,839,693)	-
(35,983,973)	-	(35,983,973)	-
(14,010,315)	-	(14,010,315)	-
(11,941,491)	-	(11,941,491)	-
(614,002,162)	-	(614,002,162)	-
-	20,269,536	20,269,536	-
-	(259,274)	(259,274)	-
-	20,010,262	20,010,262	-
$ (614,002,162)	$ 20,010,262	$ (593,991,900)	$ -
$ -	$ -	$ -	$ (221,870,918)
-	-	-	(733,733)
$ -	$ -	$ -	$ (222,604,651)
$ 387,744,418	$ -	$ 387,744,418	$ -
62,285,964	-	62,285,964	-
33,520,678	-	33,520,678	-
13,169,349	-	13,169,349	-
12,132,673	-	12,132,673	-
48,613,525	-	48,613,525	-
2,944,874	1,019,734	3,964,608	6,569
50,632,972	1,649,675	52,282,647	-
800,846	-	800,846	290,990
320,636	1,339,552	1,660,188	2,028,512
-	-	-	212,069,927
612,165,935	4,008,961	616,174,896	214,395,998
(1,836,227)	24,019,223	22,182,996	(8,208,653)
1,156,141,409	1,070,911,889	2,227,053,298	(210,909,921)
$ 1,154,305,182	$ 1,094,931,112	$ 2,249,236,294	$ (219,118,574)

COUNTY OF HENRICO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	$ 260,473,783	$ 53,370,456	$ 1,148,179	$ 146,652,667	$ 461,645,085
Receivables, net	22,361,465	3,142,608	-	87,687	25,591,760
Due from other governmental units	32,289,210	4,131,867	-	362,938	36,784,015
Due from component unit	611,715	-	-	-	611,715
Due from other funds	1,187,506	-	-	-	1,187,506
Other assets	44,028	-	-	-	44,028
Advance to other fund	5,120,728	-	-	-	5,120,728
Total assets	$ 322,088,435	$ 60,644,931	$ 1,148,179	$ 147,103,292	$ 530,984,837
Liabilities:					
Accounts payable	$ 53,144,945	1,680,084	$ -	$ 1,233,286	$ 56,058,315
Accrued liabilities	16,778,961	2,915,951	-	1,773,065	21,467,977
Amounts held for others	9,843,343		-		9,843,343
Unearned revenues	4,193,986	-	-	-	4,193,986
Due to other funds	1,271,939	256,110	-	3,526,962	5,055,011
Total liabilities	85,233,174	4,852,145	-	6,533,313	96,618,632
Deferred Inflow of Resources:					
Unavailable revenue	16,493,501	4,783,259	-	-	21,276,760
Fund Balances:					
Nonspendable	112,500	-	-	-	112,500
Restricted	5,276,628	29,017,976	-	-	34,294,604
Committed	33,206,067	-	-	140,569,979	173,776,046
Assigned	62,420,415	21,991,551	1,148,179	-	85,560,145
Unassigned	119,346,150	-	-	-	119,346,150
Total fund balances	220,361,760	51,009,527	1,148,179	140,569,979	413,089,445
Total Liabilities, Deferred Inflow and Fund Balances	$ 322,088,435	$ 60,644,931	$ 1,148,179	$ 147,103,292	

Adjustments for the Statement of Net Position:

Capital assets used in government activities are not current financial resources and therefore are not reported as assets in the governmental funds. (Note 6)	$ 1,420,338,129
Unearned revenue that has not been recognized as revenue in the current period and therefore is reported as liabilities in the governmental funds. (Note 3)	4,193,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. (Note 7)	(496,001,172)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the in the governmental funds. (Note 9)	(173,553,031)
Accrued interest on bonds payable, is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(6,775,636)
Deferred pension outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.	(41,920,093)
Other assets reported in governmental activities are not recorded as assets in the governmental funds.	2,365,897
Internal service funds are used to charge the costs of equipment maintenance and, therefore, the assets and liabilities are included in the government activities in the Statement of Net Position.	28,458,507
Internal service fund net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.	4,109,150
Total Net Position of Governmental Activities	$ 1,154,305,182

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	$ 386,469,951	$ 917,681	$ -	$ -	$ 387,387,632
Other local taxes	165,195,195	725,255	-	-	165,920,450
Licenses and permits	4,744,137	-	-	-	4,744,137
Fines and forfeitures	1,944,848	-	-	-	1,944,848
Revenue from use of money and property	3,594,408	333,378	-	266,016	4,193,802
Charges for services	4,018,275	25,298,979	-	-	29,317,254
Miscellaneous	9,136,550	1,224,273	-	320,636	10,681,459
Recovered costs	4,931,761	666,913	-		5,598,674
Intergovernmental	134,288,224	44,869,762	-	908,215	180,066,201
Total Revenues	714,323,349	74,036,241	-	1,494,867	789,854,457
Expenditures:					
Current operating:					
General government	65,892,539	5,799,224	-	-	71,691,763
Judicial administration	10,193,458	1,018,334	-	-	11,211,792
Public safety	173,373,191	4,833,027	-	-	178,206,218
Public works	49,605,071	11,857,997	-	-	61,463,068
Health and social services	1,950,496	64,632,635	-	-	66,583,131
Parks, recreation, and culture	32,425,368	6,178	-	-	32,431,546
Community development	23,743,014	5,904,743	-	-	29,647,757
Education	211,398,600	-	-	-	211,398,600
Miscellaneous	18,350,833	-	21,887	-	18,372,720
Debt service:					
Principal	298,970	31,421	38,605,000	-	38,935,391
Interest and other charges	23,799	5,178	17,459,547	-	17,488,524
Capital outlay	-	-	-	56,144,750	56,144,750
Total Expenditures	587,255,339	94,088,737	56,086,434	56,144,750	793,575,260
Excess (deficiency) of revenues over (under) expenditures	127,068,010	(20,052,496)	(56,086,434)	(54,649,883)	(3,720,803)
OTHER FINANCING (USES) SOURCES:					
Transfers in		24,388,563	56,105,548	43,476,892	123,971,003
Transfers out	(121,471,003)	(500,000)	-	(2,000,000)	(123,971,003)
Issuance of bonds				-	-
Loan financing				34,000,000	34,000,000
Capital lease obligations incurred	126,999	31,002		-	158,001
Payment to escrow agent					-
Total other financing (uses) sources, net	(121,344,004)	23,919,565	56,105,548	75,476,892	34,158,001
Net change in fund balance	5,724,006	3,867,069	19,114	20,827,009	30,437,198
Total Fund Balances - June 30, 2015	214,637,754	47,142,458	1,129,065	119,742,970	382,652,247
Total Fund Balances - June 30, 2016	$ 220,361,760	$ 51,009,527	$ 1,148,179	$ 140,569,979	$ 413,089,445

Adjustments for the Statement of Activities:	
Net change in fund balances - total governmental funds	$ 30,437,198
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	38,935,391
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	(368,469)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	28,428,426
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	8,724,588
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(51,392,678)
Interest expense on bonds payable, is not due and payable in the current period and therefore is not reported as expenses in the governmental funds. (Note 7)	5,547,033
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenue in the Statement of Activities	(34,158,001)
Pension expense is recorded as an expenditure in the Statement of Activities, but is not reported as an expense in the governmental funds.	(20,271,830)
Internal service funds charge the costs of maintenance and healthcare services to governmental funds and are a reduction of expenses in the Statement of Activities	(8,129,742)
Internal service fund revenues and expenses not recorded in the governmental funds.	411,857
Change in Net Position of Governmental Activities	$ (1,836,227)

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

Exhibit 5

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Assets:				
Current assets:				
Cash and cash equivalents	$ 84,663,117	$ -	$ 84,663,117	$ 31,697,871
Receivables, net	21,891,420	6,582	21,898,002	7,268
Due from other funds	3,526,962	-	3,526,962	1,678,065
Due from component unit	-	-	-	280,563
Inventories	1,541,189	-	1,541,189	763,654
Prepaids	-	-	-	159,412
Restricted cash and cash equivalents	42,850,368	-	42,850,368	-
Total current assets	154,473,056	6,582	154,479,638	34,586,833
Noncurrent assets:				
Other assets	5,241,263	-	5,241,263	-
Restricted cash - unspent bond proceeds	69,307,579	-	69,307,579	-
Capital assets:				
Land and construction in progress	155,713,471	250,491	155,963,962	-
Other capital assets, net	1,078,949,240	1,303,500	1,080,252,740	13,534,187
Capital assets, net	1,234,662,711	1,553,991	1,236,216,702	13,534,187
Total non-current assets	1,309,211,553	1,553,991	1,310,765,544	13,534,187
Total assets	1,463,684,609	1,560,573	1,465,245,182	48,121,020
Deferred Outflows of Resources:				
Pension contributions after measurement date	1,997,796	40,382	2,038,178	415,598
Change in pension proportionate share allocation	13,146	298	13,444	36,276
Deferred loss on debt refunding, net	10,811,571	-	10,811,571	-
Total assets and deferred outflows of resources	1,476,507,122	1,601,253	1,478,108,375	48,572,894
Liabilities:				
Current liabilities:				
Accounts payable	19,012,595	19,257	19,031,852	568,825
Deposits payable	1,041,907	15,940	1,057,847	-
Due to other funds	119,873	1,189,725	1,309,598	27,924
Accrued liabilities	2,191,780	45,496	2,237,276	15,518,174
Deferred revenues	18,503,484	-	18,503,484	-
Long-term liabilities due within one year	10,849,685	16,776	10,866,461	226,559
Total current liabilities	51,719,324	1,287,194	53,006,518	16,341,482
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Net pension liability	12,210,100	305,021	12,515,121	2,625,159
Long-term liabilities due in more than one year	312,264,355	16,454	312,280,809	42,593
Total non-current liabilities	324,474,455	433,975	324,908,430	2,667,752
Total liabilities	376,193,779	1,721,169	377,914,948	19,009,234
Deferred Inflows of Resources:				
Change in pension proportionate share allocation	58,669	47,020	105,689	62,347
Difference between actual and expected experience	838,951	16,762	855,713	175,877
Difference between projected and actual earnings	4,203,448	97,465	4,300,913	866,929
Total liabilities and deferred inflows of resources	381,294,847	1,882,416	383,177,263	20,114,387
Net Position:				
Net investment in capital assets	1,044,002,263	1,553,991	1,045,556,254	13,534,187
Restricted for debt service	21,532,272	-	21,532,272	-
Unrestricted (deficit)	29,677,740	(1,835,154)	27,842,586	14,924,320
Total net position	$ 1,095,212,275	$ (281,163)	$ 1,094,931,112	$ 28,458,507

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal
	Water and	Belmont Park	Total	Service
Operating Revenues:				
Charges for services:				
Water system	$ 51,169,761	$ -	$ 51,169,761	$ -
Sewer system	53,435,352	-	53,435,352	-
Golf course fees	-	822,874	822,874	-
Interdepartmental charges	-	-	-	17,817,369
Contributions	-	-	-	89,260,813
Other	1,295,292	44,260	1,339,552	1,211,606
Total operating revenues	105,900,405	867,134	106,767,539	108,289,788
Operating Expenses:				
Purchased services	13,767,519	-	13,767,519	-
Utility charges	5,641,806	36,741	5,678,547	119,161
Personnel services and benefits	19,326,380	526,942	19,853,322	100,282,875
Professional services	12,597,797	164,881	12,762,678	864,406
Materials and supplies	6,420,581	188,488	6,609,069	10,023,535
Maintenance and repairs	4,107,107	72,874	4,179,981	3,986,595
Other expenses	4,208,699	1,471	4,210,170	670,329
Depreciation	33,435,534	90,751	33,526,285	2,046,916
Total operating expenses	99,505,423	1,082,148	100,587,571	117,993,817
Operating income (loss)	6,394,982	(215,014)	6,179,968	(9,704,029)
Nonoperating Revenues (Expenses):				
Investment income	1,019,734	-	1,019,734	148,873
Connection fees	12,634,472	-	12,634,472	-
Contributions	1,609,675	40,000	1,649,675	-
Interest expense	(7,052,124)	-	(7,052,124)	-
Gain on sale of equipment	-	-	-	225,278
Other	(1,392,014)	-	(1,392,014)	-
Total nonoperating revenues, net	6,819,743	40,000	6,859,743	374,151
Income (loss) before capital contributions	13,214,725	(175,014)	13,039,711	(9,329,878)
Capital contributions - donated assets	10,979,512	-	10,979,512	37,706
Change in net position	24,194,237	(175,014)	24,019,223	(9,292,172)
Total net position - June 30, 2015	1,071,018,038	(106,149)	1,070,911,889	37,750,679
Total net position - June 30, 2016	$ 1,095,212,275	$ (281,163)	$ 1,094,931,112	$ 28,458,507

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Exhibit 7

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Cash Flows From Operating Activities:				
Receipts from customers	$ 105,825,418	$ 860,546	$ 106,685,964	$ 108,235,976
Payments to suppliers	(53,375,687)	(461,489)	(53,837,176)	(112,233,195)
Payments to employees	(14,722,224)	(405,288)	(15,127,512)	(3,551,150)
Net cash provided by (used in) operating activities	37,727,507	(6,231)	37,721,276	(7,548,369)
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(57,749,497)	(35,209)	(57,784,706)	(2,626,922)
Proceeds from sale of capital assets	116,539	1,440	117,979	340,172
Connection fees paid by contractors	11,963,074	-	11,963,074	-
Proceeds from the issuance of long-term debt	94,398,013	-	94,398,013	-
Contributions	1,930,308	40,000	1,970,308	-
Virginia nutrient removal credits	592,404	-	592,404	-
Interest paid on bonds	(9,306,726)	-	(9,306,726)	-
Principal paid on debt	(7,705,000)	-	(7,705,000)	(2,690)
Net cash provided by (used in) capital and related financing activities	34,239,115	6,231	34,245,346	(2,289,440)
Cash Flows From Investing Activities:				
Investment income received	1,019,734	-	1,019,734	148,873
Net increase (decrease) in Cash	72,986,356	-	72,986,356	(9,688,936)
Total Cash and Cash Equivalents - June 30, 2015	123,834,708	-	123,834,708	41,386,807
Total Cash and Cash Equivalents - June 30, 2016	$ 196,821,064	$ -	$ 196,821,064	$ 31,697,871
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Operating income (loss)	$ 6,394,982	$ (215,014)	$ 6,179,968	$ (9,704,029)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	33,435,534	90,751	33,526,285	2,046,916
(Increase) decrease in accounts receivable	(1,445,020)	(6,588)	(1,451,608)	301,030
(Increase) decrease in inventories	(40,298)	-	(40,298)	6,266
Increase in due from other funds	-	-	-	(310,092)
Increase in due from component unit	-	-	-	(44,750)
Decrease (increase) in other assets	20,000	-	20,000	(143,334)
Increase in deferred outflows of resources	(36,322)	(1,175)	(37,497)	(42,049)
(Decrease) increase in accounts payable	(3,859,040)	5,147	(3,853,893)	(281,644)
Increase in accrued liabilities	308,399	29,905	338,304	306,103
Increase in deposits payable	-	15,940	15,940	-
Increase in due to other fund	-	32	32	5,313
Increase in net pension liability	130,383	2,605	132,988	27,333
Increase in deferred inflows of resources	1,542,080	72,166	1,614,246	284,568
Increase in unearned revenues	1,276,809	-	1,276,809	-
Net cash provided by (used in) operating activities	$ 37,727,507	$ (6,231)	$ 37,721,276	$ (7,548,369)
Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets:				
Cash and cash equivalents	$ 84,663,117	$ -	$ 84,663,117	$ 31,697,871
Restricted cash and cash equivalents	42,850,368	-	42,850,368	-
Total Cash and Cash Equivalents - June 30, 2016	$ 127,513,485	$ -	$ 127,513,485	$ 31,697,871

Supplemental disclosure of noncash investing and financing activities:

The Water and Sewer Fund received donated infrastructure assets valued at $10,979,512 from developers of new subdivisions in the County and capitalized interest costs of $2,251,793 during the fiscal year ended June 30, 2016.

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

Exhibit 8

	Agency Funds
Assets:	
Cash and cash equivalents	$ 1,352,911
Accounts receivable	84
Total Assets	$ 1,352,995
Liabilities:	
Amounts held for others	$ 1,239,544
Accounts payable	113,451
Total Liabilities	$ 1,352,995

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2016

Exhibit 9

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	$ 33,285,825	$ 3,456,889	$ 36,742,714
Restricted cash	-	28,841	28,841
Due from other governmental units	31,241,011	66,539	31,307,550
Other assets	103,745	4,066	107,811
Total current assets	64,630,581	3,556,335	68,186,916
Capital assets:			
Land and construction in progress	48,092,951	41,640	48,134,591
Other capital assets, net	223,001,644	5,975,872	228,977,516
Capital assets, net	271,094,595	6,017,512	277,112,107
Total assets	335,725,176	9,573,847	345,299,023
Deferred Outflows of Resources:			
Change in pension proportionate share allocation	1,035,342	14,473	1,049,815
Pension contributions after measurement date	39,777,576	438,756	40,216,332
Total deferred outflows of resources	40,812,918	453,229	41,266,147
Total Assets and Deferred Outflows of Resources	376,538,094	10,027,076	386,565,170
Liabilities:			
Accounts payable	3,582,906	264,259	3,847,165
Accrued liabilities	4,325,109	-	4,325,109
Amounts held for others	83,866	-	83,866
Unearned revenues	-	1,838	1,838
Due to other funds	256,296	24,267	280,563
Due to Primary Government	5,008,228	635,982	5,644,210
Long-term liabilities due within one year	18,299,828	182,736	18,482,564
Total current liabilities	31,556,233	1,109,082	32,665,315
Net pension liability	438,895,008	2,675,810	441,570,818
Long-term liabilities due in more than one year	20,521,478	4,333	20,525,811
Total liabilities	490,972,719	3,789,225	494,761,944
Deferred Inflows of Resources:			
Change in pension proportionate share allocation	11,719,161	13,901	11,733,062
Difference between expected and actual experience	7,297,838	185,358	7,483,196
Net difference between projected and actual pension earnings	79,162,305	928,984	80,091,289
Unavailable revenues	11,614,253	-	11,614,253
Total deferred inflows of resources	109,793,557	1,128,243	110,921,800
Total Liabilities and Deferred Inflows of Resources	600,766,276	4,917,468	605,683,744
Net Position:			
Invested in capital assets, net of related debt	245,128,802	6,011,004	251,139,806
Restricted grants	4,926,190	46,432	4,972,622
Unrestricted (deficit)	(474,283,174)	(947,828)	(475,231,002)
Total net position	$ (224,228,182)	$ 5,109,608	$ (219,118,574)

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Exhibit 10

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	School Board	JRJDC	Total
Governmental Activities:							
School Board:							
Instructional	$ 527,405,372	$ 7,180,150	$ 298,354,304	$ -	$ (221,870,918)	$ -	$ (221,870,918)
Total School Board	527,405,372	7,180,150	298,354,304	-	(221,870,918)	-	(221,870,918)
Business-Type Activities:							
James River Juvenile Detention Commission	5,670,761	4,854,585	-	82,443	-	(733,733)	(733,733)
Total Component Units	$ 533,076,133	$ 12,034,735	$ 298,354,304	$ 82,443	$ (221,870,918)	$ (733,733)	$ (222,604,651)
	General revenues:						
	Interest and investment earnings				$ -	$ 6,569	$ 6,569
	Recovered costs				290,990	-	290,990
	Miscellaneous				2,028,512	-	2,028,512
	Payment from Primary Government				211,398,600	671,327	212,069,927
	Total general revenues				213,718,102	677,896	214,395,998
	Change in net position				(8,152,816)	(55,837)	(8,208,653)
	Total Net Position at June 30, 2015				(216,075,366)	5,165,445	(210,909,921)
	Total Net Position at June 30, 2016				$ (224,228,182)	$ 5,109,608	$ (219,118,574)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Units:

School Board

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

James River Juvenile Detention Commission

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

Joint Ventures:

Capital Region Airport Commission

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

Greater Richmond Convention Center Authority

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

B. Government-wide and Fund Financial Statements

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

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

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the resulting difference reported as *net position*. The County reports all capital assets, including infrastructure, net of accumulated depreciation in the government-wide Statement of Net Position and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net position of the County is broken down into three categories: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. As a result of adopting GASB Statement No. 68 in 2015, the County School Board, a component unit, had a deficit net position of $224,228,182. The County expects this deficit to be reduced in future fiscal years due to a reduction in the net pension liability and reductions in deferred inflows for the proportionate share allocation, differences between expected and actual experience and the net difference between projected and actual pension earnings.

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

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

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

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

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

The Statement of Net Position presents the County's net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets, consists of net capital assets less related long-term liabilities, including deferred loss on debt refunding, net. Restricted net position consists of amounts restricted by external sources related to capital projects, debt service and amounts received in the Special Revenue Fund. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

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

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

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

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

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

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

Governmental Funds:

General Fund

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

A significant part of the General Fund's revenues is used to maintain and operate the general government or is transferred to other funds principally to fund debt service requirements and capital projects. General Fund revenues are used to reduce long-term liabilities including claims payable, accrued compensated absences and pension liabilities. Expenditures include, among other things, those for public safety, highways and streets, welfare, culture and recreation. The General Fund is considered a major fund for reporting purposes.

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Proprietary Funds:

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the cost of providing services to the general public be financed or recovered through charges to users of such services. All assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, and payments relating to the government's business activities are accounted for through these funds. The measurement focus is on determination of change in net position, financial position, and cash flows. Operating revenues include charges for services and are used to pay for compensated absences, pension costs and other operating expenses. Operating expenses include costs of services, as well as materials, contracts, personnel, and

depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

These funds include the operation, maintenance and construction of the County-owned water and wastewater ("sewer") utility (considered a single segment for financial reporting purposes) and the County-owned Belmont Park Golf Course. These funds are considered to be business-type activities in the government-wide financial statements. Belmont Park Golf Course had an operating loss of $215,014 during the year ended June 30, 2016. The County expects this deficit to be reduced in future years due to reductions in the net pension liability and improved operations at Belmont Golf Course.

Internal Service Funds

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

Fiduciary Funds:

Agency Funds

Agency Funds account for fiduciary funds administered by the County and are custodial in nature (assets equal liabilities) and have no measurement focus. The County Agency Funds consist of Long-Term Disability, Special Welfare, Mental Health and Development Services (MHDS) and Non-Judicial Sales Tax Funds. The Long-Term Disability Fund accounts for receipt of contributions and disbursement of disability payments for County employees. The Special Welfare Fund accounts for receipts and disbursements of monies maintained in individual accounts for certain County welfare recipients. The MHDS Fund accounts for receipts and disbursements of monies maintained for individual clients and the Non-Judicial Tax Sales Fund accounts for receipts and disbursements of monies received from delinquent tax sales.

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

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

C. Capital Assets and Long-Term Liabilities

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

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

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

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

Proprietary Funds

Capital assets for the Proprietary Funds are stated at cost, net of accumulated depreciation. Gifts, donations or contributions of capital assets are recorded at their fair value at date of receipt and are recorded as contribution revenue. Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported as a contra-asset account on the Proprietary Funds' statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

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

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

D. Estimates

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

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

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

Government-Wide Financial Statements

The government-wide financial statements consist of separate statements of net position and of activities. Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met and amounts are measurable. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these activities are included on the Statement of Net Position.

Governmental Funds Financial Statements

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related assets are recorded when susceptible to accrual, (i.e., both measurable and available to finance operations during the year.) Accordingly, real and personal property taxes are recorded as receivables when billed and recognized as revenues when available and collected, net of allowances for uncollectible amounts. As required by Virginia statute, property taxes not collected within 60 days after year end are reflected as unearned revenues. Sales and utility taxes, which are collected by the State and public utilities and subsequently remitted to the County, are recognized as revenues and receivables when collected by the State and the utility (generally in the month preceding receipt by the County). Licenses, permits, and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants used for the purpose of funding specific expenditures, are recognized when earned (i.e., fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied) or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which are recorded when paid.

