HENRICO COUNTY, VIRGINIA

2016 - 2017

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

HENRICO COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2017

Table of Contents

HENRICO COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2017

Table of Contents continued

OTHER SUPPLEMENTAL INFORMATION

STATISTICAL SECTION (UNAUDITED)

INTRODUCTORY SECTION

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

COMMONWEALTH OF VIRGINIA

COUNTY OF HENRICO

John A. Vithoulkas
County Manager

November 27, 2017

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, 2017. 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, 2017, 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

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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, 332,368 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 that suggest a local economy that continues to grow with the lowest unemployment in eight years and the highest wage growth in Virginia for the first quarter 2017. Real estate assessments have grown for four 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 46 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 from 2017 are: Realtor.com named Richmond one of the top ten up-and-coming tech cities; Richmond was ranked the 24th best place to live in the U.S. by the U.S. News and World Report (4 places higher than last year); and Southern Living Magazine named Richmond the 9th best city to live in the South;

Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area - such as the 30 *Inc. 5000* companies with a significant presence in Henrico County, as well as the small businesses and entrepreneurial endeavors that drive our diverse economy. Combined, the Henrico companies that made the most recent 2017 Inc. 5000 list account for more than $721.8 million in revenue while averaging 216.5 percent growth annually. 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 to, or for existing companies to expand. The latest example of this is Facebook who, in October 2017, announced they would be investing $1.0 billion by building a new data center in Henrico.

In addition, eleven *Fortune 1000* companies are headquartered in the Richmond region, of which, eight are ranked in the *Fortune 500*. Of those eleven companies, four are in Henrico, and three are *Fortune 500* companies; Altria, Markel, and Genworth Financial, while The Brink's Company is a Fortune 1000 company. Richmond also has more Fortune 500 companies than San Diego, Philadelphia, San Antonio and Phoenix all of which have larger populations.

Outside of 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 and fifty other companies based in twelve nations outside the United States. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefited from their presence.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. According to the Bureau of Labor Statistics, as of August 2017 the County's unemployment rate (not seasonally adjusted) of 3.6 percent is lower than that of Virginia (3.8 percent) and considerably lower than that of the U.S. (4.4 percent). This 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 five successive years of growth in the total assessed value of real property. For the 2017 assessment of new and existing commercial and residential real estate, the total taxable assessed value of the County was approximately $35.7 billion, which represents an increase of about $1.6 billion compared to 2016. The increase in existing residential and commercial properties totaled 3.5 percent, while new residential and commercial construction increased $363 million. The most recent year-over-year increase in reassessments is higher than the prior year's 2.3 percent increase. These increases are two years in a four-year trend of reassessments coming in at over 2.0 percent and are significant improvements from four years prior, in which the total tax base increased just 0.4 percent, while 2012 and 2011 saw drops in the total tax base of 3.3 percent and 1.0 percent, respectively.

The Central Virginia housing market continues to remain strong with more sales and pending sales than last year's summer season. Average home prices continue to climb throughout most of the region, which is reflective of the declining number of active listings. For example, the median sale price of homes in the second quarter 2017 is up 7% from the same time last year at $245,951 or an increase of approximately $15,500. Additionally, homes are selling six days faster on average in the region compared to a year ago. The average days on the market stands at 34 for a reduction of 15%. Pending sales are up approximately 10% for the region while the supply of active listings has shrunk to historically low levels with an inventory of 4,330 listings or a reduction of 5% over last year

In addition, for the fiscal year ended June 30, 2017, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, is continuing to remain strong as the total number of permits increased 7.0% when compared to FY16.

Henrico County is still one of the Commonwealth's leaders in retail sales as it ranks fourth in total annual taxable sales. However, Henrico ranks first in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2016 were $5.48 billion, representing a 1.3 percent increase from