Proprietary Funds

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

Fiduciary Funds

Agency Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

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

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

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

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

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

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

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

G. Encumbrances

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

H. Inventories and Prepaid Expenses

Proprietary Funds

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

I. Interest Costs

In accordance with GAAP, the cost of properties for the Water and Sewer Revenue Fund includes net interest costs incurred during the construction period on funds borrowed to finance the acquisition or construction of major facilities. For the year ended June 30, 2016, the Water and Sewer Revenue Fund incurred interest costs of $9,303,917, of which $2,251,793 was capitalized.

J. Accrued Compensated Absences

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

County and School Board employees in VRS Plan 1 or 2, can earn sick leave at the rate of 4 hours for every 80 standard hours worked and 13 days per year, respectively, without limitation on accumulation. Sick leave is non-vesting with the exception of employees retiring from service. Retiring employees are vested at a rate of $4.00 for every hour of sick leave earned with a maximum payment of $8,000. County and School Board employees in the VRS Hybrid Plan can earn sick leave at the rate of 3 hours for every 80 hours, not to exceed 78 hours at any time. In accordance with GAAP, the sick leave liability has been recorded using the termination payment method.

Compensated absences are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund and Belmont Golf Course for Business-Type Activities and the Schools and JRJDC Funds for Component Unit Activities.

K. Deferred Outflows/Inflows of Resources

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

Employer pension contributions made after the net pension liability measurement date of June 30, 2015 and prior to the reporting date of June 30, 2016, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2016. Deferred outflows of resources of $29,372,311, $2,038,178 and $40,216,332 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2016, respectively. Employer pension contributions made to the Virginia Retirement System (VRS) are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund and Belmont Golf Course for Business-Type Activities and the Schools and JRJDC Funds for Component Unit Activities.

Changes in the pension proportionate share allocation between the beginning of the year measurement date and the end of the year measurement date actuarial measurement date have been reported as either a deferred outflow of resources or deferred inflow of resources in the Statement of Net Position as of June 30, 2016. The County has reported deferred outflows of resources of $1,421,084, $13,444 and $1,049,815 and deferred inflows of resources of $1,063,258, $105,689 and $7,774,395 in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2016, respectively.

Differences between actual and expected experience as of the actuarial measurement date of June 30, 2015 have been reported as a deferred inflow of resources. Deferred inflows of resources of $12,140,848, $855,713 and $7,483,196 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2016, respectively.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2015 have been reported as a deferred inflow of resources. Deferred inflows of resources of $60,162,660, $4,300,913 and $84,049,956 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2016, respectively.

The Water and Sewer Revenue Fund reports the deferred loss on debt refunding, net as a deferred outflow of resources presented on the Business-Type Activities and Proprietary Funds Statements of Net Position. The deferred loss on refunding results from the net difference in the carrying value of refunded debt and its reacquisition price of the refunding debt. This net difference amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The County has reported a deferred loss on the refunding of debt of $10,811,571 as a deferred outflow of resources on both the Business-Type Activities and Proprietary Funds Statements of Net Position as of June 30, 2016.

The County has reported unavailable revenue of $21,276,760 as a deferred inflow of resources on both the Governmental Activities Statement of Net Position and the Governmental Funds Balance Sheet as of June 30, 2016. Unavailable revenue consists of $15,463,138 in tax collections received in advance for 2016 2nd half received as of June 30, 2016 (due December 5th, 2016), $5,686,612 in grant funds received in advance that will fund expenditures in fiscal year 2017 and $127,010 in lease funds received in advance that will be recognized in fiscal year 2017. The County has classified unavailable revenue of $11,614,253 as a deferred inflow of resources on the Component Units Statement of Net Position as of June 30, 2016. These funds were received in advance and will fund expenditures in fiscal year 2017.

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

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

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

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

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

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

Unassigned fund balance is the residual fund balance amount for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. Unassigned fund balance is only shown in the County's and School's General Fund balances. Effective with the implementation of GAAP relating to unassigned fund balances, the County's previous policy related to "unreserved fund balance" was redefined to be a policy for "unassigned fund balance." Unassigned fund balance is maintained at a level of 15.0 percent of General Fund expenditures. The policy of maintaining this reserve is examined on an annual basis during the annual budget process.

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Fund balances:				
Non-spendable				
Advance to Fund	$ 112,500	$ -	$ -	$ -
Restricted for:				
Road Construction	4,955,327	-	-	-
Imaging System Upgrades	321,301	-	-	-
Community Development	-	2,900,048	-	-
Drug Enforcement	-	1,180,916	-	-
Mental Health Programs	-	17,915,032	-	-
Social Service Programs	-	7,021,980	-	-
Total Restricted	5,276,628	29,017,976	-	-
Committed				
Public Works	-	-	-	11,243,353
Technology Improvements	2,750,000	-	-	49,103,205
Building and Grounds	5,091,400	-	-	3,989,510
Road Maintenance	-	-	-	40,934,560
Community Development	-	-	-	-
Landfill Expansion	-	-	-	2,308,480
Public Safety Projects	2,708,000	-	-	7,394,251
Parks and Recreation	1,300,000	-	-	9,642,601
Libraries	-	-	-	13,512,521
Education Projects	21,356,667	-	-	2,441,498
Total Committed	33,206,067	-	-	140,569,979
Assigned to:				
Public Works	-	21,991,55	-	-
General Government	28,210,527	-	-	-
Capital projects	34,209,888	-	-	-
Debt Service	-	-	1,148,179	-
Total Assigned	62,420,415	21,991,551	1,148,179	-
Unassigned	119,346,150	-	-	-
Total Fund Balance	$220,361,760	$51,009,527	$ 1,148,179	$ 140,569,979

In the General Fund, the County has $5,091,400 committed for rehabilitation and improvements which include mechanical improvements, roof replacement, pavement rehabilitation and improvements to various buildings and grounds locations within the County. The County also has $2,708,000 committed for public safety projects which include installing a fire station alerting system and the replacement of a specialty repair shop maintained by the Fire Division and has $21,356,667 committed for various high school, middle school and elementary projects.

In the General Fund, the County has $28,210,527 assigned for general government operations which include a $9,500,000 self-insurance reserve, $6,864,067 for future operating costs of new facilities and $11,846,460 reserved for various operational costs in future years. The County also has $34,209,888 assigned for capital projects which includes $10,000,000 for a radio communication system and $24,209,888 for future capital projects. In the Special Revenue Fund, the County has $21,991,551 assigned in public works for the County's solid waste operations and $1,148,179 for future debt service payments in the Debt Service Fund.

Schools have $10,151,092 in assigned and $1,903,033 in unassigned fund balance in the Schools General Fund. Schools also have restricted fund balance for various education program grants of $10,304,122 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of $20,365,764 for various high school, middle school and elementary school construction and renovation projects.

M. Statement of Cash Flows

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

N. Pension Plans

In fiscal year 2015, the County and its Component Units implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*. The objective of GASB Statement No. 68 and GASB Statement No. 71, is to improve accounting and financial reporting by state and local governments for pensions. These Statements also improve information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement requires employers to recognize a net pension liability (asset) on the statement of net position for the net funded status of pension plans as employees earn their pension benefits and recognize annual pension cost under an "earnings" approach rather than a "funding" approach. Accordingly, the County's Governmental Activities, Business-Type Activities, and Component Units have recorded the impact of the related net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying financial statements in accordance with GASB Statement No. 68 and No. 71. For further information regarding the reporting entity's defined benefit pension plans, refer to notes 9 and 10 of the accompanying notes to the financial statements.

O. New Accounting Pronouncements

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County categorizes its fair value measurements at June 30, 2016 within the fair value hierarchy established by GASB Statement No. 72 (see Note 2).

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement addresses accounting and financial reporting for certain investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The County has adopted GASB Statement No. 79 at June 30, 2016.

P. Future Accounting Pronouncements

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

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

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pension.* The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statement 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. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2018.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires governments that enter into tax abatement agreements to disclose the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients. Governments are required to disclose commitments, other than tax abatements, as part of a tax abatement agreement. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2017.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of GASB Statement No. 68 to exclude certain pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that do not have the characteristics of a state or local governmental pension plan. GASB No. 78 excludes plans that are not a state or local governmental pension plan, is used to provide defined benefit pensions both to employees of employers that are not state or local governmental employers, and has no predominate state or local governmental employers either individually or collectively that provide pensions through the pension plan. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2017.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2018.

In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and 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*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2017.

NOTE 2. DEPOSITS AND INVESTMENTS

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

The County maintains a cash and temporary investment pool that is available for use by all funds, except School Activity Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, banker's acceptances, Treasury and Agency obligations that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2016, the difference between amortized cost and the fair value of those securities held at amortized cost is immaterial to the basic financial statements. Fair value is based on quoted market prices, which are provided by the County's Investment Manager, Sterling Capital, as of June 30, 2016. The net increase in fair value of investments during the year ended June 30, 2016, was $1,338,823. This amount takes into account all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2016, the carrying value of the County's deposits with banks was $247,901,029 and the bank balance was $257,616,867. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

The carrying amount of deposits for the School Board, a discretely presented component unit, was $15,959,066 and the bank balance was $16,098,163. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was $2,846,953, and the bank balance was $2,846,953. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Deposits – Fiscal Agent

At June 30, 2016, the County had deposits of $23,265,369 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of any city, county, or town situated in any one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, money market mutual funds that invest exclusively in securities specifically permitted under the State Code, and the State Treasurer's Local Government Investment Pool (LGIP). The County's current investment guidelines do not permit the investment of funds in repurchase agreements. During the fiscal year, the County had investments in municipal bonds, money market mutual funds, obligations of the United States and agencies thereof.

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

U.S. Treasury Obligations (bills, notes and bonds)	100%
U.S. Government Agency Securities and Instrumentalities	70%
Banker's Acceptance (BA's)	40%
Money Market	40%
Certificates of Deposit (CD's) Commercial Banks	90%
Certificates of Deposit (CD's) Savings & Loan Associations	10%
Commercial Paper	35%
Local Government Investment Pool	75%
Municipal Bonds	70%
Corporate Notes	20%

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

Primary Government

	Fair Value	Policy	Percent of Portfolio
Municipal Bonds	$ 24,707,679	70%	5.88%
U.S Government Agencies	181,008,366	70%	43.07%
Commercial Paper	85,970,848	35%	20.46%
U.S. Government Money Market Funds	128,511,807	40%	30.59%
Total Investments	$ 420,198,700		**100%**

Component Units

	Fair Value	Percent of Policy	Portfolio
Municipal Bonds	$ 1,543,967	70%	8.91%
U.S Government Agencies	10,332,870	70%	59.64%
Commercial Paper	4,840,499	35%	27.94%
U.S. Government Money Market Funds	608,282	40%	3.51%
Total Investments	$ 17,325,618		100.00%

Fair Value Hierarchy Disclosures

The County categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are inputs (other than quoted market prices included within Level 1) that are observable for the asset either directly or indirectly. Level 2 observable inputs can be either prices for similar assets in active markets or prices for identical assets in non-active markets. Level 3 inputs are significant unobservable inputs (the County does not value any of its investments using level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the County reporting entity as of June 30, 2016:

Primary Government		**Fair Value Measurement Using**		
	Total June 30, 2016	**Quoted Prices Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Municipal Bonds	$ 24,707,679	$ -	$ 24,707,679	$ -
U.S. Government Agencies	181,008,458	-	181,008,458	-
Commercial Paper	85,970,891	-	85,970,891	-
U.S. Government Money Market Funds	128,511,812	128,511,812	-	-
Total Investments	$ 420,198,840	$ 128,511,812	$ 291,687,028	$ -

School Board		**Fair Value Measurement Using**		
	Total June 30, 2016	**Quoted Prices Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Municipal Bonds	$ 1,543,967	$ -	$ 1,543,967	$ -
U.S. Government Agencies	10,332,870	-	10,332,870	-
Commercial Paper	4,840,499	-	4,840,499	-
U.S. Government Money Market Funds	608,282	608,282	-	-
Total Investments	$ 17,325,618	$ 608,282	$ 16,717,336	$ -

James River Juvenile Detention Center		**Fair Value Measurement Using**		
	Total June 30, 2016	**Quoted Prices Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Municipal Bonds	$ -	$ -	$ -	$ -
U.S. Government Agencies	-	-	-	-
Commercial Paper	-	-	-	-
U.S. Government Money Market Funds	638,277	638,277	-	-
Total Investments	$ 638,277	$ 638,277	$ -	$ -

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Fair value in an active market is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our investment manager, Sterling Capital. Fair value is described as the exit price that assumes a transaction takes place in the County's most advantageous market in the absence of a principle market.

Investments classified in Level 3 of the fair value hierarchy are valued using significant unobservable inputs to the extent that observable inputs are not available. The County does not have any investments classified as Level 3.

Investment Risk Disclosures

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2016. In addition, the County's contract with the portfolio manager requires that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, Branch Banking and Trust (BB&T) Bank. The County and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

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

Credit Risk – State Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, obligations of any city, county, or town situated in one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, money market mutual funds and State Treasurers Local Government Investment Pool. During the fiscal year, the County made investments in obligations of the United States and agencies thereof, municipal bonds, commercial paper and money market funds. All investments were in compliance with the State Statues governing investments of Public funds. The credit quality of obligations of U.S. government agencies held in the portfolio for the Federal National Mortgage Association (FNMA), the Federal Home Loan Banks (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC), received AAA ratings from Moody's and AA+ ratings from Standard & Poor. The credit quality of the municipal bonds held in the portfolio received ratings from Moody's and Standard & Poor's ranged from Aa2 to AAA. The commercial paper held in the portfolio received ratings from Moody's and Standard & Poor's of P-1 and A-1. The County used one money market mutual funds during the fiscal year, the State Non-Arbitrage Pool is rated AAAm by Standard and Poor's, and BB&T Collateralized Deposit Program for Virginia Public Depositors.

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

Investment Maturities

As of June 30, 2016, the County reporting entity had the following investments and maturities:

Primary Government

		Investment Maturities (in years)	
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	$ 24,707,679	$ 2,829,092	$ 21,878,587
U.S. Government Agencies	181,008,366	87,734,376	93,273,990
Commercial Paper	85,970,848	85,970,848	-
U.S. Government Money Market Funds	128,511,807	128,511,807	-
Total Investments	$ 420,198,700	$ 305,046,123	$ 115,152,577
Total Deposits	247,901,029		
Total Held by Fiscal Agent	23,265,369		
Total Cash on Hand	98,360		
Total Deposits and Investments	$ 691,463,458		

Component Units

School Board

		Investment Maturities (in years)	
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	$ 1,543,967	$ 176,786	$ 1,367,181
U.S. Government Agencies	10,332,870	5,482,465	4,850,405
Commercial Paper	4,840,499	4,840,499	-
U.S. Government Money Market Funds	608,282	608,282	-
Total Investments	$ 17,325,618	$ 11,108,032	$ 6,217,586
Total Deposits	15,959,207		
Total Cash on Hand	1,000		
Total Deposits and Investments	$ 33,285,825		

James River Juvenile Detention Commission

		Investment Maturities (in years)	
	Fair Value	Less than 1 year	1-5 years
U.S. Government Money Market Funds	$ 638,277	$ 638,277	$ -
Total Deposits	2,846,953		
Total Cash on Hand	500		
Total Deposits and Investments	$ 3,485,730		
Total Deposit and Investments-Reporting Entity	$ 728,235,013		

The School Activity Funds' cash of $5,866,295 and Mental Health and Developmental Services Fund cash of $53,473, not under the control of the Director of Finance, is not pooled with the Reporting Entity cash and investments, and therefore, is not included in the above presentation. These deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

NOTE 3. RECEIVABLES

Receivables at June 30, 2016 consist of the following:

Primary Government

	Governmental Activities		Business-Type Activities	
Receivables:	General	Special Revenue	Enterprise Funds	Total
Interest	$ 176,622	$ -	$ -	$ 176,622
Taxes	28,296,213	-	-	28,296,213
Accounts	1,945,941	3,889,759	22,181,902	28,017,602
Gross Receivables	30,418,776	3,889,759	22,181,902	56,490,437
Less: Allowances for Doubtful Accounts	8,057,311	747,151	283,900	9,088,362
Receivables, net	$ 22,361,465	$ 3,142,608	$ 21,898,002	$ 47,402,075

Central Automotive Maintenance has a receivable of $7,268 as of June 30, 2016 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of $4,193,986 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax revenue reported in the government-wide statements includes $368,469 of revenue that does not provide current financial resources, and therefore, is not included in the governmental funds.

Component Units

Receivables:	School Board	JRJDC	Total
Intergovernmental	$ 31,241,011	$ 66,539	$ 31,307,550

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

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes on real estate are levied in April and are payable in two installments on June 5th and December 5th. Real estate taxes reported as revenue are the second installment (December 5th) of the levy on assessed value at January 1, 2015 and the first installment (June 5th) of the levy on assessed value at January 1, 2016. The County bills and collects its own property taxes. Property taxes levied are recorded as receivables, net of allowance for estimated uncollectible accounts, to the extent that they are currently due.

The Virginia General Assembly passed SB 4005, the Personal Property Tax Relief Act ("PPTRA") in April 1998. The bill provides for the State to reimburse a portion of the tangible Personal Property Tax levied on personal use cars, motorcycles and trucks. In 1998, the reimbursement was 12.5 percent of the tax on the first $20,000 of the value of the qualifying vehicle. The reimbursement rate was 27.5 percent for tax year 1999, and increased to 47.5 percent for tax year 2000 and 70.0 percent for tax years 2001 through 2005. The reimbursement rate for 2006 and thereafter is determined by each locality based upon their share of the $950 million allocated by the Commonwealth for personal property tax relief on qualifying vehicles. For tax year 2016, the State reimbursement receivable is reflected as a due from other governments. Revenue for the State reimbursement is recorded as non-categorical aid from the State. Localities will continue to assess and administer the Personal Property Tax Relief program.

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2016 include:

	General	Special Revenue	Capital Projects
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	$ 5,163,032	$ -	$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	142,883	-	-
State Recordation Fees	354,506	-	-
Richmond Center	3,292,337	-	-
Categorical aid for:			
Public Works	590	-	112,960
Public Safety	1,640,475	9,242	-
Social Services	-	1,179,119	-
Treasurer	2,840,935	-	-
Correction & Detention	511	63,663	-
Finance	66,292	-	-
Mental Health & Development Services	-	67,485	-
Circuit Court	147,345	-	-
Library	2,501	-	-
Commonwealth's Attorney	177,340	11,554	-
Total due from the Commonwealth of Virginia	32,289,210	1,331,063	112,960

	General	Special Revenue	Capital Projects
Federal Government Categorical Aid:			
Work Training Grants (CRWP)	-	1,379,117	-
Public Safety	-	157,600	-
Correction & Detention	-	4,752	-
Public Works	-	-	249,978
Social Services	-	1,004,797	-
Commonwealth Attorney	-	13,119	-
Community Development Block Grant	-	241,419	-
Total due from the Federal government	-	2,800,804	249,978
Total due from other governmental units	$ 32,289,210	$ 4,131,867	$ 362,938

JRJDC has $66,539 due from the Federal government for federal grants. Amounts due from other governmental units for the School Board Component Unit at June 30, 2016 include:

	School Board
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	$ 4,195,839
Categorical aid for:	
Education	2,982,905
Total due from the Commonwealth of Virginia	7,178,744
Federal Government Categorical Aid:	
Education	24,062,267
Total due from the Federal government	24,062,267
Total due from other governmental units	$ 31,241,011

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016 follows:

Governmental Activities	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 370,140,036	$ 7,773,439	$ 1,007,347	$ 376,906,128
Construction in progress	77,843,089	11,795,561	33,869,215	55,769,435
Total Capital Assets Not Being Depreciated	447,983,125	19,569,000	34,876,562	432,675,563
Other Capital Assets:				
Buildings	870,306,835	39,588,568	50,767,588	859,127,815
Infrastructure	665,391,593	15,122,725	113,628	680,400,690
Equipment	231,771,091	20,381,703	12,445,669	239,707,125
Improvements other than buildings	67,054,283	16,904,911	152,781	83,806,413
Total Other Capital Assets	1,834,523,802	91,997,907	63,479,666	1,863,042,043

Governmental Activities	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Less Accumulated Depreciation for:				
Buildings	(216,342,272)	(16,679,279)	(22,465,742)	(210,555,809)
Infrastructure	(439,851,086)	(18,721,793)	(52,200)	(458,520,679)
Equipment	(154,772,610)	(15,093,700)	(11,141,190)	(158,725,120)
Improvements other than buildings	(31,251,641)	(2,944,822)	(152,781)	(34,043,682)
Total Accumulated Depreciation	(842,217,609)	(53,439,594)	(33,811,913)	(861,845,290)
Total Net of Depreciation	$1,440,289,318	$ 58,127,313	$ 64,544,315	$1,433,872,316

Government activities capital assets net of accumulated depreciation at June 30, 2016 are comprised of the following:

General Capital Assets, Net	$1,433,872,316
Internal Service Fund Capital Assets, Net	(13,534,187)
Combined Adjustment	$1,420,338,129

Depreciation for the fiscal year ended June 30, 2016 was charged to governmental functions as follows:

General Government Administration	$ 6,962,874
Judicial Administration	83,080
Public Safety	8,480,635
Public Works	21,605,697
Education	10,865,896
Health and Welfare	311,527
Parks and Recreation	4,905,021
Community Development	224,864
Total Depreciation	$ 53,439,594
Internal Service Fund Depreciation	(2,046,916)
Combined Adjustment	$ 51,392,678

Business Type Activities

Water and Sewer:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 18,838,931	$ -	$ -	$ 18,838,931
Construction in progress	96,188,246	67,700,404	27,014,110	136,874,540
Total Capital Assets Not Being Depreciated	115,027,177	67,700,404	27,014,110	155,713,471
Other Capital Assets				
Buildings	373,040,303	8,733,181	1,625,457	380,148,027
Equipment	154,601,182	1,849,233	1,424,929	155,025,486
Improvements	1,426,652	-	16,500	1,410,152
Infrastructure	1,062,588,512	27,861,163	468,654	1,089,981,021
Total Other Capital Assets	1,591,656,649	38,443,577	3,535,540	1,626,564,686
Less Accumulated Depreciation for:				
Buildings	(112,192,452)	(7,427,400)	(524,342)	(119,095,510)
Equipment	(86,964,688)	(9,760,356)	(719,930)	(96,005,114)
Improvements	(1,077,510)	(39,671)	(16,500)	(1,100,681)
Infrastructure	(315,492,390)	(16,208,107)	(286,356)	(331,414,141)
Total Accumulated Depreciation	(515,727,040)	(33,435,534)	(1,547,128)	(547,615,446)
Total Net of Depreciation	$ 1,190,956,786	$ 72,708,447	$ 29,002,522	$ 1,234,662,711

Belmont Park Golf Course:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 250,491	$ -	$ -	$ 250,491
Total Capital Assets Not Being Depreciated	250,491	-	-	250,491
Other Capital Assets:				
Buildings	1,940,937	-	-	1,940,937
Equipment	930,302	35,209	22,310	943,201
Improvements	2,341,902	-	-	2,341,902
Total Other Capital Assets	5,213,141	35,209	22,310	5,226,040
Less Accumulated Depreciation for:				
Buildings	(985,926)	(31,032)	-	(1,016,958)
Equipment	(610,457)	(44,562)	(17,228)	(637,791)
Improvements	(2,252,634)	(15,157)	-	(2,267,791)
Total Accumulated Depreciation	(3,849,017)	(90,751)	(17,228)	(3,922,540)
Total Net of Depreciation	$ 1,614,615	$ (55,542)	$ 5,082	$ 1,553,991

Combined Business Type Activities:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 19,089,422	$ -	$ -	$ 19,089,422
Construction in progress	96,188,246	67,700,404	27,014,110	136,874,540
Total Capital Assets Not Being Depreciated	115,277,668	67,700,404	27,014,110	155,963,962
Other Capital Assets				
Buildings	374,981,240	8,733,181	1,625,457	382,088,964
Equipment	155,531,484	1,884,442	1,447,239	155,968,687
Improvements	3,768,554	-	16,500	3,752,054
Infrastructure	1,062,588,512	27,861,163	468,654	1,089,981,021
Total Other Capital Assets	1,596,869,790	38,478,786	3,557,850	1,631,790,726
Less Accumulated Depreciation for:				
Buildings	(113,178,378)	(7,458,432)	(524,342)	(120,112,468)
Equipment	(87,575,145)	(9,804,918)	(737,158)	(96,642,905)
Improvements	(3,330,144)	(54,828)	(16,500)	(3,368,472)
Infrastructure	(315,492,390)	(16,208,107)	(286,356)	(331,414,141)
Total Accumulated Depreciation	(519,576,057)	(33,526,285)	(1,564,356)	(551,537,986)
Total Net of Depreciation	$ 1,192,571,401	$ 72,652,905	$ 29,007,604	$ 1,236,216,702

Component Units

School Board:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 42,537,818	$ 1,225,707	$ -	$ 43,763,525
Construction in progress	3,373,477	1,840,612	884,663	4,329,426
Total Capital Assets Not Being Depreciated	45,911,295	3,066,319	884,663	48,092,951
Other Capital Assets:				
Buildings	275,932,726	53,321,102	-	329,253,828
Equipment	188,752,022	9,400,558	2,450,380	195,702,200
Improvements	29,400,430	3,907,577	923,334	32,384,673
Total Other Capital Assets	494,085,178	66,629,237	3,373,714	557,340,701
Less Accumulated Depreciation for:				
Buildings	(143,814,684)	(27,845,274)	-	(171,659,959)
Equipment	(125,877,046)	(16,199,211)	(2,402,267)	(139,673,990)
Improvements	(23,238,058)	(647,601)	(880,550)	(23,005,109)
Accumulated Depreciation	(292,929,788)	(44,692,086)	(3,282,817)	(334,339,057)
Total Net of Depreciation	$ 247,066,685	$ 25,003,470	$ 975,560	$ 271,094,595

All depreciation for the fiscal year ended June 30, 2016 was charged to the education function.

James River Juvenile Detention Center:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 30,000	$ -	$ -	$ 30,000
Construction in progress	-	11,640	-	11,640
Total Capital Assets Not Being Depreciated	30,000	11,640	-	41,640
Other Capital Assets:				
Building	9,243,433	-	-	9,243,433
Improvements	237,874	-	-	237,874
Equipment	511,807	-	-	511,807
Total Other Capital Assets	9,993,114	-	-	9,993,114
Less Accumulated Depreciation for:				
Buildings	(3,275,319)	(231,086)	-	(3,506,405)
Equipment	(279,522)	(55,051)	-	(334,573)
Improvements	(164,371)	(11,893)	-	(176,264)
Total Accumulated Depreciation	(3,719,212)	(298,030)	-	(4,017,242)
Total Net of Depreciation	$ 6,303,902	$ (286,390)	$ -	$ 6,017,512

Combined Component Units:	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	$ 42,567,818	$ 1,225,707	$ -	$ 43,793,525
Construction in progress	3,373,477	1,852,252	884,663	4,341,066
Total Capital Assets Not Being Depreciated	45,941,295	3,077,959	884,663	48,134,591
Other Capital Assets:				
Buildings	285,176,159	53,321,102	-	338,497,261
Equipment	188,989,896	9,400,558	2,450,380	195,940,074
Improvements	29,638,304	3,907,577	923,334	32,896,480
Total Other Capital Assets	504,078,292	66,629,237	3,373,714	567,333,815
Less Accumulated Depreciation for:				
Buildings	(147,090,004)	(28,076,360)	-	(175,166,363)
Equipment	(126,156,568)	(16,254,262)	(2,402,267)	(140,008,563)
Improvements	(23,402,429)	(659,494)	(880,550)	(23,181,373)
Accumulated Depreciation	(296,649,000)	(44,990,116)	(3,282,817)	(338,356,299)
Total Net of Depreciation	$ 253,370,587	$ (24,717,080)	$ 975,560	$ 277,112,107

NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the County's total long-term liabilities, including net pension liability, for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
General obligation (GO) bonds	$ 387,760,000	$ -	$ 34,600,000	$ 353,160,000
Capital lease obligations	23,515,198	34,158,001	4,336,486	53,336,713
Accrued claims payable	28,387,048	10,204,025	14,405,745	24,185,328
Accrued compensated absences	20,412,468	20,939,947	19,940,123	21,412,292
Net pension liability	174,291,363	77,744,710	75,857,883	176,178,190
OPEB obligation	8,559,527	2,348,385	926,414	9,981,498
Landfill post-closure costs	10,238,296	18,446	6,950,608	3,306,134
Total	653,163,900	145,413,514	157,017,259	641,560,155
Premium on bonds	36,338,966	-	5,450,607	30,888,359
Total long-term liabilities	689,502,866			672,448,514
Current maturities	(74,579,692)			(78,311,464)
Net long-term liabilities	$ 614,923,174			$ 594,137,050

The current maturity of long-term liabilities at June 30, 2016 consists of the following:

General obligation bonds	$ 34,135,000
Capital lease obligations	7,782,608
Accrued claims payable	13,232,566
Accrued compensated absences	20,916,811
Landfill post-closure costs	2,244,479
Total current maturities	$ 78,311,464

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

All liabilities, both current and long-term, are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual at June 30, 2016 is as follows:

Long-term liabilities (detail above)	$ 672,448,514
Net pension liability (detail above)	(176,178,190)
Internal Service Fund long-term liabilities	(269,152)
Combined adjustment	$ 496,001,172

In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. The adjustment from modified accrual to full accrual is $5,547,033 which represents the change in accrued interest on bonds payable of $96,426 and the amortization of bond premium of $5,450,607 for the year ended June 30, 2016.

In November 2000 and March 2005, the County's voters authorized the issuance of general obligation bonds. In 2000, voters authorized $237,000,000, of which $236,948,800 has been issued as of June 30, 2016. In 2005, voters authorized an additional $349,300,000 in bonds, of which $339,700,000 has been issued as of June 30, 2016.

On November 3, 2006, the County issued General Obligation Public Improvement Bonds, Series 2006 in the aggregate principal amount of $71,915,000 to provide funding for certain school capital improvements, library facilities, fire stations and facilities, and recreation and park facilities improvements in the County, pursuant to the voter authorizations at elections held in the County on November 7, 2000 and March 8, 2005. Interest rates on these bonds range between 4.0 percent and 5.0 percent. The Bonds mature on December 1st in each of the years 2007 through 2026. On May 3, 2010, the County advanced refunded serial maturities from December 1, 2017 through December 1, 2021. On September 19, 2012, the County advanced refunded serial maturities from December 1, 2022 through December 1, 2026. The remaining Series 2006 bonds mature on December 1, 2016.

On January 10, 2008, the County issued General Obligation Public Improvement Bonds, Series 2008 in the aggregate principal amount of $29,810,000 to provide funding for certain school capital improvement projects, fire stations and facilities in the County, pursuant to the voter authorization at an election held on March 8, 2005. Interest rates on these bonds range between 3.25 percent and 5.00 percent. The Bonds mature on December 1st in each of the years 2008 through 2027. On May 3, 2010, the County advanced refunded serial maturities from December 1, 2018 through December 1, 2021. On March 31, 2015, the County advanced refunded serial maturities from December 1, 2022 through December 1, 2027. The remaining Series 2008 Bonds mature on December 1st in each of the years 2016 through 2017.

On November 13, 2008, the County issued County of Henrico, Virginia General Obligation Public Improvement Bonds, Series 2008A, in the aggregate principal amount of $93,090,000 to provide funding for various county and school capital improvement projects. The interest rates on these bonds range between 3.5 percent and 5.0 percent. The bonds mature on December 1st in each of the years 2009 through 2028. On May 3, 2010, the County advanced refunded serial maturities from December 1, 2019 through December 1, 2025. On March 31, 2015, the County advanced refunded serial maturities from December 1, 2026 through December 1, 2028. The remaining Series 2008A Bonds mature on December 1st in each of the years 2016 through 2018.

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

On May 3, 2010, the County issued $119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from $475,000 to $18,040,000. The County reduced its aggregate debt service payments by approximately $3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of $6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which $56,520,000 remained outstanding at June 30, 2016) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 20, 2010, the County issued General Obligation Public Improvement Bonds, Series 2010A in the aggregate principal amount of $72,205,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1st in each of the years 2011 through 2030.

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

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

On March 31, 2015, the County issued General Obligation Public Improvement Refunding Bonds, Series 2015 in the aggregate principal amount of $50,485,000. The proceeds of the Bonds will be applied (i) to advance refund and defease $8,950,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008, dated January 31, 2008 and maturing on December 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on December 1, 2017, (ii) to advance refund and defease $13,955,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008A, dated November 14, 2008 and maturing on December 1st in each of the years 2026 through 2028, which are subject to redemption and are to be redeemed on December 1, 2018, and (iii) to advance refund and defease $31,090,000 outstanding principal amount of the County's Virginia Public School Authority (VPSA) Special Obligation School Financing Bonds, Series 2008, dated July 2, 2008 and maturing on July 15th in each of the years 2015 through 2028. The County reduced its aggregate debt service payments by approximately $2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of $3.3 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which $51,770,000 remained outstanding at June 30, 2016) nor the assets placed in the trust fund are reflected in the County's financial statements.

In April, 2016, the Economic Development Authority (EDA) of Henrico County, Virginia entered into a Note Purchase and Lease Acquisition Agreement, leasing to the County a $34,000,000 emergency communications system. The Notes were purchased by Banc of America Capital Corp. at a fixed interest rate of 1.699%, with equal principal payments of $3,400,000 due April 1, 2017 through April 1, 2026. Interest payments are due semi-annually October 1 and April 1, beginning October 1, 2016.

As of June 30, 2016, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of $22,833 at June 30, 2016.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2016 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance
VPSA 1996 Bonds	5.00-6.00	11/01/96	07/15/16	$ 30,595,000	$ 1,525,000
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	35,740,000	7,140,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	3,800,000
2006 G.O. Bonds	4.00-5.00	11/15/06	12/01/26	71,915,000	3,595,000
2008 G.O. Bonds	3.25-5.00	1/31/08	12/01/27	29,810,000	2,980,000
2008A G.O. Bonds	3.50-5.00	11/14/08	12/01/28	93,090,000	13,965,000
2009 G.O. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	17,450,000
2010 G.O. Bonds	3.00-5.00	05/27/10	07/15/25	119,735,000	110,480,000
2010A G.O. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	54,150,000
2011 G.O. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	52,870,000
2012 G.O. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,120,000
2015 G.O. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	48,085,000
TOTAL					$ 353,160,000

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

Years	Principal	Interest
2017	$34,135,000	$15,357,396
2018	32,635,000	13,758,110
2019	32,595,000	12,261,849
2020	32,585,000	10,748,948
2021	30,845,000	9,231,243
2022-2026	126,135,000	27,472,363
2027-2031	60,930,000	5,631,144
2032	3,300,000	57,750
TOTAL	$ 353,160,000	$ 94,518,803

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

Business-Type Activities

A summary of the changes in the Water and Sewer Fund ("Fund") and the Belmont Park Golf Course long-term liabilities, including net pension liability, for the year ended June 30, 2016 are as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Water and Sewer Revenue Bonds:				
2006 Revenue and Refunding Bonds - $86,265,000, 4.25% to 5.00%	$ 1,915,000	$ -	$ 1,915,000	$ -
2009 Refunding Bonds - $70,360,000, 2.25% to 5.00%	47,775,000	-	38,805,000	8,970,000
2009A Refunding Bonds - $22,915,000, 2.25% to 5.00%	20,545,000	-	16,555,000	3,990,000
2009B Build America Bonds - $9,800,000, 2.25% to 5.00%	9,800,000	-	-	9,800,000
2013 Refunding Bonds - $68,410,000, 2.00% to 5.00%	67,985,000	-	220,000	67,765,000
2014 Revenue Bonds - $74,165,000, 1.00% to 5.00%	72,850,000	-	1,505,000	71,345,000
2016 Revenue and Refunding Bonds - $123,625,000, 1.00% to 5.00%	-	123,625,000	-	123,625,000
Total bonds payable	$ 220,870,0000	$ 123,625,000	$ 59,000,000	$ 285,495,000

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Other Liabilities:				
Capital lease obligations	$ 35,173	$ -	$ 14,404	$ 20,769
Accrued compensated absences	1,273,814	1,118,686	1,099,553	1,292,947
Net pension liability	12,382,132	5,479,616	5,346,627	12,515,121
Total	$ 234,561,119	$ 130,223,302	$ 65,460,584	$ 299,323,837
Premium on bonds payable	10,490,899	28,023,158	2,175,503	36,338,554
Total long-term liabilities	$ 245,052,018			$ 335,662,391
Current maturities	(8,868,708)			(10,866,461)
Net long-term liabilities	$ 236,183,310			$ 324,795,930

Current maturities of long-term liabilities at June 30, 2016 consist of the following:

Revenue bonds	$ 9,740,000
Capital lease obligations	11,708
Accrued compensated absences	1,114,753
Total current maturities	$ 10,866,461

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

- One-half of the net operating revenues of the Fund, as defined, during any 24 consecutive months out of the 30 months immediately preceding the issuance of the additional bonds, shall have been not less than 1.25 times the maximum annual debt service requirement on all bonds then outstanding and the proposed additional bonds; and the

- Net operating revenues of the Fund, as defined, during the first full fiscal year following the date upon which the project or undertaking for which the proposed additional bonds are being issued is anticipated to be completed, shall be estimated by a nationally recognized consulting engineer to be not less than 1.25 times the annual debt service requirement on account of all bonds then outstanding and the proposed additional bonds.

Net operating revenues were 2.44 times the annual debt service requirements for the year ended June 30, 2016.

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

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

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

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

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

On May 17, 2016, the County issued $123,625,000 of Water and Sewer Revenue Refunding Bonds to refund outstanding principal amounts of $35,985,000 of the 2009A and $15,310,000 of the 2009 Series Water and Sewer System Revenue Bonds, finance improvements, additions and extensions to the County's water and sewer system and to fund the Cobbs Creek Reservoir project. The interest rate on these bonds is between 1.75% and 5% and the final maturity will occur on May 1, 2046. The principal payments range from $480,000 to $7,875,000.

In fiscal year 2016 and prior years, the County defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not reflected in the County's financial statements. At June 30, 2016, $117,240,000 of Water and Sewer System Revenue Bonds, which were considered defeased, remained outstanding.

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2016 and thereafter follows:

Years	Principal	Interest
2017	$ 9,740,000	$ 11,578,096
2018	9,460,000	12,069,271
2019	9,790,000	11,742,271
2020	10,000,000	11,415,847
2021	10,285,000	11,017,047
2022-2026	58,775,000	47,761,808
2027-2031	55,700,000	34,137,737
2032-2036	55,550,000	22,483,499
2037-2041	33,815,000	12,323,006
2042-2046	32,880,000	4,203,413
Total	$ 285,495,000	$ 178,731,995

Component Units

School Board:

The Board of Supervisors has authorized the School Board to borrow funds from the Literary Fund of the Commonwealth of Virginia (the "Literary Fund") to finance repairs to eligible educational facilities. For each facility qualifying for a loan, the School Board borrowed funds from the Literary Fund in the form of a demand note with interest ranging from 3.00 percent to 5.00 percent with maturities through May 1, 2009, to cover the repair costs incurred. Once the repair of a facility has been completed, the demand note was converted into a 20-year note payable with annual installments due on the anniversary date of the note. There were no outstanding Literary Fund loans at June 30, 2016.

A summary of the changes in the School Board's long-term liabilities, including net pension liability, for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital lease obligations	$ 31,573,304	$ 5,336,060	$ 10,943,571	$ 25,965,793
Accrued claims payable	7,624,711	1,234,557	2,330,088	6,529,180
Net pension liability	424,138,707	168,906,248	154,149,947	438,895,008
Accrued compensated absences	5,880,806	4,565,284	4,119,757	6,326,333
Total School Board	$469,217,528	$180,042,149	$171,543,363	$ 477,716,314
Current Maturities	(20,293,190)			(18,299,828)
Net long-term liabilities	$ 448,924,338			$ 459,416,486

Current maturities of long-term liabilities at June 30, 2016, consist of the following:

Capital lease obligations	$ 11,872,663
Accrued claims payable	1,995,297
Accrued compensated absences	4,431,868
Total current maturities	$ 18,299,828

James River Juvenile Detention Commission:

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

A summary of the changes in JRJDC's long-term liabilities, including net pension liability, for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Facility revenue bond	$ 650,000	$ -	$ 650,000	$ -
Capital lease obligations	8,244	-	1,736	6,508
Net pension liability	2,647,003	1,186,949	1,158,142	2,675,810
Accrued compensated absences	176,073	210,043	205,555	180,561
Total JRJDC	$ 3,481,320	$ 1,396,992	$ 2,015,433	2,862,879
Current Maturities	(827,809)			(182,736)
Net long-term liabilities	$ 2,653,511			$ 2,680,143

Current maturities of long-term liabilities at June 30, 2016, consist of the following:

Capital leases	$ 2,175
Accrued compensated absences	180,561
Total current maturities	$ 182,736

Capital Leases

The County has entered into agreements for the leasing of buildings, computer hardware, automotive vehicles and equipment. These leases meet the criteria of a capital lease as defined by GAAP, which states a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, $60,312,506 of equipment and $18,990,000 of buildings has been capitalized as of June 30, 2016. The acquisition of capital assets through capital lease obligations is reflected as expenditure and other financing source in the General or Capital Projects Funds when the obligations are incurred. Payments to satisfy capital lease obligations are recorded as debt service expenditure in the General or Debt Service Funds when the cash outlays are made. Capital assets capitalized under these lease agreements are pledged as collateral on the obligations.

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

On April 1, 2016, the County entered into a $34,000,000 financing agreement with the Economic Development Authority (EDA) of Henrico County, Virginia whereby the EDA intends to issue its $34,000,000 Economic Development Authority of Henrico County, Virginia 2016 Lease Revenue Bonds to assist the County in financing the acquisition and installation of various communication equipment to replace the County's public safety radio system. The interest rate is 1.699% and principal payments are $3,400,000 which mature on April 1st in each of the years 2017 through 2026.

The Schools have entered into agreements for the leasing of computer hardware and equipment. These leases meet the criteria of a capital lease as defined by GAAP. As such, $48,275,455 of equipment has been capitalized as of June 30, 2016.

Future minimum lease payments under these capital leases for fiscal years ending after June 30, 2016 are as follows:

Years	Equipment Lease Obligations	EDA Lease Obligations	Schools	Total Future Minimum Lease Payments
2017	$ 239,969	$ 8,942,910	$ 12,037,429	$ 21,220,308
2018	81,399	7,881,719	8,475,808	16,438,926
2019	44,110	7,005,103	2,505,599	9,554,812
2020	18,832	6,945,712	1,776,733	8,741,277
2021	2,419	6,886,909	907,566	7,796,894
2022-2026	-	21,007,915	906,018	21,913,933
Total minimum lease payments	$ 386,729	$ 58,670,268	$ 26,609,153	$ 85,666,150
Less amount representing interest	40,016	5,680,268	643,360	6,363,644
Present value of future minimum lease payments	$ 346,713	$ 52,990,000	$ 25,965,793	$ 79,302,506

JRJDC entered into a capital lease agreement for $8,400 during fiscal year 2015 for the leasing of copier equipment. Future minimum lease payments under this capital lease for fiscal years ending after June 30, 2016 are as follows:

Years	Equipment Lease Obligations
2017	$ 3,586
2018	3,489
2019	1,699
Total minimum lease payments	8,774
Less amount representing interest	2,266
Present value of future minimum lease payments	$ 6,508

The Water and Sewer Revenue Fund entered into capital lease agreements for equipment for $20,163 and $14,772 during fiscal years 2015 and 2014, respectively. Future minimum lease payments under this capital lease for fiscal years ending after June 30, 2016 are as follows:

Years	Equipment Lease Obligations
2017	$ 14,319
2018	9,316
2019	695
Total minimum lease payments	24,330
Less amount representing interest	3,561
Present value of future minimum lease payments	$ 20,769

NOTE 8. CONTINGENCIES AND COMMITMENTS

A. Litigation

The County and School Board are named as defendants in several cases including tax assessment, construction contract, personal injury, special education, civil rights and other contract cases. The maximum exposure amount that can be reasonably estimated is approximately $3,172,000 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately $40,000 of these claims will result in an unfavorable outcome for the County. These claims are covered under the County's self-insurance program as discussed in note 8C. The County intends to defend its position in these claims vigorously. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred as a result of claims existing as of June 30, 2016 will not be material to the County's financial statements.

B. Federal Grant Awards

The County and School Board participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, would not have a material effect on the County's financial statements.

C. Risk Management

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks, health care and other claims. Insurance carriers cover workers' compensation claims in excess of $1,000,000 per occurrence. VaCOR, through the Travelers Insurance Company, covers property claims in excess of $1,000,000 per occurrence. VaCOR, through Genesis Insurance Company covers liability claims between $2,000,000 and $7,000,000 per occurrence. The County's estimated and recorded liability for claims payable at June 30, 2016 includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of $1,756,330 in the General Fund to reflect the liability for the estimated settlement value of all reported workers' compensation and property and casualty claims covered by the Program at June 30, 2016, that are expected to be liquidated with current resources. The amount of settlements has not exceeded insurance coverage in each of the past three years.

Effective January 1, 2008, the County began participating in a self-funded health care program covering medical and prescription drug costs. The County pays all covered claims up to $500,000 per individual per year. Individual claims that exceed $500,000 per year are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of projected claims for the year are covered by aggregate excess risk insurance. The carrier of the excess risk policy is Coventry Health and Life Insurance Company. The County has recorded $7,818,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2016.

In addition, the County has recorded $16,367,328 for the County and $6,529,180 for the School Board in the Government-wide Statement of Net Position to reflect the liability for the estimated settlement value of workers' compensation and property and casualty claims covered by the Program at June 30, 2016 that are not expected to be liquidated with current resources. Also, the County has assigned $9,500,000 of the June 30, 2016 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2016, the County and Schools had accrued claims payable in long-term liabilities as follows:

	FY 2016		FY 2015	
	County	Schools	County	Schools
Balance, July 1	$ 28,387,048	$ 7,624,711	$ 24,617,096	$ 6,069,820
Current year claims and changes in estimates	10,204,025	1,234,557	17,500,031	4,345,569
Claim payments	(14,405,745)	(2,330,088)	(13,730,079)	(2,790,678)
Balance, June 30	$ 24,185,328	$ 6,529,180	$ 28,387,048	$ 7,624,711

D. Commitments

At June 30, 2016, the County had contractual commitments for the construction of various projects as follows:

	Primary Government	Component Unit-Schools
Capital Projects Funds:		
Computer and Technology Improvements	$ 39,534,083	$ -
Buildings and Grounds	851,579	-
Road Maintenance	7,822,912	-
Landfill Expansion and Development	272,738	-
Public Safety Projects	1,121,319	-
Public Works	650,052	-
Parks and Recreation	657,863	-
Libraries	3,335,877	-
Education Projects	2,259,447	8,096,265
Total	$ 56,505,870	$ 8,096,265
Enterprise Funds:		
Wastewater Treatment Projects	$ 41,793,246	
Water Plant Projects	71,599,112	
Computer and Information Systems	4,132,630	
Total	$ 117,524,988	

Encumbrances

As discussed in Note 1.G, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2016, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	$3,681,533
Special Revenue Fund	4,037,647
Capital Projects Fund	59,036,207
Total	$66,755,387

E. Operating Leases

The County and School Board leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated $2,476,001 and $605,814, respectively, for the fiscal year 2016.

At June 30, 2016, the approximate future annual long-term commitments for these operating leases were as follows:

Years	County Real Property	School Board Real Property	Total
2017	$ 1,948,733	$ 603,395	$ 2,558,128
2018	1,459,064	293,207	1,752,271
2019	1,240,007	198,716	1,438,723
2020	840,138	40,135	880,273
2021	658,903	-	658,903
2022-2026	1,038,174	-	1,038,174
2027 & After	93,349	-	93,349
Total	$ 7,278,368	$ 1,135,453	$ 8,413,821

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

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2016, was $6,817,825 and $385,276, respectively.

At June 30, 2016, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2017	$ 467,509
2018	203,609
2019	136,733
2020	106,473
2021	92,062
2022-2026	283,302
2027-2031	169,702
2032-2034	80,850
Total	$ 1,540,240

The Water and Sewer Revenue Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to six years. The cost and accumulated depreciation on leased property at June 30, 2016, was $4,425,485 and $1,085,906, respectively.

At June 30, 2016, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2017	$ 45,622
2018	24,638
2019	24,638
2020	2,053
Total	$ 96,951

The School Board is the lessor of real estate under an operating lease agreement for a period of twenty-five years. The cost of the leased property at June 30, 2016, was $3,040,145.

At June 30, 2016, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2017	$ 59,724
2018	61,097
2019	57,690
2020	60,531
2021	63,964
2022-2026	367,409
2027-2031	425,927
2032-2052	745,173
Total	$ 1,841,515

G. Contingent Liabilities

Capital Region Airport Commission

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

Environmental Risk

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

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

A. Plan Description

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

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

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

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

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

Employees Covered by Benefit Terms

As of the June 30, 2015 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

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

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

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/publications/index.asp or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

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

In addition, the County and School Board Non-Professional Group are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board Non-Professional Group's contribution rates for the fiscal year ended 2016 were 15.16 percent and 36.18 percent, respectively, of annual covered employee compensation. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

Net Pension Liability

At June 30, 2016, the County and School Board Non-Professional Group reported a net pension liability of $214,349,209 and $2,805,919, respectively. The County's net pension liability was allocated based on respective contribution proportionate shares to the employees in the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course and Central Automotive Maintenance (CAM), which are reported as part of the County's Primary Government, and JRJDC and School Board Construction and Maintenance (School Board C&M), which are reported as part of the County's Component Units.

The net pension liability for the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course, JRJDC, CAM and the School Board C&M employees was $173,553,031, $12,210,100, $305,021, $2,675,809, $2,625,159 and $22,980,089, respectively. The net pension liability was measured as of June 30, 2015. The total pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

C. Actuarial Assumptions

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

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.35% per year for general government employees 3.50% to 4.75% per year for public safety employees
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market.

Long-Term Expected Rate of Return

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

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

Asset Class	Target Allocation	Term Expected Real	Long-Term Expected
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 8.3% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the median return does not change much but the volatility declines significantly. The median return is 7.44%.

D. Discount Rate

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

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

Change in the Net Pension Liability

Governmental Activities	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$1,010,174,944	$835,883,581	$174,291,363
Changes for the year:			
Service cost	23,884,723	-	23,884,723
Interest	69,217,236	-	69,217,236
Difference between expected and actual experience	(15,888,024)	-	(15,888,024)
Contributions-employer	-	28,290,290	(28,290,290)
Contributions-employee	-	9,452,120	(9,452,120)
Net investment income	-	38,115,473	(38,115,473)
Benefit payments, including refunds of employee contributions	(47,302,547)	(47,302,547)	-
Administrative expense	-	(522,704)	522,704
Other changes	-	(8,071)	8,071
Net changes	29,911,388	28,024,561	1,886,827
Balances at June 30, 2016	$1,040,086,332	$863,908,142	$176,178,190
Business-Type Activities			
Balances at June 30, 2015	$72,070,360	$59,688,228	$12,382,132
Changes for the year:			
Service cost	1,683,447	-	1,683,447
Interest	4,878,582	-	4,878,582
Difference between expected and actual experience	(1,119,823)	-	(1,119,823)
Contributions-employer	-	1,993,960	(1,993,960)
Contributions-employee	-	666,206	(666,206)
Net investment income	-	2,686,461	(2,686,461)
Benefit payments, including refunds of employee contributions	(3,333,987)	(3,333,987)	-
Administrative expense	-	(36,841)	36,841
Other changes	-	(569)	569
Net changes	2,108,219	1,975,230	132,989
Balances at June 30, 2016	$74,178,579	$61,663,458	$12,515,121

Change in the Net Pension Liability

School Board C&M	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$135,762,395	$113,032,338	$22,730,057
Changes for the year:			
Service cost	3,165,071	-	3,165,071
Difference between expected and actual experience	(2,105,393)	-	(2,105,393)
Interest	9,172,283	-	9,172,283
Contributions-employer	-	3,748,872	(3,748,872)
Contributions-employee	-	1,252,542	(1,252,542)
Net investment income	-	5,050,851	(5,050,851)
Benefit payments, including refunds of employee contributions	(6,268,271)	(6,268,271)	-
Administrative expense	-	(69,266)	69,266
Other changes	-	(1,069)	1,069
Net changes	3,963,690	3,713,659	250,031
Balances at June 30, 2016	$139,726,085	$116,745,997	$22,980,088

Change in the Net Pension Liability

School Board Non-Professional Group	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	$8,636,760	$5,823,110	$2,813,650
Changes for the year:			
Service cost	69,746	-	69,746
Interest	580,111	-	580,111
Difference between expected and actual experience	(139,895)	-	(139,895)
Contributions-employer	-	238,475	(238,475)
Contributions-employee	-	31,253	(31,253)
Net investment income	-	251,841	(251,841)
Benefit payments, including refunds of employee contributions	(698,924)	(698,924)	-
Administrative expense	-	(3,822)	3,822
Other changes	-	(54)	54
Net changes	(188,962)	(181,231)	(7,731)
Balances at June 30, 2016	$8,447,798	$5,641,879	$2,805,919

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Governmental Activities proportionate share of the net pension liability	$308,600,413	$176,178,190	$65,111,216
Business-Type Activities proportionate share of the net pension liability	$21,750,830	$12,515,121	$4,589,181
School Board C&M proportionate share of the net pension liability	$40,894,011	$22,980,089	$8,628,176
School Board Non-Professional Group	$3,651,401	$2,805,919	$2,091,438

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

At June 30, 2016, the County's Governmental Activities, Business-Type Activities and School Board C&M employee allocation, reported a net pension liability of $176,178,190, $12,515,121 and $22,980,089, respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of $2,805,919. At June 30, 2016, the Governmental Activities, Business-Type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 82.08 percent, 5.79 percent, 1.25 percent and 10.88 percent, respectively.

For the year ended June 30, 2016, the County's Governmental Activities, Business-Type Activities and Schools C&M recognized pension expense of $13,349,229, $940,883 and $1,768,966, respectively. The School Board Non-Professional Group recognized pension expense of $29,738 and the County and School Board reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Primary Government		
Governmental Activities		
Net change in pension proportionate share allocation	$ 1,421,084	$ 1,063,258
Difference between actual and expected experience	-	12,140,848
Net difference between projected and actual earnings on pension plan investments	-	60,162,660
Employer contributions after the measurement date	29,372,311	-
Total	$ 30,793,395	$ 73,366,766
Business-Type Activities		
Net change in pension proportionate share allocation	$ 13,444	$ 105,689
Difference between actual and expected experience	-	855,713
Net difference between projected and actual earnings on pension plan investments	-	4,300,913
Employer contributions after the measurement date	2,038,178	-
Total	$ 2,051,622	$ 5,262,315
Component Unit		
Schools C&M		
Net change in pension proportionate share allocation	$ 1,035,342	$ 1,301,494
Difference between actual and expected experience	-	1,608,838
Net difference between projected and actual earnings on pension plan investments	-	8,410,403
Employer contributions after the measurement date	4,126,149	-
Total	$ 5,161,491	$ 11,320,735
Schools Non-Professional Group		
Net difference between projected and actual earnings on pension plan investments	$ -	$ 418,569
Employer contributions after the measurement date	224,382	-
Total	$ 224,382	$ 418,569

Governmental Activities, Business-Type Activities, Schools C&M and the Schools Non-Professional Group have recognized deferred outflow of resources of $29,372,311, $2,038,178, $4,126,149 and $224,382, respectively, resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017.

Governmental Activities have recognized a deferred outflow of resources of $1,421,084 and a deferred inflow of resources of $1,063,258 resulting from a net change in the pension proportionate share allocation. Business-Type Activities and Schools C&M have recognized a deferred outflow of resources of $13,444 and $1,035,342, respectively, and deferred inflow of resources of $105,689 and $1,301,494, respectively resulting from a net change in the pension proportionate share allocation.

Governmental Activities, Business-Type Activities, and Schools C&M have recognized a deferred inflow of resources of $12,140,848, $855,713, and $1,608,838, respectively, resulting from the difference between actual and expected experience.

Governmental Activities, Business-Type Activities, Schools C&M and Schools Non-Professional Group have recognized a deferred inflow of resources of $60,162,660, $4,300,913, $8,410,403 and $418,569, respectively, resulting from the net difference between projected and actual earnings on pension plan investments.

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

Year Ending June 30	Governmental Activities	Business-Type Activities	Schools C&M	Schools Non-Professional Group
2017	$ (25,207,330)	$ (1,821,264)	$ (3,394,813)	$ (148,898)
2018	(25,207,330)	(1,821,264)	(3,394,813)	(148,898)
2019	(24,675,702)	(1,827,987)	(3,912,483)	(148,896)
2020	3,144,680	221,644	416,716	28,123
	$ (71,945,682)	$ (5,248,871)	$ (10,285,393)	$ (418,569)

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

A. Plan Description

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

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

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

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

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

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at http://www.varetire.org/publications/index.asp or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

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

In addition, the School Board Teachers are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia (1950) and approved by the VRS Board of Trustees. Each participating member entity's contractually required contribution rate for the fiscal year ended 2015 was 14.50 percent of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013 and does not reflect the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan (School Board Teachers) was 18.20%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. Based on the provisions of Title 51.1 of the *Code of Virginia* (1950), as amended, the total plan contributions were funded at 79.69 percent of the actuarial rate for the year ended June 30, 2016. The School Board Teacher's contributions to VRS for the years ending 2016, 2015, and 2014 were $35,427,046, $35,367,272, and $45,770,536, respectively, and are equal to the required contributions for each year.

C. Net Pension Liabilities and Pension Expense

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

At June 30, 2016, the School Board and JRJDC reported a net pension liability of $438,895,008 and $2,675,810, respectively. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to the measurement date of June 30, 2015. The School Board's proportion of the net pension liability and pension expense related to the Teacher Retirement Plan was based on a projection of the School Board's long-term share of contributions to the Teacher Retirement Plan relative to the projected contributions of all participating employers. JRJDC's proportion of the net pension liability and pension expense related to the County's retirement plan was based on a projection of JRJDC's long-term share of contributions to the County's retirement plan relative to the projected contributions in the future.

The School Board net pension liability of $438,895,008 is made up of three groups of employees. The Teacher's net pension liability of $413,109,000, the School Board Non-Professional Group net pension liability of $2,805,919 and the School C&M net pension liability of $22,980,089. The School C&M proportion of the net pension liability and expense was based on the School C&M employer contributions as a percentage of the total employer contributions of $34,465,038 as of the measurement date of June 30, 2015. For the year ended June 30, 2016, the School Board C&M proportion share allocation was 10.88 percent. For the year ended June 30, 2016, the Teacher Retirement Plan, School Board Non-Professional Group and Schools C&M Group reported pension expense of $28,459,000, $29,738 and $1,768,966, respectively. The School Board's participation in the VRS cost-sharing plan which was 3.3% as of June 30, 2016 and 3.3% as of June 30, 2015.

As of June 30, 2016, the School Board's net pension liability is as follows:

Teachers	
Total pension liability	$1,409,062,131
Fiduciary net position	995,953,131
Net pension liability	$ 413,109,000
Schools Non-Professional Group	
Total pension liability	$ 8,447,798
Fiduciary net position	5,641,879
Net pension liability	$ 2,805,919
Schools C&M	
Total pension liability	$ 139,726,086
Fiduciary net position	116,745,997
Net pension liability	$ 22,980,089
Total Schools	
Total pension liability	$1,557,236,015
Fiduciary net position	1,118,341,007
Net pension liability	$ 438,895,008
Plan fiduciary net position as a percentage of the total pension liability	72%

JRJDC's proportion of the net pension liability and expense was based on JRJDC's employer contributions as a percentage of the total employer contributions of $34,465,038 as of the measurement date of June 30, 2015. At June 30, 2016, JRJDC's proportion share was 1.25 percent. For the year ended June 30, 2016, JRJDC reported pension expense of $203,806.

D. Actuarial Assumptions

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

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

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

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

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an updated mortality table, adjustments to the rates of service retirement, decrease in rates of withdrawals for 3 through 9 years of service, a decrease in rates of disability and a reduction of salary rates by 0.25 percent per year.

Long-Term Expected Rate of Return

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

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

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	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 8.3% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the median return does not change much but the volatility declines significantly and provides a median return is 7.44%, including expected inflation of 2.50%.

E. Discount Rate

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

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
School Board			
Teacher's proportionate share of the net pension liability	$ 604,546,000	$ 413,109,000	$ 255,516,000
School Board Non-Professional Group net pension liability	3,651,401	2,805,919	2,091,438
School Board C&M's proportionate share of the net pension liability	40,894,011	22,980,089	8,628,176
Total all Schools	$ 649,091,412	$ 438,895,008	$ 266,235,614
James River Juvenile Detention Center			
James River Juvenile Detention Center proportionate share of the net pension liability	$4,711,483	$2,675,810	$994,070

G. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board and JRJDC have recognized deferred outflows of resources of $1,035,342 and $14,473, respectively, resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2014. The School Board and JRJDC have recognized deferred outflows of resources of $39,777,576 and $438,756, respectively, resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016.

The School Board and JRJDC have recognized deferred inflows of resources of $11,719,161 and $13,901 respectively, resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2015. The School Board and JRJDC have recognized deferred inflows of resources of $7,297,838 and $185,358, respectively, resulting from the difference between expected and actual experience. The School Board and JRJDC have recognized deferred inflows of resources of $79,162,305 and $928,984, respectively, resulting from the net difference between projected and actual earnings on pension plan investments.

As of June 30, 2016, the School Board's deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources	
Teachers – employer contributions	$ 35,427,045
Schools Non-Professional Group – employer contributions	224,382
Schools C&M – employer contributions	4,126,149
Schools C&M – proportionate share	1,035,342
Total Deferred Outflows of Resources	$ 40,812,918
Deferred Inflows of Resources	
Teachers – difference in earnings	$ 70,333,333
Teachers – proportionate share	10,417,667
Teachers – difference in experience	5,689,000
Schools Non-Professional Group – difference in earnings	418,570
Schools C&M – difference in earnings	8,410,402
Schools C&M – proportionate share	1,301,494
Schools C&M – difference in experience	1,608,838
Total Deferred Inflows of Resources	$ 98,179,304

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

School Board

Year Ending June 30:	Teachers	School Board Non-Professional Group	School Board C&M	Total
2017	$ (29,097,000)	$ (148,898)	$ (3,394,813)	$ (32,640,711)
2018	(29,097,000)	(148,898)	(3,394,813)	(32,640,711)
2019	(29,097,000)	(148,896)	(3,912,483)	(33,158,379)
2020	1,642,000	28,123	416,716	2,086,839
Thereafter	(791,000)	-	-	(791,000)
	$ (86,440,000)	$ (418,569)	$ (10,285,393)	$ (97,143,962)

James River Juvenile Detention Center

Year Ending June 30:	
2017	$ (384,848)
2018	(384,848)
2019	(392,085)
2020	48,011
	$ (1,113,770)

H. Employer Contributions

The County's Component Unit proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions. For the fiscal year ended June 30, 2016, this amount also includes a transfer of $6,331,000 as an accelerated payback of the deferred contributions in the 2010-12 State of Virginia biennium budget.

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

Employer Contributions Reported in the VRS Teacher Retirement Plan's Statement of Changes in Net Position for fiscal year ended June 30, 2016	$41,743,576
Less: Employer Contributions Not Representative of Future Contribution Effort	(6,359,292)
Employer Contributions Used as the Basis for Allocating Employers' Proportionate Shares of Collective Pension Amounts at June 30, 2016	$35,384,284

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Plan Provisions

Healthcare Benefits

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

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

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

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

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

Line of Duty Benefits

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

Membership

At June 30, 2016, membership for the postemployment healthcare benefits consisted of:

Retirees and beneficiaries	1,219
Active employees	10,685
Total participants	11,904

At June 30, 2016, membership for the postemployment line of duty benefits consisted of:

Active employees	1,659
Disabled and surviving spouses	43
Total participants	1,702

Funding Policy

The County currently contributes amounts to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution ("ARC") for the postemployment healthcare benefits, an actuarially determined contribution amount in accordance with the parameters of GAAP. The County funds pay as you go amounts for the line of duty benefits program. No assets have been segregated and restricted to provide line of duty benefits.

Annual OPEB Cost and Net OPEB (Asset) Obligation

In accordance with GAAP, an actuarial study was prepared calculating the postemployment healthcare cost and the line of duty medical, dental and death benefits as of June 30, 2016. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at $50,041,301 and an ARC of $7,782,707 for the postemployment healthcare cost and a UAAL at $23,368,642 and an ARC of $2,339,562 for the line of duty medical, dental and death benefits. The actuarial valuations were determined using the Projected Unit Credit Actuarial Cost Method. The

calculation was based on a 7.0 percent and 4.0 percent discount rate for the postemployment healthcare cost and line of duty benefits, respectively. The amortization of the UAAL is over 30 years for both plans. This represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and the amortization of the UAAL over 30 years. The actuarial evaluation was calculated using a level percentage of projected payroll amortization method and an open amortization period. An inflation rate assumption was not applicable to the actuarial evaluation. The ARC of $7,782,707 for postemployment healthcare benefits is 1.45 percent of annual covered payroll and the ARC of $2,339,562 for postemployment line of duty benefits is .44 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the postemployment healthcare benefits for the year ended June 30, 2016.

NET HEALTHCARE OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	$ 7,782,707
Interest on Net OPEB Asset	(165,613)
Adjustment to the ARC	142,070
Annual OPEB Cost	7,759,164
Contributions made	(7,759,164)
Change in Net OPEB Asset	-
Net OPEB Asset beginning of year	(2,365,897)
Net OPEB Asset end of year	$ (2,365,897)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the postemployment healthcare benefits for the fiscal year ended June 30, 2016 is as follows:

TREND INFORMATION FOR COUNTY

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF OPEB CONTRIBUTED	NET OPEB ASSET
June 30, 2014	$9,377,348	100.00%	$ (2,365,897)
June 30, 2015	$9,738,183	100.00%	$ (2,365,897)
June 30, 2016	$7,759,164	100.00%	$ (2,365,897)

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

Balances at June 30, 2016 were:	
Healthcare OPEB asset (detail above)	$ 2,365,897
Net Healthcare OPEB asset adjustment	$ 2,365,897

The following table presents the Line of Duty OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the postemployment line of duty benefits for the year ended June 30, 2016.

NET LINE OF DUTY OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	$ 2,339,562
Interest on Net OPEB Obligation	342,381
Adjustment to the ARC	(333,558)
Annual OPEB Cost	2,348,385
Contributions made	(926,414)
Change in Net OPEB Obligation	1,421,971
Net OPEB Obligation beginning of year	8,559,527
Net OPEB Obligation end of year	$ 9,981,498

The County's net Line of Duty OPEB obligation of $9,981,498 is shown as a component of long-term liabilities (see Note 7). The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the postemployment line of duty benefits for the fiscal year ended June 30, 2016 is as follows:

TREND INFORMATION FOR COUNTY

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF OPEB CONTRIBUTED	NET OPEB OBLIGATION
June 30, 2014	$2,830,046	33.14%	$ 6,582,801
June 30, 2015	$2,980,480	33.68%	$ 8,559,527
June 30, 2016	$2,348,385	23.53%	$ 9,981,498

Funded Status and Funding Progress

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

HEALTHCARE BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio Funded Obligation	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	$38,959,417	$94,600,473	$55,641,056	41.18%	$524,795,561	10.60%
June 30, 2015	$42,288,920	$88,703,234	$46,414,314	47.67%	$530,043,517	8.76%
June 30, 2016	$44,841,294	$94,882,595	$50,041,301	47.26%	$536,071,713	9.33%

LINE OF DUTY BENEFITS
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio Funded Obligation	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2014	$0	$25,278,335	$25,278,335	0%	$524,795,561	4.82%
June 30, 2015	$0	$25,921,724	$25,921,724	0%	$530,043,517	4.89%
June 30, 2016	$0	$23,368,642	$23,368,642	0%	$536,071,713	4.36%

Actuarial Methods and Assumptions

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

In the June 30, 2016 actuarial valuation for postemployment healthcare benefits, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included an inflation rate of 2.5 percent, a 7.00 percent discount rate of return, salary increases of 2.5 percent annually and an annual healthcare cost trend rate of 7.5 percent trending down over the next five years to a rate of 5.00 percent for future years. The remaining open amortization period at June 30, 2016 for the UAAL was 25 years.

In the June 30, 2016 actuarial valuation for postemployment line of duty benefits, the Projected Unit Credit Actuarial Cost Method was used with attribution to the event that caused the death or disability. The actuarial assumptions included an inflation rate of 2.5 percent, a 4.00 percent discount rate of return, salary increases of 3.0 percent annually, health care assumptions of 7.5 percent trending down over the next five years to a rate of 5.0 percent over the next five years based on a closed group. No provision is made for future hires. The remaining open amortization period at June 30, 2016 for the UAAL was 30 years.

NOTE 12. DEFINED COMPENSATION PLAN

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

Eligible retirees receive 20 percent of their final compensation annually for a period not to exceed 7 years or until they reach full, unreduced Social Security retirement age, whichever occurs first. Retirees' final compensation includes regular pay, including supplements but does not include overtime. Retirement compensation is adjusted pro-rata for the cost of living increases or decreases that are approved by the School Board. As a condition of the Program, participants are required to work 28 days per year. The total maximum days worked is limited to 196 days over a 7-year period. During the fiscal year ended June 30, 2016, an expenditure of $4,064,391 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

NOTE 13. INTERFUND AND COMPONENT UNIT OBLIGATIONS

The General Fund has an advance due from Belmont Park Golf Course for $112,500 for a loan. The General Fund also has a receivable due from Belmont Park Golf Course for $44,211 for a loan. The Water and Sewer Fund has a receivable due from the Capital Projects Fund for a loan. The Health Care Fund has a receivable due from each of the funds listed below for health care contributions due as of June 30, 2016.

Receivables and payables balances at June 30, 2016 were as follows:

	Receivables	Payables
General Fund	$ 1,187,506	$ 1,271,939
Special Revenue Fund	-	256,110
Water and Sewer Fund	3,526,962	119,873
Capital Projects Fund	-	3,526,962
Belmont Park Golf Course	-	1,189,725
Central Automotive Maintenance	-	27,924
Health Care Fund	1,678,065	-
	$ 6,392,533	$ 6,392,533

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

Component unit receivables and payables balances at June 30, 2016 were as follows:

	Receivables	Payables
General Fund – School Board	$ -	$ 248,287
Special Revenue Fund – School Board	-	8,009
JRJDC	-	24,267
Health Care Fund	280,563	-
	$ 280,563	$ 280,563

NOTE 14. FUND TRANSFERS

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

Inter-fund transfers for the year ended June 30, 2016 were as follows:

	Transfers Out	Transfers In
Governmental Funds:		
General Fund	$121,471,003	$ -
Special Revenue Fund	500,000	24,388,563
Debt Service Fund	-	56,105,548
Capital Projects Fund	2,000,000	43,476,892
	$123,971,003	$123,971,003

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2016, the County contributed $1,185,400 to the Economic Development Authority of Henrico County, Virginia, to foster economic development within the County, and the County received $275,013 from the Capital Region Airport Commission for water and sewer services.

NOTE 16. UNEARNED REVENUES

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling $37,084,999 is comprised of the following:

A. Advance Grant Funding

This represents a liability incurred by the County for monies accepted from a grantor using an advancement method for payments. The liability is reduced and revenue is recorded when expenditures are made in accordance with the grantor's requirements. Advanced grant funding at June 30, 2016 totaled $4,783,259 and $11,556,681 in the Special Revenue Funds for the County and the School Board respectively.

B. Unearned Tax Revenue

Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled $4,193,986 at June 30, 2016.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2016, but paid in advance by the taxpayers, totaled $15,463,138 at June 30, 2016.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2016. The County recorded $1,030,363 in the General Fund for monies received in advance of expenditures being made as of June 30, 2016. Unearned grant revenues for the Schools Special Revenue Fund totaled $57,572 for USDA donated food inventory on hand at June 30, 2016.

Also, the Water and Sewer Revenue Fund recorded unearned revenue in the amount of $18,503,484, which consists of an advance payment from a customer of $9,126,057 for water capacity and amounts held for contractors of $9,377,427.

NOTE 17. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2016:

Constitutional Officers - Self-Insurance Plan, Commonwealth of Virginia

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

Travelers Casualty and Surety Company of America

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

Fidelity and Deposit Company of Maryland

John Vithoulkas – County Manager	$ 100,000
John H. Neal – Director of Department of General Services	$ 100,000
Anthony J. Romanello – Deputy County Manager	$ 100,000
Randall R. Silber – Deputy County Manager	$ 100,000
W. Brandon Hinton – Deputy County Manager	$ 100,000
Timothy A. Foster – Deputy County Manager	$ 100,000
Douglas A. Middleton– Deputy County Manager	$ 100,000
Cynthia Steinhauser– Director of Department of Social Services	$ 100,000
Mark J. Coakley – Registrar	$ 100,000
Debra Hargrave – School Board Deputy Agent	$ 10,000
Deborah N. Ward – School Board Deputy Clerk	$ 10,000
Debra Sue M. Largen – School Board Clerk	$ 10,000
Patrick C. Kinlaw – School Superintendent and Deputy Agent	$ 10,000
Bill Bowen – School Board Agent	$ 10,000

NOTE 18. JOINT VENTURES

A. The Capital Region Airport Commission

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

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

The percentage shares of the jurisdictions involved include the following:

City of Richmond	29.27%
County of Henrico	31.44%
County of Chesterfield	30.17%
County of Hanover	9.12%
	100.00%

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

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

B. The Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (“Convention Authority”), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2 of the Code of Virginia (1950). The political subdivisions participating in the incorporation of the Convention Authority are the City of Richmond and the Counties of Henrico, Chesterfield and Hanover. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

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

The Convention Authority has issued $158,415,000 in Hotel Tax Revenue Bonds, which are secured by an 8 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of $13,058,906 for transient occupancy tax to the Convention Authority during the year ended June 30, 2016.

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

NOTE 19. LANDFILL CLOSURE AND POSTCLOSURE CARE LIABILITY

State and Federal laws and regulations require the County to place a final cover on each phase of its Springfield Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the Springfield and Charles City Road Landfill site for thirty years after closure. In accordance with GAAP, $3,306,134 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2016. The balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase, Phase I, Phase II, Phase III and Phase IV. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County plans to meet all Federal laws, regulations, and tests of financial assurance related to the financing of closure and post-closure care. The County closed the landfill to commercial waste and opened the transfer station in July 2014. The County estimates November 2015 as the end of the refuse disposal in the landfill. Closure is expected to be completed in fiscal year 2017.

NOTE 20. SPECIAL ASSESSMENT

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

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

By memorandum of understanding between the County and the RCC District, dated November 1, 2006, the County will collect and pay to the District the Special Assessments levied on the District. On March 2, 2015, the remaining $4,985,000 in outstanding bonds were redeemed and $286,620 of interest was paid from the Debt Service Reserve Fund.

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

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

At June 30, 2016, the total Bonds outstanding were $3,690,000 and interest of $1,228,917 was paid out of the Debt Service Reserve Fund. A principal payment of $3,505,000 was paid on March 1, 2016. By memorandum of understanding, between the County and the SWOV District, dated September 1, 2007, the County will collect and pay to the SWOV District the Special Assessments levied on the SWOV District. The Special Assessments for 2016 and 2015 were $1,480,000 and $3,844,000, respectively. As of June 30, 2016, the County has collected $740,000 for the 2016 first half special assessment and $1,922,000 for the 2015 second half special assessments. These special assessment collections were paid to the SWOV District on August 15, 2016 and February 12, 2016, respectively.

NOTE 21. JOINTLY GOVERNED ORGANIZATIONS

A. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the "CVWM Authority") was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg and Richmond, and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The CVWM Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2016 were $2,430,491.

B. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has one representative serving on the Greater Richmond Partnership's Board of Directors and the County contributed $385,000 for the year ended June 30, 2016.

C. Richmond Metropolitan Convention and Visitors Bureau

The Richmond Metropolitan Convention and Visitors Bureau ("RMCVB") serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico by promoting conventions, tourism and development in the metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The County has six representatives serving on RMCVB's Board of Directors and contributed $2,393,090 to RMCVB for the year ended June 30, 2016.

D. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission ("RRPDC") is comprised of members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has six representatives serving on the RRPDC and paid total dues of $206,155 for the year ended June 30, 2016.

Required Supplemental Information Other Than Management's Discussion and Analysis

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	$ 290,285,000	$ 290,285,000	$ 297,249,974	$ 6,964,974
Current personal property taxes	76,188,217	76,188,217	72,297,550	(3,890,667)
Delinquent real property taxes	4,000,000	4,000,000	5,204,343	1,204,343
Delinquent personal property taxes	1,200,000	1,200,000	11,218,256	10,018,256
Interest	275,000	275,000	499,828	224,828
Total general property taxes	371,948,217	371,948,217	386,469,951	14,521,734
Other local taxes:				
County recordation taxes	3,300,000	3,300,000	4,063,125	763,125
Local sales and use taxes	58,120,000	58,120,000	62,285,964	4,165,964
Consumer utility taxes	2,600,000	2,600,000	2,739,305	139,305
Business and professional license taxes	30,600,000	30,600,000	33,520,678	2,920,678
Motor vehicle license taxes	6,325,000	6,325,000	6,916,081	591,081
Meals Tax	20,000,000	20,000,000	28,073,420	8,073,420
Hotel and motel taxes	10,400,000	13,900,000	13,169,349	(730,651)
Bank franchise taxes	5,000,000	5,000,000	12,132,673	7,132,673
Grantor's taxes	900,000	900,000	1,127,214	227,214
Daily rental tax	110,000	110,000	77,969	(32,031)
Consumption tax	1,100,000	1,100,000	1,089,417	(10,583)
Total other local taxes	138,455,000	141,955,000	165,195,195	23,240,195
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	130,000	130,000	124,190	(5,810)
Transfer fees	7,000	7,000	8,212	1,212
Zoning application fees	150,000	150,000	155,642	5,642
Structure and equipment permits	2,650,000	2,650,000	3,752,787	1,102,787
Septic tank permits	5,000	5,000	300	(4,700)
Taxi cab certificates	15,000	15,000	12,795	(2,205)
Permits to purchase precious metal	5,000	5,000	8,800	3,800
Dog licenses	120,000	120,000	121,358	1,358
Other	644,100	644,100	560,053	(84,047)
Total permits, privilege fees and regulatory licenses	3,726,100	3,726,100	4,744,137	1,018,037
Fines and forfeitures:				
False alarm penalties	65,000	65,000	72,295	7,295
Traffic violations	2,500,000	2,500,000	1,851,465	(648,535)
Parking violations	25,000	25,000	21,088	(3,912)
Total fines and forfeitures	2,590,000	2,590,000	1,944,848	(645,152)
Revenue from use of money and property:				
Sale of equipment and publications	97,400	97,400	283,371	185,971
Rented county property	624,000	624,000	814,108	190,108
Use of money	7,144,000	7,144,000	2,496,929	(4,647,071)
Total revenue from use of money and property	7,865,400	7,865,400	3,594,408	(4,270,992)
Charges for services:				
Public works	170,000	170,000	202,887	32,887
Library	365,000	365,000	461,613	96,613
Sheriff fees	1,176,000	1,351,000	1,577,531	226,531
Commonwealth's Attorney fees	25,000	25,000	27,258	2,258
Public safety	15,000	15,000	29,192	14,192
Finance charges	265,000	265,000	253,638	(11,362)
Recreation	676,300	676,300	709,656	33,356
Information technology	750,000	750,000	756,500	6,500
Total charges for services	3,442,300	3,617,300	4,018,275	400,975

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	$ 4,137,500	$ 4,157,737	$ 9,136,550	$ 4,978,813
Total miscellaneous	4,137,500	4,157,737	9,136,550	4,978,813
Recovered costs:				
Finance	2,292,870	2,292,870	2,430,599	137,729
General services	920,000	920,000	1,701,159	781,159
Public health	35,000	35,000	-	(35,000)
Public works	415,000	415,000	105,848	(309,152)
Sheriff	700,000	700,000	694,155	(5,845)
Public safety	5,000	5,000	-	(5,000)
Total recovered costs	4,367,870	4,367,870	4,931,761	563,891
Total revenue from local sources	536,532,387	540,227,624	580,035,125	39,807,501
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	131,000	131,000	175,409	44,409
Recovery of central costs	475,000	475,000	637,467	162,467
Mobile home sales and use tax	12,500	12,500	8,520	(3,980)
Motor vehicle rental tax	2,600,000	2,600,000	3,705,598	1,105,598
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	13,500,000	13,500,000	12,722,974	(777,026)
Total non-categorical aid	53,720,283	53,720,283	54,251,751	531,468
Shared expenses:				
Sheriff	10,791,000	11,689,784	12,110,991	421,207
Commonwealth's Attorney	1,877,000	1,877,000	2,092,617	215,617
Election commission	70,000	70,000	265,780	195,780
Finance	684,000	684,000	780,544	96,544
Circuit court	2,800,000	2,951,597	3,213,742	262,145
Total shared expenses	16,222,000	17,272,381	18,463,674	1,191,293
Categorical aid:				
Library	183,000	183,000	192,915	9,915
Public safety	12,058,000	12,377,355	12,188,461	(188,894)
Public works	43,317,000	44,617,000	46,536,817	1,919,817
Juvenile and domestic relations	555,475	555,475	579,127	23,652
Total categorical aid	56,113,475	57,732,830	59,497,320	1,764,490
Total revenue from the Commonwealth	126,055,758	128,725,494	132,212,745	3,487,251
Revenue from the Federal government:				
Public safety	30,000	30,000	2,075,479	2,045,479
Total revenue from the Federal government	30,000	30,000	2,075,479	2,045,479
Total intergovernmental	126,085,758	128,755,494	134,288,224	5,532,730
Total General Fund	$ 662,618,145	$ 668,983,118	$ 714,323,349	$ 45,340,231

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	$ -	$ 3,844,000	$ 803,082	$ (3,040,918)
Current personal property taxes	-	-	114,599	114,599
Total general property taxes	-	3,844,000	917,681	(2,926,319)
Other local taxes:				
Local sales and use taxes	-	-	575,499	575,499
Business and professional license taxes	-	-	149,756	149,756
Total other local taxes	-	-	725,255	725,255
Revenue from use of money and property	250,000	250,000	333,378	83,378
Charges for services:				
Miscellaneous charges for services	10,579,222	10,752,713	11,317,157	564,444
Refuse collection billing	7,750,000	7,750,000	8,175,884	425,884
Recycle fees	191,975	191,975	189,343	(2,632)
Bulky waste collection fees	1,636,000	1,636,000	2,594,481	958,481
Leaf collection	3,018,511	3,018,511	3,018,511	-
Charges for street lights	83,100	83,100	3,603	(79,497)
Total charges for services	23,258,808	23,432,299	25,298,979	1,866,680
Miscellaneous revenues	1,186,222	2,022,459	1,224,273	(798,186)
Recovered costs:				
Recovered costs	549,222	591,712	512,494	(79,218)
Recoveries and rebates	47,684	47,684	154,419	106,735
Total recovered costs	596,906	639,396	666,913	27,517
Total revenue from local sources	25,291,936	30,188,154	29,166,479	(1,021,675)
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	30,000	30,000	42,340	12,340
Social services	9,602,201	12,881,749	11,899,624	(982,125)
Mental health and developmental services	8,328,652	9,100,129	8,466,940	(633,189)
Virginia department of corrections	1,517,593	1,554,627	1,554,627	-
Commonwealth's Attorney	225,493	225,493	229,172	3,679
Miscellaneous state grants	1,289,717	2,151,914	1,401,388	(750,526)
Total revenue from the Commonwealth	20,993,656	25,943,912	23,594,091	(2,349,821)
Revenue from the Federal government:				
Workforce investment	5,635,492	5,666,247	5,749,731	83,484
Social Services	9,625,124	10,534,938	10,211,196	(323,742)
Community development block grants	-	2,238,662	2,007,090	(231,572)
Public safety	-	572,084	512,254	(59,830)
Mental health and developmental services	1,801,023	1,975,590	1,985,992	10,402
Miscellaneous federal grants	418,551	750,451	809,408	58,957
Total revenue from the Federal government	17,480,190	21,737,972	21,275,671	(462,301)
Total intergovernmental	38,473,846	47,681,884	44,869,762	(2,812,122)
Total Special Revenue Fund	$ 63,765,782	$ 77,870,038	$ 74,036,241	$ (3,833,797)
Grand Total Revenues - Primary Government	$ 726,383,927	$ 746,853,156	$ 788,359,590	$ 41,506,434

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	$ 1,024,964	$ 1,058,819	$ 1,057,218	$ 1,601
Total legislative	1,024,964	1,058,819	1,057,218	1,601
General and financial administration:				
County Manager	3,451,131	3,788,760	3,737,405	51,355
County Attorney	2,183,750	2,250,504	2,264,346	(13,842)
Human Resources	14,112,493	19,247,145	16,942,912	2,304,233
Finance	13,412,501	13,578,515	13,206,044	372,471
General Services	13,640,309	14,765,715	13,426,313	1,339,402
Internal Audit	420,580	431,161	430,353	808
Real Property Agent	618,161	634,148	634,065	83
Information Technology	12,872,673	13,730,789	12,603,208	1,127,581
Total general and financial administration	60,711,599	68,426,738	63,244,646	5,182,092
Board of Elections:				
Election Commission	1,332,123	1,735,250	1,590,675	144,575
Total Board of Elections	1,332,123	1,735,250	1,590,675	144,575
Total general government administration	63,068,686	71,220,807	65,892,539	5,328,268
Judicial administration:				
Courts:				
Circuit Court	2,976,718	3,489,829	3,133,753	356,076
General District Court	207,341	256,476	232,298	24,178
Juvenile and Domestic Relations Court	2,408,785	2,476,604	2,378,890	97,714
Total Courts	5,592,844	6,222,909	5,744,941	477,968
Commonwealth's Attorney:				
Commonwealth's Attorney	4,498,957	4,521,605	4,448,517	73,088
Total Commonwealth's Attorney	4,498,957	4,521,605	4,448,517	73,088
Total judicial administration	10,091,802	10,744,514	10,193,458	551,056
Public safety:				
Law enforcement:				
Police Department	67,795,498	70,593,720	69,926,735	666,985
Total law enforcement	67,795,498	70,593,720	69,926,735	666,985
Fire services:				
Fire Department	52,315,247	54,709,502	54,464,884	244,618
Total fire services	52,315,247	54,709,502	54,464,884	244,618
Correction and detention:				
Sheriff	36,315,266	38,668,794	38,647,599	21,195
Juvenile and Domestic Relations District Court	3,426,115	3,426,115	3,426,115	(0)
Total correction and detention	39,741,381	42,094,908	42,073,714	21,194
Inspections:				
Building	4,139,787	4,149,059	3,958,769	190,290
Total inspections	4,139,787	4,149,059	3,958,769	190,290
Other protection:				
Office of Emergency Services	177,395	165,165	164,708	457
Animal Protection	1,444,180	1,444,812	1,427,016	17,796
Building Security	1,449,588	1,488,629	1,357,365	131,264
Total other protection	3,071,163	3,098,606	2,949,089	149,517
Total public safety	167,063,076	174,645,795	173,373,191	1,272,604

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General Administration	$ 1,213,867	$ 1,667,817	$ 1,668,453	$ (636)
Mass Transit	6,686,563	6,915,686	6,908,519	7,167
Design	1,917,472	1,969,182	1,686,951	282,231
Construction and Maintenance	33,010,233	36,238,755	31,019,400	5,219,355
Traffic Engineering	3,309,133	4,529,384	3,271,793	1,257,591
Miscellaneous	1,901,351	2,096,704	2,031,444	65,260
Total maintenance of highways and streets	48,038,619	53,417,528	46,586,560	6,830,968
Sanitation and waste removal:				
Leaf Collection	3,018,511	3,018,511	3,018,511	-
Total sanitation and waste removal	3,018,511	3,018,511	3,018,511	-
Total public works	51,057,130	56,436,039	49,605,071	6,830,968
Health and social services:				
Health:				
Public Health Department	1,779,094	1,950,729	1,950,496	233
Total health	1,779,094	1,950,729	1,950,496	233
Total health and social services	1,779,094	1,950,729	1,950,496	233
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	17,517,077	17,918,616	17,223,569	695,047
Sandston Community House	14,000	14,000	13,202	798
Total parks and recreation	17,531,077	17,932,616	17,236,771	695,845
Library:				
Library Public Services	17,067,727	15,625,937	15,188,597	437,340
Total library	17,067,727	15,625,937	15,188,597	437,340
Total parks, recreation and cultural	34,598,804	33,558,552	32,425,368	1,133,184
Community development:				
Planning and community development:				
Economic Development	16,845,928	20,477,208	19,815,198	662,010
Planning and Rezoning	3,891,345	3,923,564	3,595,477	328,087
Total planning and community development	20,737,273	24,400,772	23,410,675	990,097
Cooperative extension program:				
Agriculture	381,617	383,467	332,339	51,128
Total cooperative extension program	381,617	383,467	332,339	51,128
Total community development	21,118,890	24,784,239	23,743,014	1,041,225
Education:				
School Board	211,398,600	211,398,600	211,398,600	-
Total education	211,398,600	211,398,600	211,398,600	-

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative Projects	$ 17,367,571	$ 16,591,997	$ 18,350,833	$ (1,758,836)
Total miscellaneous	17,367,571	16,591,997	18,350,833	(1,758,836)
Debt service:				
Capital lease principal	298,970	298,970	298,970	-
Capital lease interest	23,799	23,799	23,799	-
Total debt service	322,769	322,769	322,769	-
Total General Fund	$ 577,866,422	$ 601,654,041	$ 587,255,339	$ 14,398,702
Special Revenue Fund:				
General government administration:				
General and financial administration:				
Workforce Investment	$ 5,825,667	$ 9,344,699	$ 5,799,224	$ 3,545,475
Total general government administration	5,825,667	9,344,699	5,799,224	3,545,475
Judicial administration:				
Commonwealth's Attorney	922,398	1,473,918	1,018,334	455,584
Total judicial administration	922,398	1,473,918	1,018,334	455,584
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,501,717	3,448,184	1,805,916	1,642,268
Total law enforcement	1,501,717	3,448,184	1,805,916	1,642,268
Fire	-	801,054	209,274	591,780
Correction and detention:				
Community Diversion Program	1,834,445	1,972,827	1,884,812	88,015
Juvenile and Domestic Relations District Court	933,795	962,359	933,025	29,334
Total correction and detention	2,768,240	2,935,186	2,817,837	117,349
Total public safety	4,269,957	7,184,425	4,833,027	2,351,398
Public works:				
General Administration	897,000	2,767,424	1,036,149	1,731,275
Maintenance of Highways and Streets	83,100	83,100	68,673	14,427
Solid Waste Collection and Disposal	12,763,159	13,671,100	10,753,175	2,917,925
Total public works	13,743,259	16,521,624	11,857,997	4,663,627
Health and social services:				
Social Services	27,465,238	36,476,645	30,637,850	5,838,795
Mental health and developmental services:				
Related Services	4,916,387	6,319,818	4,501,457	1,818,361
Mental Health	11,008,966	11,985,553	10,681,280	1,304,273
Developmental Services	11,016,898	11,848,937	10,792,559	1,056,378
Substance Abuse	2,499,501	2,767,482	2,525,861	241,621
MH/DS Administration	5,491,222	5,842,172	5,493,628	348,544
Total mental health and developmental services	34,932,974	38,763,962	33,994,785	4,769,177
Total health and social services	62,398,211	75,240,607	64,632,635	10,607,972
Parks, recreation and culture:				
Parks and Recreation grants	-	18,550	6,178	12,372
Total parks, recreation and culture	-	18,550	6,178	12,372

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Community development:				
Planning and Community Development	$ -	$ 4,155,924	$ 2,060,743	$ 2,095,181
Economic Development	-	3,844,000	3,844,000	-
Total community development	-	7,999,924	5,904,743	2,095,181
Debt service:				
Capital lease principal	31,421	31,421	31,421	-
Capital lease interest	5,178	5,178	5,178	-
Total debt service	36,599	36,599	36,599	-
Total Special Revenue Fund	$ 87,196,091	$ 117,820,346	$ 94,088,737	$ 23,731,609
Grand Total Expenditures - Government Funds	$ 665,062,513	$ 719,474,387	$ 681,344,076	$ 38,130,311

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS **Exhibit 13**

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

LAST TWO FISCAL YEARS*

	2015	2016
Governmental Activities:		
Total pension liability		
Service cost	$ 23,796,971	$ 23,884,723
Interest on total pension liability	65,367,508	69,217,236
Difference between expected and actual experience	-	(15,888,024)
Benefit payments, including refunds of employee contributions	(43,077,241)	(47,302,547)
Net change in total pension liability	46,087,238	29,911,388
Total pension liability - beginning	964,087,706	1,010,174,944
Total pension liability - ending (a)	$ 1,010,174,944	$ 1,040,086,332
Total fiduciary net position		
Contributions - employer	$ 27,496,460	$ 28,290,290
Contributions - employee	9,281,980	9,452,120
Net investment income	113,606,404	38,115,473
Benefit payments	(43,077,241)	(47,302,547)
Administrative expense	(612,154)	(522,704)
Other	5,986	(8,071)
Net change in plan fiduciary net position	106,701,435	28,024,561
Plan fiduciary net position - beginning	729,182,146	835,883,581
Plan fiduciary net position - ending (b)	$ 835,883,581	$ 863,908,142
Net pension liability - ending (a)-(b)	$ 174,291,363	$ 176,178,190
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.06%
Covered - employee payroll	$ 197,721,517	$ 225,434,916
Net pension liability as a percentage of covered-employee payroll	88.15%	78.15%
Business-Type Activities:		
Total pension liability		
Service cost	$ 1,715,200	$ 1,683,447
Interest on total pension liability	4,711,454	4,878,582
Difference between expected and actual experience	-	(1,119,823)
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)
Net change in total pension liability	3,321,802	2,108,219
Total pension liability - beginning	68,748,558	72,070,360
Total pension liability - ending (a)	$ 72,070,360	$ 74,178,579
Total fiduciary net position		
Contributions - employer	$ 1,981,845	$ 1,993,960
Contributions - employee	669,012	666,206
Net investment income	8,188,339	2,686,461
Benefit payments	(3,104,852)	(3,333,987)
Administrative expense	(44,121)	(36,841)
Other	431	(569)
Net change in plan fiduciary net position	7,690,654	1,975,230
Plan fiduciary net position - beginning	51,997,574	59,688,228
Plan fiduciary net position - ending (b)	$ 59,688,228	$ 61,663,458
Net pension liability - ending (a)-(b)	$ 12,382,132	$ 12,515,121
Plan fiduciary net position as a percentage of total pension liability	82.82%	83.13%
Covered - employee payroll	$ 14,706,712	$ 15,129,203
Net pension liability as a percentage of covered-employee payroll	84.19%	82.72%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA

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

SCHOOL BOARD NON-PROFESSIONAL GROUP

LAST TWO FISCAL YEARS*

	2015	2016
School Board Non-Professional Group		
Total pension liability		
Service cost	$ 72,260	$ 69,746
Interest on total pension liability	582,852	580,111
Difference between expected and actual experience	-	(139,895)
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)
Net change in total pension liability	(34,501)	(188,962)
Total pension liability - beginning	8,671,261	8,636,760
Total pension liability - ending (a)	$ 8,636,760	$ 8,447,798
Total fiduciary net position		
Contributions - employer	$ 372,141	$ 238,475
Contributions - employee	31,303	31,253
Net investment income	804,061	251,841
Benefit payments	(689,613)	(698,924)
Administrative expense	(4,544)	(3,822)
Other	43	(54)
Net change in plan fiduciary net position	513,391	(181,231)
Plan fiduciary net position - beginning	5,309,719	5,823,110
Plan fiduciary net position - ending (b)	$ 5,823,110	$ 5,641,879
Net pension liability - ending (a)-(b)	$ 2,813,650	$ 2,805,919
Plan fiduciary net position as a percentage of total pension liability	67.42%	66.79%
Covered - employee payroll	$ 678,882	$ 719,634
Net pension liability as a percentage of covered-employee payroll	414.45%	389.91%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS **Exhibit 15**
LAST TWO FISCAL YEARS*

	2015	2016
Governmental Activities:		
Actuarially determined contribution of employer	$ 27,496,460	$ 28,290,290
Contributions in relation to the actuarially determined contributions	27,496,460	28,290,290
Contribution deficiency (excess)	$ -	$ -
Covered - employee payroll	197,721,517	225,434,916
Contributions as a percentage of covered-employee payroll	13.91%	12.55%
Business-type Activities:		
Actuarially determined contribution of employer	$ 1,981,845	$ 1,993,960
Contributions in relation to the actuarially determined contributions	1,981,845	1,993,960
Contribution deficiency (excess)	$ -	$ -
Covered - employee payroll	14,706,712	15,129,203
Contributions as a percentage of covered-employee payroll	13.48%	13.18%
School Board Non-Professional Group:		
Actuarially determined contribution of employer	$ 372,141	$ 238,475
Contributions in relation to the actuarially determined contributions	372,141	238,475
Contribution deficiency (excess)	$ -	$ -
Covered - employee payroll	$ 678,882	$ 719,634
Contributions as a percentage of covered-employee payroll	54.82%	33.14%

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE **Exhibit 16**
OF THE NET PENSION LIABILITY
TEACHERS PENSION PLAN
LAST TWO FISCAL YEARS*

	2015	2016
Schools' proportion of the net pension liability	3.29%	3.28%
Schools' proportionate share of the net pension liability	$ 398,595,000	$ 413,109,000
Schools' covered-employee payroll	$ 274,852,745	$ 282,091,050
Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.02%	146.45%
Plan fiduciary net position	$ 970,083,754	$ 995,953,131
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%

*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOL CONTRIBUTIONS **Exhibit 17**
TEACHERS PENSION PLAN
LAST TWO FISCAL YEARS*

	2015	2016
Contractually required contribution	$ 28,125,017	$ 35,384,284
Contributions in relation to the contractually required contribution	$ 28,125,017	$ 35,384,284
Contribution deficiency (excess)	-	-
Schools' covered-employee payroll	$ 274,852,745	$ 282,091,050
Contributions as a percentage of covered-employee payroll	10.23%	12.54%

*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only two years are shown herein.

Defined Benefit Pension Plan

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented to not relect 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 withdrawl
- Decrease in male and female rates of disability

Budgets

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

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

Other Supplemental Information

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

COUNTY OF HENRICO

VIRGINIA

DEBT SERVICE FUND

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule 1

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous revenue	$ -	$ -	$ -	$ -
Total Debt Service Fund	$ -	$ -	$ -	$ -

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule 2

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	$ 50,000	$ 350,000	$ 21,887	$ 328,113
Debt Service:				
Principal payments	38,174,821	38,317,191	38,605,000	(287,809)
Interest payments	18,580,727	18,432,107	17,459,547	972,560
Total Debt Service	56,755,548	56,749,298	56,064,547	684,751
Total Debt Service Fund	$ 56,805,548	$ 57,099,298	$ 56,086,434	$ 1,012,864

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

COUNTY OF HENRICO

VIRGINIA

INTERNAL SERVICE FUNDS

Financial Statements

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

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

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF NET POSITION **Schedule 3**
INTERNAL SERVICE FUNDS
JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	$ 4,071,361	$ 2,984,793	$ 24,641,717	$ 31,697,871
Receivables, net	7,268	-	-	7,268
Due from other funds	-	-	1,678,065	1,678,065
Due from component unit	-	-	280,563	280,563
Inventories	763,654	-	-	763,654
Other assets	143,540	-	15,872	159,412
Total current assets	4,985,823	2,984,793	26,616,217	34,586,833
Capital Assets:				
Other capital assets, net	13,534,187	-	-	13,534,187
Capital assets, net	13,534,187	-	-	13,534,187
Total assets	18,520,010	2,984,793	26,616,217	48,121,020
Deferred Outflows of Resources:				
Change in pension proportionate share assumption	36,276	-	-	36,276
Pension contributions after measurement date	415,598	-	-	415,598
Total deferred outflows of resources	451,874	-	-	451,874
Total assets and deferred outflows of resources	18,971,884	2,984,793	26,616,217	48,572,894
Liabilities:				
Accounts payable	542,654	26,171	-	568,825
Accrued liabilities	510,896	-	15,007,278	15,518,174
Due to other funds	27,924	-	-	27,924
Net pension liability	2,625,159	-	-	2,625,159
Long-term liabilities due within one year	226,559	-	-	226,559
Long-term liabilities due in more than one year	42,593	-	-	42,593
Total liabilities	3,975,785	26,171	15,007,278	19,009,234
Deferred Inflows of Resources:				
Change in pension proportionate share assumption	62,347	-	-	62,347
Net difference between actual and expected experience	175,877	-	-	175,877
Net difference between projected and actual pension earnings	866,929	-	-	866,929
Total deferred inflows of resources	1,105,153	-	-	1,105,153
Total liabilities and deferred inflows of resources	5,080,938	26,171	15,007,278	20,114,387
Net Position:				
Net investment in capital assets	13,534,187	-	-	13,534,187
Unrestricted	356,759	2,958,622	11,608,939	14,924,320
Total net position	$ 13,890,946	$ 2,958,622	$ 11,608,939	$ 28,458,507

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	$ 17,817,369	$ -	$ -	$ 17,817,369
Contributions:				
Employer	-	-	70,997,785	70,997,785
Employee	-	-	18,206,183	18,206,183
Retiree	-	-	56,845	56,845
Disabled	-	-	-	-
Other	18,303	1,000,000	193,303	1,211,606
Total operating revenues	17,835,672	1,000,000	89,454,116	108,289,788
Operating Expenses:				
Utility charges	119,161	-	-	119,161
Personnel services and benefits	4,267,191	-	96,015,684	100,282,875
Professional services	75,343	-	789,063	864,406
Materials and supplies	8,075,033	1,948,502	-	10,023,535
Maintenance and repairs	3,986,595	-	-	3,986,595
Other expenses	146,325	-	524,004	670,329
Depreciation	2,046,916	-	-	2,046,916
Total operating expenses	18,716,564	1,948,502	97,328,752	117,993,817
Operating (loss) income	(880,892)	(948,502)	(7,874,635)	(9,704,029)
Nonoperating Revenues (Expenses):				
Gain on sale of equipment	225,278	-	-	225,278
Other expense	-	-	-	-
Investment income	-	-	148,873	148,873
Total nonoperating revenues, net	225,278	-	148,873	374,151
Loss before capital contributions	(655,614)	(948,502)	(7,725,762)	(9,329,878)
Capital contributions - donated assets	37,706	-	-	37,706
Change in net position	(617,908)	(948,502)	(7,725,762)	(9,292,172)
Total Net Position - June 30, 2015	14,508,854	3,907,124	19,334,701	37,750,679
Total Net Position - June 30, 2016	$ 13,890,946	$ 2,958,622	$ 11,608,939	$ 28,458,507

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS **Schedule 5**
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	$ 17,836,702	$ 1,000,000	$ 89,399,274	$ 108,235,976
Payments to suppliers	(12,854,939)	(2,084,855)	(97,293,401)	(112,233,195)
Payments to employees	(3,551,150)	-	-	(3,551,150)
Net cash provided by (used in) operating activities	1,430,613	(1,084,855)	(7,894,127)	(7,548,369)
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,626,922)	-	-	(2,626,922)
Principle paid on debt	(2,690)	-	-	(2,690)
Proceeds from sale of capital assets	340,172	-	-	340,172
Net cash used in capital and related financing activities	(2,289,440)	-	-	(2,289,440)
Cash Flows From Investing Activities:				
Investment income received	-	-	148,873	148,873
Net (decrease) increase in Cash	(858,827)	(1,084,855)	(7,745,254)	(9,688,936)
Cash and cash equivalents - June 30, 2015	4,930,188	4,069,648	32,386,971	41,386,807
Cash and cash equivalents - June 30, 2016	$ 4,071,361	$ 2,984,793	$ 24,641,717	$ 31,697,871
Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used In) Operating Activities:				
Operating (loss) income	$ (880,892)	$ (948,502)	$ (7,874,635)	$ (9,704,029)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	2,046,916	-	-	2,046,916
Change in assets and liabilities:				
Receivables	1,030	-	300,000	301,030
Inventories	6,266	-	-	6,266
Due from other funds	-	-	(310,092)	(310,092)
Due from component unit	-	-	(44,750)	(44,750)
Other assets	(143,540)	-	206	(143,334)
Deferred outflows of resources	(42,049)	-	-	(42,049)
Accounts payable	(145,291)	(136,353)	-	(281,644)
Accrued liabilities	270,959	-	35,144	306,103
Due to other funds	5,313	-	-	5,313
Net pension liability	27,333	-	-	27,333
Deferred inflows of resources	284,568	-	-	284,568
Net cash provided by (used in) operating activities	$ 1,430,613	$ (1,084,855)	$ (7,894,127)	$ (7,548,369)

Supplemental disclosure of noncash investing and financing activities:

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

COUNTY OF HENRICO

VIRGINIA

AGENCY FUNDS

Financial Statements

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

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

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

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

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES **Schedule 6**
AGENCY FUNDS
JUNE 30, 2016

	Long-Term Disability	Agency Funds Special Welfare	Mental Health and Developmental Services	Non-Judicial Tax Sales	Total
Assets:					
Cash and cash equivalents	$ 1,182,634	$ 113,542	$ 53,473	$ 3,262	$ 1,352,911
Accounts receivable	-	84	-	-	84
Total Assets	$ 1,182,634	$ 113,626	$ 53,473	$ 3,262	$ 1,352,995
Liabilities:					
Amounts due to others	$ 1,182,634	$ 175	$ 53,473	$ 3,262	$ 1,239,544
Accounts payable	-	113,451	-	-	113,451
Total Liabilities	$ 1,182,634	$ 113,626	$ 53,473	$ 3,262	$ 1,352,995

COUNTY OF HENRICO, VIRGINIA **Schedule 7**
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	$ 932,786	$ 530,274	$ 280,426	$ 1,182,634
Total assets	$ 932,786	$ 530,274	$ 280,426	$ 1,182,634
Liabilities:				
Amounts due to others	$ 932,786	$ 530,274	$ 280,426	$ 1,182,634
Total liabilities	$ 932,786	$ 530,274	$ 280,426	$ 1,182,634
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 94,235	$ 158,141	$ 138,750	$ 113,626
Total assets	$ 94,235	$ 158,141	$ 138,750	$ 113,626
Liabilities:				
Amounts due to others	$ 91,118	$ 570	$ 91,513	$ 175
Accounts payable	3,117	157,571	47,237	113,451
Total liabilities	$ 94,235	$ 158,141	$ 138,750	$ 113,626
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	$ 58,666	$ 333,689	$ 338,882	$ 53,473
Total assets	$ 58,666	$ 333,689	$ 338,882	$ 53,473
Liabilities:				
Amounts due to others	$ 58,666	$ 333,689	$ 338,882	$ 53,473
Total liabilities	$ 58,666	$ 333,689	$ 338,882	$ 53,473
Non-Judicial Tax Sales:				
Assets:				
Cash and cash equivalents	$ 5,153	$ -	$ 1,891	$ 3,262
Total assets	$ 5,153	$ -	$ 1,891	$ 3,262
Liabilities:				
Amounts due to others	$ 5,153	$ -	$ 1,891	$ 3,262
Total liabilities	$ 5,153	$ -	$ 1,891	$ 3,262
Totals:				
Assets:				
Cash and cash equivalents	$ 1,090,840	$ 1,022,104	$ 759,949	$ 1,352,995
Total assets	$ 1,090,840	$ 1,022,104	$ 759,949	$ 1,352,995
Liabilities:				
Amounts due to others	$ 1,087,723	$ 864,533	$ 712,712	$ 1,239,544
Accounts payable	3,117	157,571	47,237	113,451
Total liabilities	$ 1,090,840	$ 1,022,104	$ 759,949	$ 1,352,995

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COUNTY OF HENRICO, VIRGINIA

COUNTY OF HENRICO

VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

AGENCY FUND

Financial Statements

School Activity Fund - To account for the receipt of funds received from various School activities.

COUNTY OF HENRICO, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2016

Schedule 8

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Totals
Assets:				
Cash and cash equivalents	$ 11,149,715	$ 706,172	$ 21,429,938	$ 33,285,825
Other assets	-	103,745	-	103,745
Due from other governmental units	4,196,916	27,044,095	-	31,241,011
Total Assets	$ 15,346,631	$ 27,854,012	$ 21,429,938	$ 64,630,581
Liabilities:				
Accounts payable	$ 295,251	$ 310,717	$ 12,851	$ 618,819
Accrued liabilities	2,665,103	608,683	1,051,323	4,325,109
Amounts held for others	83,866	-	-	83,866
Advance from Other Funds	-	5,008,228	-	5,008,228
Due to other funds	248,287	8,009	-	256,296
Total liabilities	3,292,507	5,935,637	1,064,174	10,292,318
Deferred Inflow of Resources:				
Unearned revenues	-	11,614,253	-	11,614,253
Fund balances:				
Restricted	-	4,926,190	-	4,926,190
Committed	-	-	20,365,764	20,365,764
Assigned	10,151,092	-	-	10,151,092
Unassigned	1,903,032	5,377,932	-	7,280,964
Total fund balances	12,054,124	10,304,122	20,365,764	42,724,010
Total Liabilities, Deferred Inflows and Fund Balances	$ 15,346,631	$ 27,854,012	$ 21,429,938	$ 64,630,581

Adjustments for the Statement of Net Position:

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	$ (2,964,087)
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	271,094,595
Deferred outflows - pension contributions are not current financial resources and therefore are not reported as assets in the governmental funds.	39,777,576
Pension liability is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(438,895,008)
Change in proportionate share allocation	(10,683,819)
Deferred inflows - differences between expected and actual experience are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(7,297,838)
Deferred inflows - net differences between projected and actual pension earnings are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(79,162,305)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(38,821,306)
Net Position of Discretely Presented Component Unit - School Board	$ (224,228,182)

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule 9

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Total
Revenues:				
Permits, privilege fees and regulatory licenses	$ 427,412	$ -	$ -	$ 427,412
Charges for services	199,359	6,980,791	-	7,180,150
Miscellaneous	-	1,601,100	-	1,601,100
Recovered costs	290,990	-	-	290,990
Intergovernmental:				
Federal	-	39,898,135	-	39,898,135
State	241,286,248	10,838,921	-	252,125,169
Total revenues	$ 242,204,009	59,318,947	-	301,522,956
Expenditures:				
Education	$ 431,802,899	60,557,356	-	492,360,255
Capital projects	-	-	11,968,907	11,968,907
Debt service:				
Principal retirement	10,943,571	-	-	10,943,571
Interest	197,128	-	-	197,128
Total expenditures	$ 442,943,598	60,557,356	11,968,907	515,469,861
Excess (deficiency) of revenues over (under) expenditures	$ (200,739,589)	(1,238,409)	(11,968,907)	(213,946,905)
Other Financing Sources:				
Capital lease obligations incurred	5,336,060	-	-	5,336,060
Transfers in	-	-	10,990,470	10,990,470
Transfers out	(10,990,470)	-	-	(10,990,470)
Payment from Primary Government	208,881,052	17,548	2,500,000	211,398,600
Total other financing sources	$ 203,226,642	17,548	13,490,470	216,734,660
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	$ 2,487,053	(1,220,861)	1,521,563	2,787,755
Total Fund Balances - June 30, 2015	$ 9,567,071	11,524,983	18,844,201	39,936,255
Total Fund Balances - June 30, 2016	$ 12,054,124	$ 10,304,122	$ 20,365,764	$ 42,724,010

Adjustments for the Statement of Activities:	
Excess of revenues and other sources over expenditures and other uses	$ 2,787,755
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	10,943,571
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds.	(44,692,086)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	68,736,418
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(5,336,060)
Internal service funds are used to charge the costs of maintenance to governmental funds and are a reduction of related expenses in the Statement of Activities.	(598,390)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(39,994,024)
Change in Net Position of Discretely Presented Component Unit - School Board	$ (8,152,816)

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION **Schedule 10**
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
JUNE 30, 2016

	Agency Funds
Assets:	
Cash and cash equivalents	$ 5,126,679
Total Assets	$ 5,126,679
Liabilities:	
Amounts held for others	$ 5,126,679
Total Liabilities	$ 5,126,679

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES **Schedule 11**
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	$ 100,000	$ 100,000	$ 112,012	$ 12,012
Facilities rental	300,000	300,000	315,400	15,400
Total permits, privilege fees and regulatory licenses	400,000	400,000	427,412	27,412
Charges for services:				
School fees and tuitions	128,000	128,000	199,359	71,359
Total charges for services	128,000	128,000	199,359	71,359
Recovered cost:				
Sale of vehicles, textbooks and equipment	50,000	50,000	68,999	18,999
Recovered cost - student activities	330,000	330,000	221,991	(108,009)
Total recovered cost	380,000	380,000	290,990	(89,010)
Total revenue from local sources	908,000	908,000	917,761	9,761
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,400,000	1,400,000	1,404,754	4,754
English as a second language	1,767,800	1,767,800	1,834,217	66,417
General appropriation - basic aid	125,500,000	125,500,000	125,587,556	87,556
Foster child reimbursement	152,000	152,000	158,350	6,350
Textbooks	2,870,000	2,870,000	2,875,861	5,861
Social security reimbursement	7,785,000	7,785,000	7,800,871	15,871
Retirement reimbursement	15,485,000	15,485,000	15,422,411	(62,589)
Life insurance reimbursement	478,000	478,000	478,214	214
Remedial education	3,790,000	3,790,000	3,795,826	5,826
Share of State sales tax - schools	51,432,000	51,432,000	53,470,181	2,038,181
SOQ - basic special education	16,200,000	16,200,000	16,259,286	59,286
Special education - homebound	250,000	250,000	232,928	(17,072)
Vocational education - local administrative and supervisory	680,000	680,000	-	(680,000)
Vocational education - SOQ occupational	1,492,000	1,492,000	1,494,420	2,420
Handicapped - foster home	543,000	543,000	211,495	(331,505)
Salary incentive K-3	4,450,000	4,450,000	4,048,625	(401,375)
R.O.T.C.	350,000	350,000	390,704	40,704
Adult basic aid	-	-	727,917	727,917
At risk	2,735,000	2,735,000	2,740,726	5,726
Education State Compensation	2,000,000	2,000,000	2,158,873	158,873
Other categorical aid	100,000	100,000	193,033	93,033
Total categorical aid	239,459,800	239,459,800	241,286,248	1,826,448
Total revenue from the Commonwealth	239,459,800	239,459,800	241,286,248	1,826,448
Total Component Unit - General Fund	$ 240,367,800	$ 240,367,800	$ 242,204,009	$ 1,836,209

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	$ 8,600,000	$ 8,600,000	$ 6,980,791	$ (1,619,209)
Total charges for services	8,600,000	8,600,000	6,980,791	(1,619,209)
Miscellaneous:				
Miscellaneous	231,422	231,422	406,650	175,228
Recoveries and rebates	1,388,628	1,388,628	1,194,450	(194,178)
Total miscellaneous	1,620,050	1,620,050	1,601,100	(18,950)
Total revenue from local sources	10,220,050	10,220,050	8,581,891	(1,638,159)
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,441,258	1,441,258	1,378,680	(62,578)
Technology	2,194,400	2,194,400	521,373	(1,673,027)
Summer school	1,607,789	1,607,789	834,781	(773,008)
General adult education	301,108	301,108	730,979	429,871
Other state educational grants	8,079,069	8,079,069	7,373,108	(705,961)
Total revenue from the Commonwealth	13,623,624	13,623,624	10,838,921	(2,784,703)
Revenue from the Federal Government:				
Title I	8,033,721	8,033,721	8,980,938	947,217
Title VI-B	9,805,977	9,805,977	9,687,228	(118,749)
Vocational federal act	-	-	539,886	539,886
Head start	1,252,896	1,252,896	1,360,866	107,970
Pre-school	279,588	279,588	174,128	(105,460)
School lunch program	13,930,498	13,930,498	9,812,884	(4,117,614)
School breakfast program	-	-	3,097,679	3,097,679
Other Federal educational grants	5,865,669	5,865,669	6,244,526	378,857
Total revenue from the Federal government	39,168,349	39,168,349	39,898,135	729,786
Total intergovernmental	52,791,973	52,791,973	50,737,056	(2,054,917)
Total Component Unit - Special Revenue Fund	$ 63,012,023	$ 63,012,023	$ 59,318,947	$ (3,693,076)
Grand Total Revenues - Component Unit - School Board	$ 303,379,823	$ 303,379,823	$ 301,522,956	$ (1,856,867)

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	$ 52,176,096	$ 59,253,255	$ 53,077,478	$ 6,175,777
Instructional	313,193,676	309,986,293	309,412,632	573,661
Transportation	25,000,071	27,683,833	25,155,009	2,528,825
Operation and maintenance	44,997,147	44,698,306	44,157,780	540,526
Total administration of schools	435,366,990	441,621,687	431,802,899	9,818,788
Debt Service:				
Principal retirement	10,943,571	10,943,571	10,943,571	-
Interest	197,128	197,128	197,128	-
Total debt service	11,140,699	11,140,699	11,140,699	-
Total education	446,507,688	452,762,386	442,943,598	9,818,788
Total Component Unit - General Fund	$ 446,507,688	$ 452,762,386	$ 442,943,598	$ 9,818,788
Special Revenue Fund:				
Education:				
Instruction	$ 35,895,903	$ 59,478,733	$ 38,228,759	$ 21,249,974
Other educational programs	3,855,622	2,543,317	1,813,604	729,713
Total education	39,751,525	62,022,050	40,042,362	21,979,687
School food service	23,772,232	24,375,312	20,514,992	3,860,320
Total Component Unit - Special Revenue Fund	$ 63,523,757	$ 86,397,362	$ 60,557,355	$ 25,840,007
Grand Total Expenditures - Component Unit - School Board	$ 510,031,445	$ 539,159,747	$ 503,500,953	$ 35,658,795

Statistical Section

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

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

Contents

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

Revenue Capacity **Tables V - VIII**
These schedules contain information to help the reader assess the County's most significant local revenue sources, the real and personal property tax.

Debt Capacity **Tables IX - X**
These schedules present information which help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information **Tables XI - XII**
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information **Tables XIII - XV**
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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

Table I

	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016
Governmental Activities:										
Net Investment in Capital Assets	$ 795,307	$ 846,377	$ 917,136	$ 921,623	$ 946,772	$ 1,009,019	$ 1,029,263	$ 1,049,919	$ 1,082,833	$ 1,093,486
Restricted For:										
Highways, Streets and Buildings	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924	74,460
Debt Service	30,881	32,847	40,667	38,006	35,199	37,787	34,667	35,187	35,729	35,283
Grants	22,060	26,128	25,768	29,488	39,207	40,738	43,598	47,264	47,142	51,010
Unrestricted	161,949	184,450	214,984	203,684	182,965	129,229	107,902	125,687	(75,487)	(99,933)
Total Governmental Activities Net Position	$ 1,093,240	$ 1,177,273	$ 1,272,390	$ 1,279,506	$ 1,298,860	$ 1,297,501	$ 1,308,669	$ 1,333,340	$ 1,156,141	$ 1,154,306
Business-type Activities:										
Net Investment in Capital Assets	$ 826,625	$ 863,944	$ 885,430	$ 909,604	$ 923,622	$ 946,577	$ 969,304	$ 1,015,261	$ 1,006,550	$ 1,045,556
Debt Service	15,885	15,699	15,129	16,704	16,516	16,516	15,070	17,005	17,002	21,532
Unrestricted	73,696	74,206	78,038	76,418	73,779	64,471	63,384	31,682	47,360	27,843
Total Business-Type Activities Net Position	$ 916,205	$ 953,849	$ 978,597	$ 1,002,727	$ 1,013,917	$ 1,027,564	$ 1,047,758	$ 1,063,948	$ 1,070,912	$ 1,094,931
Primary Government:										
Net Investment in Capital Assets	$ 1,621,931	$ 1,710,321	$ 1,802,566	$ 1,831,227	$ 1,870,394	$ 1,955,596	$ 1,998,567	$ 2,065,180	$ 2,089,383	$ 2,139,042
Restricted For:										
Highways, Streets, and Buildings	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924	74,460
Debt Service	30,881	32,847	55,796	54,710	51,715	54,303	49,737	52,192	52,731	56,815
Grants	37,945	41,827	25,768	29,488	39,207	40,738	43,598	47,264	47,142	51,010
Unrestricted	235,645	258,656	293,022	280,102	256,744	193,700	171,286	157,369	(28,127)	(72,091)
Total Primary Government Net Position	$ 2,009,446	$ 2,131,122	$ 2,250,987	$ 2,282,233	$ 2,312,777	$ 2,325,065	$ 2,356,427	$ 2,397,288	$ 2,227,053	$ 2,249,236

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 1

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

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

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

Table II

	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016
Expenses										
Governmental Activities:										
General Government	$ 79,015	$ 100,488	$ 97,459	$ 102,595	$ 88,350	$ 96,745	$ 96,108	$ 86,769	$ 101,642	$ 129,491
Judicial Administration	7,585	8,053	8,493	10,943	11,101	11,158	10,908	10,916	11,215	11,298
Public Safety	151,289	161,509	167,439	165,026	169,856	172,498	173,219	179,030	181,590	186,839
Public Works	60,957	61,590	65,154	77,785	71,986	75,272	70,303	77,624	82,583	80,918
Health and Welfare	57,777	60,903	62,145	67,543	60,937	60,572	57,700	58,681	61,796	66,956
Education	180,070	196,102	190,186	193,146	209,564	205,558	188,025	200,483	217,148	251,840
Parks, Recreation and Culture	28,748	33,624	34,829	35,204	34,329	34,987	34,781	34,159	35,058	37,434
Community Developmen	29,359	30,083	26,080	25,428	26,692	27,903	28,869	27,681	31,813	29,868
Interest and Long-term Debt	17,171	17,522	23,609	27,698	18,520	19,177	21,289	15,854	17,195	11,941
Total Government Activities Expenses	611,971	669,874	675,394	705,368	691,335	703,870	681,202	691,197	740,040	806,585
Business-Type Activities:										
Water and Sewer	81,415	84,792	86,688	87,290	92,028	90,830	89,813	96,918	102,977	107,950
Belmont Park Golf Course	1,122	1,106	1,200	1,237	1,227	1,241	1,166	1,150	965	1,082
Total Business-Type Activities Expenses	82,537	85,898	87,888	88,527	93,255	92,071	90,979	98,068	103,942	109,032
Total Primary Government Expenses	$ 694,508	$ 755,772	$ 763,282	$ 793,895	$ 784,590	$ 795,941	$ 772,181	$ 789,265	$ 843,982	$ 915,617
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	$ 18,941	$ 16,299	$ 18,283	$ 15,207	$ 11,461	$ 12,212	$ 11,094	$ 11,118	$ 13,164	$ 11,969
Judicial Administration	113	103	104	81	88	90	106	124	185	957
Public Safety	4,107	2,160	2,212	2,765	3,153	3,190	3,464	2,951	3,197	2,878
Public Works	10,566	11,601	13,000	13,741	15,760	13,667	15,077	14,851	3,392	3,464
Health and Welfare	8,062	8,436	9,059	9,645	9,507	10,225	10,234	11,255	10,764	11,317
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,285	1,395	1,351	1,444	1,439	1,497	1,494	1,446	1,360	1,250
Community Developmen	691	605	472	547	4,901	5,749	6,328	6,479	7,561	7,843
Interest and Long-term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	143,668	120,155	141,967	111,874	-	-	109,426	117,403	137,434	152,903
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	187,433	160,754	186,448	155,304	46,309	46,630	157,223	165,627	177,057	192,581
Business-Type Activities:										
Water and Sewer	108,688	116,085	110,179	88,428	91,827	97,318	100,998	101,395	110,953	117,240
Belmont Park Golf Course	931	986	964	868	867	979	844	797	853	823
Total Business-Type Activities Revenues	109,619	117,071	111,143	89,296	92,694	98,297	101,842	102,192	111,806	118,063
Total Primary Government Revenues	$ 297,052	$ 277,825	$ 297,591	$ 244,600	$ 139,003	$ 144,927	$ 259,065	$ 267,819	$ 288,863	$ 310,644

Note: Table may not foot due to rounding.

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

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

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

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

Table II (Cont'd)

	2007	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016
Net (Expense) Revenue										
Governmental Activities:										
General Government	$ (59,019)	$ (83,011)	$ (77,796)	$ (86,579)	$ (75,510)	$ (83,065)	$ (86,689)	$ (74,645)	$ (86,565)	$ (115,290)
Judicial Administration	(1,081)	(1,445)	(2,398)	(5,795)	(5,874)	(5,869)	(5,498)	(5,505)	(5,454)	(4,694)
Public Safety	(112,189)	(126,924)	(136,612)	(135,030)	(137,288)	(139,818)	(142,236)	(146,844)	(150,739)	(155,208)
Public Works	18,264	(4,879)	17,121	(26,246)	(12,395)	(20,548)	(13,665)	(15,234)	(14,734)	(3,916)
Health and Welfare	(20,361)	(20,980)	(20,828)	(25,890)	(21,057)	(21,047)	(21,664)	(20,749)	(16,612)	(21,119)
Education	(180,070)	(196,102)	(190,186)	(193,146)	(209,564)	(205,558)	(188,025)	(200,483)	(217,148)	(251,840)
Parks, Recreation and Culture	(27,140)	(31,998)	(33,158)	(33,555)	(32,711)	(33,296)	(33,103)	(32,502)	(33,359)	(35,984)
Community Development	(25,770)	(26,260)	(21,685)	(16,125)	(14,153)	(15,847)	(14,613)	(13,754)	(21,178)	(14,010)
Interest and Long-term Debt	(17,171)	(17,522)	(23,609)	(27,698)	(18,520)	(19,177)	(21,289)	(15,854)	(17,195)	(11,941)
Total Governmental Activities Net Expense	(424,537)	(509,121)	(489,151)	(550,064)	(527,072)	(544,225)	(526,782)	(525,570)	(562,984)	(614,002)
Business-Type Activities:										
Water and Sewer	27,273	31,293	23,491	18,929	8,137	13,392	17,885	11,806	18,224	20,270
Belmont Park Golf Course	(191)	(120)	(236)	(369)	(360)	(262)	(323)	(353)	(112)	(259)
Total Business-Type Activities Net Revenue	27,082	31,173	23,255	18,560	7,777	13,130	17,562	11,453	18,112	20,011
Total Primary Government Net Expense	$ (397,455)	$ (477,948)	$ (465,896)	$ (531,504)	$ (519,295)	$ (531,095)	$ (509,220)	$ (514,117)	$ (544,872)	$ (593,991)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property	$ 350,196	$ 377,200	$ 383,557	$ 366,203	$ 356,285	$ 355,138	$ 355,171	$ 367,971	$ 377,406	$ 387,744
Local Sales and Use	54,472	53,742	54,109	53,256	55,342	55,913	55,852	55,825	58,095	62,286
Business License	31,173	30,848	29,849	27,313	27,525	28,487	29,641	29,828	32,086	33,521
Hotel and Motel	10,305	10,489	9,640	9,006	9,389	10,627	10,851	11,008	12,193	13,169
Bank Franchise	5,120	11,114	17,220	14,579	18,906	17,440	11,740	9,138	11,482	12,133
Other	33,992	35,570	31,658	17,069	16,931	18,075	20,158	21,250	46,344	48,614
Interest and Investment Earnings	22,818	25,520	12,849	4,656	2,689	2,225	1,519	1,946	2,271	2,945
Grants and Contributions	39,482	47,612	43,735	61,238	57,854	54,053	51,426	51,143	50,727	50,633
Miscellaneous/Donated Assets	2,919	1,059	1,651	3,861	1,505	908	1,592	2,131	2,591	1,121
Total Governmental Activities	550,478	593,154	584,268	557,181	546,426	542,866	537,950	550,240	593,195	612,166
Business-Type Activities:										
Interest and Investment Earnings	5,811	4,788	1,015	646	714	1,051	1,024	2,075	799	1,020
Grants and Contributions	1,332	1,187	983	661	436	492	436	1,611	1,608	1,650
Miscellaneous/Donated Assets	(94)	495	(505)	4,262	2,264	(1,026)	1,172	1,051	1,214	1,340
Total Business-Type Activities	7,049	6,471	1,493	5,569	3,414	517	2,632	4,737	3,621	4,010
Total Primary Government	$ 557,527	$ 599,625	$ 585,761	$ 562,750	$ 549,840	$ 543,383	$ 540,582	$ 554,977	$ 596,816	$ 616,176
Change in Net Position										
Government Activities	$ 125,941	$ 84,033	$ 95,116	$ 7,117	$ 19,354	$ (1,359)	$ 11,168	$ 24,670	$ 30,211	$ (1,836)
Business Activities	34,131	37,644	24,748	24,129	11,191	13,647	20,194	16,190	21,733	24,021
Total Primary Government Net Position	$ 160,072	$ 121,677	$ 119,865	$ 31,246	$ 30,545	$ 12,288	$ 31,362	$ 40,860	$ 51,944	$ 22,185

Note: Table may not foot due to rounding

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

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

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

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

Table III

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Unspendable	$ -	$ -	$ -	$ -	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113
Restricted	-	-	-	-	4,512	4,532	5,026	6,812	7,321	5,277
Committed	-	-	-	-	5,000	10,000	2,920	18,842	28,204	33,206
Assigned	-	-	-	-	79,631	89,409	72,184	61,822	61,511	62,420
Unassigned	-	-	-	-	133,005	109,597	114,170	115,034	117,489	119,346
Total General Fund	203,279	234,792	247,327	242,864	222,261	213,651	194,413	202,623	214,638	220,362
All Other Governmental Funds:										
Unspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	26,738	28,532	28,448	30,253	28,973	29,018
Committed	-	-	-	-	208,320	212,618	191,275	148,380	119,743	140,570
Assigned	-	-	-	-	15,238	14,964	15,907	17,768	19,298	23,139
Unassigned	-	-	-	-	-	-	-	-	-	-
Undesignated										
Total All Other Governmental Funds	220,633	217,357	282,424	214,957	250,296	256,114	235,630	196,401	168,014	192,727
Total Fund Balances	$ 423,912	$ 452,149	$ 529,751	$ 457,822	$ 472,557	$ 469,765	$ 430,043	$ 399,024	$ 382,652	$ 413,089
General Fund:										
Reserved for:										
Advance to Other Funds	$ 113	$ 113	$ 113	$ 113						
Encumbrances	5,823	6,076	7,116	4,298						
Unreserved, reported in:										
Designated	74,614	98,599	100,889	101,927						
Undesignated	122,729	130,004	139,209	136,526						
Total General Fund	203,279	234,792	247,327	242,865						
All Other Governmental Funds:										
Reserved for:										
Encumbrances	70,168	70,725	96,054	69,556						
Unreserved, reported in:										
Designated:										
Special Revenue Fund	21,324	24,859	24,373	24,333						
Debt Service Fund	4,606	5,216	7,422	6,496						
Capital Project Fund	124,535	116,557	154,575	114,572						
Undesignated	-	-	-	-						
Total All Other Governmental Funds	220,633	217,357	282,424	214,957						
Total Fund Balances	$ 423,912	$ 452,149	$ 529,751	$ 457,822						

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

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

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

COUNTY OF HENRICO, VIRGINIA
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

(modified accrual basis of accounting)

($ in thousands)

Table IV

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
General Property Taxes	$ 346,403	$ 371,556	$ 377,532	$ 367,444	$ 353,555	$ 351,142	$ 352,275	$ 367,120	$ 375,685	$ 387,388
Other Local Taxes	129,919	127,268	126,270	119,791	127,013	129,354	125,872	125,113	158,824	165,920
Licenses and Permits	4,596	4,202	3,032	2,665	2,963	3,486	3,177	3,732	6,052	4,744
Fines and Forfeitures	2,640	2,404	2,333	2,480	3,187	2,958	3,415	2,649	2,523	1,945
Use of Money and Property	23,310	26,302	13,761	7,185	3,673	3,117	2,746	3,335	3,534	4,194
Charges for Services	25,026	22,105	23,825	25,928	25,993	26,279	27,446	28,783	28,383	29,317
Miscellaneous	7,360	7,451	9,075	7,191	8,545	6,861	8,639	8,807	9,360	10,681
Recovered Costs	5,928	5,455	6,392	6,246	6,319	6,908	6,231	5,635	5,821	5,599
Intergovernmental Revenue	148,941	176,600	164,086	168,695	165,570	160,862	155,590	167,242	172,485	180,066
Total Government Revenues	694,123	743,343	726,306	707,625	696,818	690,967	685,391	712,416	762,667	789,854
Expenditures:										
General Government	62,556	66,566	65,526	68,009	66,831	67,384	70,513	69,093	71,123	71,692
Judicial Administration	7,527	8,210	8,609	10,933	10,872	11,055	10,811	10,918	11,125	11,212
Public Safety	149,915	159,842	167,650	161,797	166,872	168,379	170,502	170,382	175,250	178,206
Public Works	45,339	47,226	50,799	52,693	47,941	54,071	51,344	59,730	63,621	61,463
Health and Welfare	57,681	61,420	62,776	61,632	60,487	60,342	57,369	58,616	61,614	66,583
Parks, Recreation and Culture	27,298	30,377	31,698	30,639	29,873	30,826	30,508	30,024	30,520	32,431
Community Development	29,358	30,076	26,134	25,615	26,416	27,711	28,687	27,548	31,497	29,648
Education	176,899	188,503	184,328	192,895	200,633	195,626	177,967	188,849	205,157	211,399
Miscellaneous	13,507	20,092	21,545	21,209	16,072	17,821	14,964	15,494	16,987	18,373
Debt Service - Principal	29,306	32,890	30,452	35,155	32,477	32,542	38,869	37,999	38,670	38,935
Debt Service - Interest	18,578	18,996	22,384	20,125	19,260	22,610	22,162	21,168	19,077	17,488
Capital Outlay	97,470	82,761	118,776	100,066	82,574	80,574	51,801	53,716	54,864	56,145
Total Government Expenditures	715,434	746,959	790,677	780,768	760,308	768,941	725,497	743,537	779,505	793,575
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,311)	(3,616)	(64,371)	(73,143)	(63,490)	(77,974)	(40,106)	(31,121)	(16,838)	(3,721)
Other Financing Sources (Uses):										
Transfers-in	146,445	108,134	115,122	96,503	96,801	84,029	109,077	87,589	107,121	123,971
Transfers-out	(146,445)	(108,134)	(115,122)	(96,503)	(96,801)	(84,029)	(109,077)	(87,589)	(107,121)	(123,971)
Issuance of Bonds	71,915	29,810	171,315	156,160	72,205	66,075	37,500	-	50,485	-
Issuance of Bond Premium	1,664	1,335	7,389	21,307	5,714	7,885	7,566	-	9,645	-
Loan Financing	-	-	-	-	-	-	-	-	-	34,000
Issuance of Capital Lease Obligations	104	709	67	140	306	1,222	126	101	95	158
Payment to Escrow Agent	-	-	(36,799)	(176,393)	-	-	(44,809)	-	(59,758)	-
Total Other Financing Sources, Net	73,683	31,854	141,972	1,214	78,225	75,182	383	101	467	34,158
Net Change in Fund Balances	$ 52,372	$ 28,238	$ 77,601	$ (71,929)	$ 14,735	$ (2,792)	$ (39,723)	$ (31,020)	$ (16,371)	$ 30,437
Debt service as a percentage of noncapital expenditures	8.31%	8.12%	8.28%	8.22%	7.94%	8.17%	9.26%	8.64%	8.07%	7.37%

Notes: Table may not foot due to rounding.

Source: County of Henrico Comprehensive Annual Financial Reports Exhibit 4

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

Table V

	Real Property					Personal Property						
Year	Residential Property	Commercial Property (1)	Public (3) Service Corp.	Total Real Property	Real Property Tax Rate (2)	Personal Property	Public (3) Service Corp.	Total Personal Property	Personal Property Tax Rate (2)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
2007	$ 22,769,740	$ 10,017,942	$ 850,902	$ 33,638,584	0.87	$ 3,807,727	$ 3,419	$ 3,811,146	3.50	$ 37,449,730	7.37 (4)	$ 37,449,730
2008	24,247,110	10,492,965	851,142	35,591,217	0.87	4,022,204	3,803	4,026,007	3.50	39,617,224	7.37 (4)	39,617,224
2009	24,154,886	10,820,982	913,716	35,889,584	0.87	3,789,013	2,763	3,791,776	3.50	39,681,360	7.37 (4)	39,681,360
2010	22,613,681	9,403,294	976,312	32,993,287	0.87	3,068,020	3,704	3,071,724	3.50	36,065,011	7.37 (4)	36,065,011
2011	22,439,661	9,262,487	988,146	32,690,294	0.87	3,208,453	3,324	3,211,777	3.50	35,902,071	7.37 (4)	35,902,071
2012	21,340,606	9,326,319	980,339	31,647,264	0.87	3,432,535	3,433	3,435,968	3.50	35,083,232	7.37 (4)	35,083,232
2013	21,059,811	9,716,301	938,957	31,715,069	0.87	3,586,164	3,143	3,589,307	3.50	35,304,376	7.37 (4)	35,304,376
2014	21,988,906	9,919,518	908,401	32,816,825	0.87	3,585,703	3,305	3,589,008	3.50	36,405,833	7.37 (4)	36,405,833
2015	22,810,890	10,292,187	962,217	34,065,294	0.87	3,766,963	2,529	3,769,492	3.50	37,834,786	6.57 (5)	37,834,786
2016	23,518,182	10,657,341	1,004,054	35,179,577	0.87	4,013,147	2,222	4,015,369	3.50	39,194,946	5.47 (6)	39,194,946

Source: County of Henrico Director of Finance

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

(1) Includes commercial, industrial, manufacturing and agriculture

(2) Per $100 of assessed value

(3) Source: State Corporation Commission and Department of Taxation

(4) Includes Machinery and Tools ($1.00), Aircraft ($1.60) and Semi-Conductor ($.40)

(5) Includes Machinery and Tools ($.30), Aircraft ($1.60) and Semi-Conductor ($.30)

(6) Includes Machinery and Tools ($.30), Aircraft ($.50) and Semi-Conductor ($.30)

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

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

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

COUNTY OF HENRICO, VIRGINIA
DIRECT TAX RATES
LAST TEN FISCAL YEARS

(rate per $100 of assessed value)

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi-Conductor	Total Direct Rate
2016	$ 0.87	$ 3.50	$ 0.30	$ 0.50	$ 0.30	$ 5.47
2015	0.87	3.50	0.30	1.60	0.30	6.57
2014	0.87	3.50	1.00	1.60	0.40	7.37
2013	0.87	3.50	1.00	1.60	0.40	7.37
2012	0.87	3.50	1.00	1.60	0.40	7.37
2011	0.87	3.50	1.00	1.60	0.40	7.37
2010	0.87	3.50	1.00	1.60	0.40	7.37
2009	0.87	3.50	1.00	1.60	0.40	7.37
2008	0.87	3.50	1.00	1.60	0.40	7.37
2007	0.87	3.50	1.00	1.60	0.55	7.52

Source: County of Henrico Director of Finance

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

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

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

COUNTY OF HENRICO, VIRGINIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR, PRIOR YEAR AND TEN YEARS AGO

Table VII

		Calendar Year 2016			Calendar Year 2015			Calendar Year 2007		
Taxpayer	Type of Business	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation
Virginia Power Company	Utility	$ 566,897,490	1	1.45%	$ 525,513,203	1	1.39%	$ 396,351,956	2	1.06%
Forest City (Short Pump TC, White Oak, etc)	Retail and Offices	329,240,600	2	0.84%	294,292,900	2	0.78%	241,480,600	5	0.64%
General Services Corporation	Apartments	242,778,800	3	0.62%	234,071,500	3	0.62%	-	N/A	-
The Wilton Companies	Office, Retail & Warehouse	234,398,900	4	0.60%	224,576,100	5	0.59%	213,671,100	8	0.57%
Highwoods Properties	Offices and Warehouses	231,574,600	5	0.59%	232,434,600	4	0.61%	290,628,100	3	0.78%
Verizon	Utility	211,796,458	6	0.54%	222,685,067	6	0.59%	231,774,173	6	0.62%
Weinstein Family	Apartments	200,172,600	7	0.51%	184,265,700	7	0.49%	-	N/A	-
HCA Health Services of VA	Hospital	176,879,724	8	0.45%	172,426,474	8	0.46%	-	N/A	-
Gumenick	Apartments and Retail	150,721,600	9	0.39%	143,760,200	9	0.38%	162,726,100	10	0.43%
United Dominion Realty Trust	Apartments	141,402,800	10	0.36%	137,650,600	10	0.36%	192,203,100	9	0.51%
Liberty Property, LP	Warehouses and Offices	-	N/A	-	-	N/A	-	216,008,600	7	0.58%
Qimonda AG (Infineon Technologies)	Industrial	-	N/A	-	-	N/A	-	959,366,000	1	2.56%
VAC Limited	Apartments	-	N/A	-	-	N/A	-	260,377,300	4	0.70%
Totals		$ 2,485,863,572		6.34%	$ 2,371,676,344		6.27%	$ 3,164,587,029		8.45%
Total Assessed Values		$ 39,194,946,557			$ 37,834,785,481			$ 37,449,730,650		

Source: County of Henrico Director of Finance

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

Table VIII

Year	Original Fiscal Year Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2007	$ 352,305,000 (1)	$ 331,949,276	94.2%	$ 7,810,096	$ 339,759,372	96.4%
2008	369,929,993	364,474,006	98.5%	4,881,310	369,355,316	99.8%
2009	380,661,375	371,078,746	97.5%	9,345,791	380,424,537	99.9%
2010	365,521,825	357,859,027	97.9%	7,479,652	365,338,679	99.9%
2011	349,268,894	336,136,985	96.2%	7,256,666	343,393,651	98.3%
2012	347,803,213	341,709,567	98.2%	5,359,194	347,068,761	99.8%
2013	357,613,295	351,926,258	98.4%	5,368,128	357,294,386	99.9%
2014	361,689,033	358,676,284	99.2%	2,067,461	360,743,745	99.7%
2015	373,457,423	357,897,136	95.8%	9,705,192	367,602,328	98.4%
2016	374,674,083	370,592,134	98.9%	N/A (2)	370,592,134	98.9%

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

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

(2) Fiscal year 2016 collections in subsequent years will be available as of the next reporting period.

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

Table IX

Fiscal Year	General Bonded Debt: General Obligation Bonds (2)	Less, Amounts Designated for Principal Payments	Net Bonded Debt	Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases
2007	$ 352,206,984	$ 4,606,347	$ 347,600,637	2.6%	0.9%	$ 1,149.02	$ 49,771,138
2008	356,022,994	5,216,511	350,806,483	2.5%	0.9%	1,148.00	43,865,892
2009	472,480,255	7,421,544	465,058,711	3.6%	1.2%	1,510.75	41,106,810
2010	451,492,866	6,496,004	444,996,862	3.4%	1.2%	1,427.53	36,568,194
2011	494,358,769	4,768,994	489,589,775	3.5%	1.4%	1,553.48	35,902,455
2012	533,781,559	2,757,410	531,024,149	3.6%	1.5%	1,669.06	35,011,636
2013	498,120,008	757,411	497,362,597	3.3%	1.4%	1,547.61	31,648,127
2014	459,391,297	757,411	458,633,886	3.0%	1.3%	1,412.79	27,654,285
2015	424,098,966	1,129,065	422,969,901	2.7%	1.1%	1,289.86	23,515,198
2016	384,048,359	1,148,179	382,900,180	2.2%	1.0%	1,151.45	53,336,713

Fiscal Year	Business-Type Activities: Water & Sewer Revenue Bonds (2)	Capital Leases	Total Primary Government	Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Component Units: School Board Capital Leases	JRJDC Facility Bond	JRJDC Capital Leases
2007	$ 201,471,701	$ 12,444	$ 603,462,267	4.5%	1.6%	$ 1,994.80	$ 19,268,975	$ 4,870,000	$ 9,661
2008	193,228,758	7,718	593,125,362	4.3%	1.5%	1,940.98	21,733,285	4,425,000	5,780
2009	184,941,553	2,729	698,531,347	5.4%	1.8%	2,269.20	11,963,471	3,960,000	1,688
2010	187,913,854	23,332	675,998,246	5.1%	1.9%	2,168.57	20,337,101	3,470,000	7,549
2011	181,293,222	16,110	711,570,556	5.1%	2.0%	2,257.83	21,698,861	2,960,000	5,963
2012	172,866,644	20,562	741,680,401	5.1%	2.1%	2,331.17	11,606,052	2,425,000	3,906
2013	164,219,306	21,719	694,009,160	4.6%	2.0%	2,159.51	7,246,929	1,860,000	1,397
2014	239,236,344	28,148	726,310,074	4.7%	2.0%	2,237.35	42,682,213	1,270,000	-
2015	231,360,899	35,173	679,010,236	4.3%	1.8%	2,070.67	31,573,304	650,000	8,244
2016	321,833,554	20,769	759,239,395	4.3%	1.9%	2,283.17	25,965,793	-	6,508

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

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

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

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

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

Table X

Fiscal Year	Operating Revenue	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2007	$ 82,750,017	$ 44,816,131	$ 37,933,886	$ 8,470,000	$ 9,708,681	$ 18,178,681	2.09
2008	86,691,475	52,062,041	34,629,434	8,205,000	9,252,708	17,457,708	1.98
2009	87,194,067	54,609,318	32,584,749	8,680,000	7,302,706	15,982,706	2.04
2010	83,321,061	54,265,948	29,055,113	6,780,000	8,162,621	14,942,621	1.94
2011	88,550,725	57,029,837	31,520,888	6,260,000	8,471,819	14,731,819	2.14
2012	91,838,857	55,519,463	36,319,394	8,070,000	8,582,853	16,652,853	2.18
2013	93,653,734	55,270,283	38,383,451	8,280,000	7,085,027	15,365,027	2.50
2014	97,868,671	61,678,495	36,190,176	8,025,000	7,044,891	15,069,891	2.40
2015	104,597,706	60,062,988	44,534,718	7,230,000	9,767,118	16,997,118	2.62
2016	107,480,177	66,069,889	41,410,288	7,705,000	9,300,077	17,005,077	2.44

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

(1) Water and Sewer Fund only.

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

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

Table XI

Year	County Population (1)	Total Personal Income (2) ($000)	Per Capita Income (2)	Average Daily Student Enrollment (3)	Unemployment Rate (4)
2007	302,518	$ 13,348,887	$ 45,036	47,537	2.8%
2008	305,580	13,839,779	46,102	48,226	3.7%
2009	307,832	12,978,091	42,584	48,822	7.2%
2010	311,726	13,265,139	43,151	48,230	7.2%
2011	315,157	13,823,694	44,529	48,431	7.0%
2012	318,158	14,578,842	46,292	49,769	6.3%
2013	321,374	15,128,147	47,482	49,871	5.9%
2014	325,283	16,036,443	49,814	49,128	5.3%
2015	328,890 (5)	16,731,047 (5)	51,405 (5)	49,497	4.5%
2016	332,538 (5)	17,455,736 (5)	53,046 (5)	50,126	3.7%

Sources:

(1) Henrico County 3-C Reports. Estimates from these reports are as of December 31 of the respective year.

(2) U.S. Department of Commerce (Bureau of Economic Analysis in Henrico County, Annual)

(3) Commonwealth of Virginia Superintendent's Annual Report

(4) Virginia Employment Commission (Henrico County Economic Profile 6/30/2016)

(5) Based on a trend average 2010 - 2014

COUNTY OF HENRICO, VIRGINIA

TOP TWENTY PRINCIPAL EMPLOYERS

LAST FIVE FISCAL YEARS

Table XII

	2016 (1)			2015			2014			2013			2012		
Employer	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Henrico County School Board	5,000-9,999	1	3.6%	5,000-9,999	1	3.6%	5,000-9,999	1	3.4%	5,000-9,999	1	3.6%	5,000-9,999	1	3.9%
County of Henrico	1,000-4,999	2	2.1%	1,000-4,999	2	1.9%	1,000-4,999	3	1.9%	1,000-4,999	3	1.9%	1,000-4,999	3	2.4%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.6%	1,000-4,999	3	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	4	1.6%	1,000-4,999	6	1.8%	1,000-4,999	6	1.8%	1,000-4,999	8	1.8%	1,000-4,999	7	1.8%
Henrico Doctors' Hospital (HCA)	1,000-4,999	5	1.6%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%
Capital One Bank	1,000-4,999	6	1.6%	1,000-4,999	4	1.8%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%
Wells Fargo Bank NA	1,000-4,999	7	1.6%	1,000-4,999	7	1.8%	1,000-4,999	8	1.8%	1,000-4,999	9	1.8%	1,000-4,999	9	1.8%
Walmart	1,000-4,999	8	1.6%	500-999	9	0.5%	1,000-4,999	9	1.8%	1,000-4,999	11	1.8%	1,000-4,999	11	1.8%
United States Postal Service	1,000-4,999	9	1.6%	500-999	8	0.5%	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%
Bank of America	1,000-4,999	10	1.6%	500-999	10	0.5%	1,000-4,999	7	1.8%	1,000-4,999	7	1.8%	1,000-4,999	8	1.8%
GNA Corporation	500-999	11	0.4%	500-999	11	0.5%	1,000-4,999	11	1.8%	1,000-4,999	13	1.8%	1,000-4,999	12	1.8%
Kroger	500-999	12	0.4%	500-999	12	0.5%	1,000-4,999	13	1.8%	500-999	15	0.5%	500-999	15	1.8%
Apex Systems, Inc.	500-999	13	0.4%	500-999	15	0.5%	500-999	15	0.5%	500-999	17	0.5%	-	N/A	-
Markel Service, Inc	500-999	14	0.4%	500-999	16	0.5%	500-999	16	0.5%	500-999	16	0.5%	500-999	17	0.5%
Martin's Food Market	500-999	15	0.4%	500-999	13	0.5%	1,000-4,999	12	1.8%	1,000-4,999	12	1.8%	1,000-4,999	13	1.8%
Source4Teachers	500-999	16	0.4%	500-999	19	0.5%	-	N/A	-	-	N/A	-	-	N/A	-
Virginia Department of Social Services	500-999	17	0.4%	500-999	17	0.5%	500-999	17	0.5%	500-999	19	0.5%	500-999	20	0.5%
T Mobile USA, Inc.	500-999	18	0.4%	500-999	18	0.5%	-	N/A	-	-	N/A	-	-	N/A	-
Dominion Resources	500-999	19	0.4%	-	N/A	-	500-999	18	0.5%	500-999	18	0.5%	500-999	19	0.5%
General Medical Corporation	500-999	20	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
SunTrust Bank	-	N/A	-	500-999	14	0.5%	1,000-4,999	14	1.8%	1,000-4,999	14	1.8%	500-999	19	0.5%
J. Sargeant Reynolds Community College	-	N/A	-	500-999	20	0.5%	500-999	20	0.5%	-	N/A	-	-	N/A	-
Verizon Virginia, Inc.	-	N/A	-	-	N/A	-	500-999	19	0.5%	500-999	20	0.5%	-	N/A	-
Admiral Security Services	-	N/A	-	-	N/A	-	-	N/A	-	1,000-4,999	6	1.8%	1,000-4,999	6	1.8%
Altria Corporate Services Inc	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	14	1.8%
Access America	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	16	0.5%
Totals			22.6%			21.0%			30.6%			30.8%			32.6%
Total County Employment (3)	186,728			180,876			172,420			164,450			166,525		

Source: Virginia Employment Commission

Employees and percentage of employment based on size code as published by VEC

(1) 2016 Data as of 1st Qtr 2016

(2) Non-Resident Employer of Henrico County Citizens

(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

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

Table XIII

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agriculture & Home Extension	3	3	3	3	3	2	2	2	2	2
Belmont Golf Course	9	9	9	9	9	9	9	9	8	8
Board of Supervisors	5	5	5	5	5	5	5	4	4	4
Building Inspections	59	61	61	58	58	56	54	53	52	53
Central Automotive Maintenance	65	65	65	65	65	67	67	67	67	67
Circuit Court Services	8	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	50	56	56	54	54	56	56	56	56	56
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	19	19	19	18	18	17	17	16	16	17
County Attorney	18	18	18	18	18	18	19	19	19	20
County Manager	13	13	13	13	13	13	13	13	13	14
Electoral Board	10	9	9	9	9	8	8	8	8	8
Finance	166	166	167	159	159	157	153	169	168	168
Fire	522	531	540	539	539	539	539	548	548	548
General Services	157	160	161	156	156	155	147	120	119	119
Human Resources	55	57	56	53	53	52	48	58	56	57
Hold Complement (2)	-	-	-	-	-	19	43	36	22	6
Information Technology	91	90	89	83	83	85	89	88	90	90
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	31	33	33	33	33	33	33	33	33	33
Library	178	178	183	173	173	168	164	161	171	197
Mental Health	224	225	225	220	220	220	218	219	219	219
Permit Centers	19	19	19	18	18	17	17	16	16	16
Planning	50	50	50	49	49	46	43	44	44	45
Police	810	799	799	797	799	798	798	807	817	827
Public Relations & Media Services	20	20	20	19	19	19	19	19	19	19
Public Utilities	316	320	320	308	309	307	306	306	306	307
Public Works	265	266	266	258	258	254	254	254	257	259
Real Property	8	8	8	7	7	7	7	7	7	7
Recreation & Parks	167	172	172	168	178	178	177	173	172	170
Sheriff	362	378	377	371	371	371	371	371	373	390
Social Services	154	157	168	168	168	168	168	168	172	177
Solid Waste	78	75	75	70	69	69	69	69	69	69
Sub-total General Government	3,938	3,976	4,000	3,915	3,927	3,927	3,927	3,927	3,937	3,986
Education	6,231	6,422	6,588	6,634	6,567	6,564	6,564	6,643	6,686	6,762
Total Government Employees	10,168	10,397	10,587	10,549	10,494	10,491	10,491	10,570	10,623	10,748

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

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by other agencies (319 as of February 15, 2016) are not included. General Government positions are based on headcount while Education positions are measured using FTE.

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

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

Table XIV

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
General Government										
Finance:										
Standard & Poor G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	107,533	109,333	109,970	110,369	112,383	112,490	112,986	113,641	114,370	114,840
Vehicles Assessed	348,862	349,306	328,204	347,913	347,790	354,721	354,419	351,318	363,776	364,000
GFOA Award CAFR - # of Years	25	26	27	28	29	30	31	32	33	34
GFOA Award Budget - # of Years	18	19	20	21	22	23	24	25	26	27
General Services:										
Fleet Annual Miles Driven	22,601,564	24,000,000	24,594,634	25,112,408	24,681,815	24,553,438	24,588,773	23,708,593	25,119,814	25,200,000
Gallons of Fuel Consumed	2,723,080	2,867,559	2,963,209	3,007,474	2,955,906	2,940,537	2,909,914	2,809,075	2,901,549	2,933,949
Total Work Orders Completed	28,301	30,490	24,589	20,361	22,308	24,550	23,000	20,048	21,253	10,400
Information Technology										
Internet Pages Accessed	12,207,405	13,861,882	16,629,902	19,212,527	19,121,527	6,365,812	6,486,961	6,865,209	7,263,391	7,230,287
Internet Site Visits	2,637,719	2,744,028	2,280,415	2,269,242	2,269,242	1,857,899	2,155,914	2,232,898	2,311,049	2,618,308
Central Computer Average Uptime (2)	99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	N/A	N/A
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	76,146	67,768	50,160	50,440	37,682	48,972	48,926	51,257	36,443	42,216
Civil Cases	2,881	3,001	2,852	3,104	3,034	3,113	3,135	3,237	3,475	3,965
Criminal Cases	8,613	8,001	6,971	7,133	6,431	5,616	5,833	5,375	5,073	5,620
General District Courts:										
New Criminal Cases Filed	10,475	7,878	10,386	10,620	15,196	13,057	13,267	13,158	14,289	13,967
New Civil Cases Filed	37,502	33,134	43,284	42,329	40,411	40,011	39,300	36,025	34,114	39,300
New Traffic Cases Filed	72,102	62,073	66,924	76,218	80,481	71,329	70,555	64,844	62,844	73,555
Commonwealth Attorney:										
Criminal Cases	25,532	26,000	25,084	25,038	34,061	34,227	35,617	35,687	40,597	35,500
Traffic Cases	96,553	97,000	94,356	107,397	109,152	99,262	97,580	90,598	88,907	100,000
Public Safety										
Police:										
Calls for Service	205,189	209,292	197,808	193,173	192,726	198,373	194,029	197,502	203,330	207,397
Criminal Arrests	24,815	25,311	21,399	20,330	20,716	19,989	20,690	27,671	20,059	20,460
Traffic Arrests	51,496	52,525	53,051	63,009	65,481	59,062	58,269	40,935	49,195	50,179
Fire Protection:										
Calls For Service	37,962	39,043	36,931	37,575	39,120	40,963	43,348	43,143	46,233	47,398
EMS and Rescue Calls	25,722	27,100	27,293	28,028	29,114	30,189	36,176	35,662	38,408	39,524
Fire Incidents	1,204	1,183	1,025	915	1,110	983	817	777	809	824
Sheriff:										
Civil Papers Served	121,201	123,098	115,186	120,746	116,434	115,948	100,626	105,120	112,078	112,200
Annual Committals to Jail	12,588	12,600	13,605	16,888	17,623	12,157	16,134	14,094	16,143	16,200
Average Daily Inmate Population	1,234	1,300	1,164	1,140	1,167	1,138	1,183	1,175	1,221	1,225
Building Inspections:										
Total Permits Issued	18,509	20,000	12,819	11,975	12,208	13,771	14,274	13,972	13,577	14,000
Total Inspections	86,130	85,500	59,795	51,495	51,351	56,236	67,036	70,990	68,861	69,850
Public Works										
Public Works:										
Lane Miles Maintained	3,231	3,310	3,348	3,385	3,402	3,433	3,452	3,454	3,468	3,479
Traffic Signals Maintained	138	130	138	140	144	144	149	150	150	150
Development Plans Reviewed	1,630	1,536	1,026	776	653	691	880	875	1,568	1,600
Health and Social Services										
Public Health:										
Patient Visits (3)	26,000	26,050	26,308	28,545	27,531	27,153	27,584	28,090	15,258	15,200
Water/Sewer Inspection Applications	350	350	195	179	179	243	243	243	N/A	N/A
Social Services:										
Clients Entering Employment	531	525	545	609	483	632	650	675	694	436
Clients Employed After 90 Days (4)	409	404	436	493	367	512	527	547	486	N/A
Education										
Schools:										
Cost Per Student	$ 8,485	$ 8,957	$ 9,369	$ 9,485	$ 9,015	$ 9,041	$ 9,110	$ 8,978	$ 9,305	$ 9,647
Teaching Positions	3,554	3,657	3,791	3,815	3,720	3,737	3,719	3,741	3,780	3,833
Student/Teacher Ratio	13.4	13.2	12.7	13.0	13.0	13.0	13.4	13.1	13.1	13.1

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

Table XIV

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	3,401,181	3,500,000	3,537,272	4,001,371	3,951,571	3,829,590	3,787,758	3,333,223	3,295,348	3,500,000
Program Participants	306,575	350,000	306,498	396,900	397,000	397,000	397,000	23,223	30,404	40,350
Recreation Programs	16,364	16,550	17,234	15,848	16,400	16,400	16,400	1,197	2,762	1,199
Library:										
Customer Visits	1,446,004	1,632,666	1,865,118	1,904,924	2,046,163	2,040,073	2,063,468	2,032,388	1,986,263	1,958,700
Annual Circulation of Materials	2,695,776	2,690,534	3,584,375	3,786,229	3,905,151	3,860,738	3,881,526	3,935,828	3,936,061	4,051,024
Community Development										
Economic Development:										
Prospects Available (5)	95	95	95	95	95	95	95	95	238	N/A
Retention Calls	464	580	690	650	650	650	650	30	203	244
Successful Prospects	36	38	30	38	38	35	35	20	8	11
Planning:										
Reviews Completed	537	289	326	256	300	260	232	284	322	300
Petitions and Permits Processed	262	122	110	85	87	87	86	126	118	120
Maps Prepared	1,603	1,588	848	743	1,036	1,048	1,048	1,191	1,364	1,100
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	8,996	9,075	10,985	11,345	11,004	10,421	10,766	10,609	11,170	11,800
Inspections Completed	22,133	22,500	27,513	29,138	27,499	26,626	27,406	27,273	30,451	32,000
Volunteers Hours Worked	7,154	7,511	5,024	6,242	2,488	4,076	2,708	3,478	2,256	3,900
Permit Center:										
Permit Applications Received	6,298	5,873	4,253	4,225	4,519	4,734	5,123	5,085	4,437	5,600
Permit Applications Reviewed	11,605	11,307	6,954	7,156	7,113	7,191	6,558	10,930	9,136	10,528
Permits Issued	5,763	5,151	4,168	4,035	4,447	4,646	5,076	5,472	5,058	5,375
Inquires	23,348	20,404	15,248	14,072	13,295	12,793	12,581	15,278	17,917	16,803
Public Utilities										
Solid Waste:										
Number of Customers	34,364	36,000	37,647	39,117	39,862	41,121	42,578	43,728	45,167	45,000
Tons of Waste Collected	108,614	97,800	91,855	81,785	83,264	90,495	93,860	95,748	44,624	46,000
Tons Deposited in Public Use Areas	37,078	30,000	40,272	32,212	29,700	29,888	29,091	29,942	23,946	25,000
Water and Sewer:										
Number of Water Customers	91,482	92,800	94,886	91,776	92,243	92,946	94,006	95,097	95,994	97,000
Number of Sewer Customers	89,790	91,000	91,631	88,854	89,355	90,068	91,110	92,125	93,087	94,100
Fire Hydrants in Service	11,054	11,200	11,567	11,799	11,969	12,167	12,321	12,464	12,611	12,800

Source: Approved County Budget

(1) FY2016 column data is revised budget not actual, where actual data is not yet available.

(2) Central Computer Average Uptime is no longer recordable due to infrastructure changes. Multiple servers hosts and storage devices are now being used instead.

(3) New performance measure used, with actual data available beginning in 2015.

(4) Due to a system replacement, the data is no longer trackable.

(5) Prospects Available is no longer recordable due to changes in reporting.

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

Table XV

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (1)
General Government										
Vehicles	410	533	728	487	575	559	534	920	567	482
Building Square Footage	2,182,633	2,194,808	2,194,808	2,203,193	2,225,054	2,669,214	2,691,018	2,672,574	2,680,779	2,810,500
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Police Stations	2	2	2	2	2	2	2	3	3	3
Police Field Offices	2	2	2	2	3	3	3	2	2	2
Vehicles	650	638	651	711	740	734	808	1,064	825	778
Sheriff:										
Vehicles	55	55	55	60	59	61	61	61	67	71
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
Juvenile & Domestic Relations										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
Fire Protection:										
Stations	20	20	20	20	20	20	20	20	20	20
Vehicles	169	168	168	175	177	177	175	179	192	226
Public Works:										
Miles of Maintained Roads	1,311	1,317	1,327	1,338	1,339	1,349	1,354	1,357	1,360	1,370
Miles of Storm Drainage	1,078	1,093	1,102	1,116	1,116	1,116	959	1,547	2,096	1,553
Vehicles	306	299	323	323	315	333	333	335	336	357
Education										
Schools:										
School Facilities	70	70	71	71	71	73	73	74	72	72
Vehicles	1,070	1,096	1,158	1,131	1,137	1,173	1,183	1,184	1,186	1,203
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	17	17	20	17	20	20	20	14	21	21
Developed Park Acreage	1,897	1,900	2,505	2,505	2,505	2,505	2,515	2,539	2,584	2,584
Athletic Fields/Courts	417	419	419	423	410	410	187	227	199	200
County Golf Courses	1	1	1	1	1	1	1	1	1	1
Library:										
Number of Libraries	10	10	11	10	11	11	11	11	11	11
Titles in Collection	326,326	331,242	327,455	329,141	324,527	314,907	321,108	338,485	328,918	329,139
Volumes in Collection	895,954	1,042,188	901,837	924,076	860,640	863,149	899,266	903,125	839,037	833,141
Public Utilities										
Water and Sewer:										
Miles of Water Mains	1,463	1,495	1,515	1,528	1,548	1,558	1,572	1,582	1,595	1,607
Miles of Sewer Mains	1,391	1,420	1,445	1,443	1,450	1,456	1,463	1,470	1,481	1,491
Vehicles	341	347	354	353	358	358	358	380	373	393
Landfills (2)	1	1	1	1	1	1	1	1	-	-

Source: Approved County Budget

(1) FY2016 column data is revised budget not actual, where actual data is not yet available

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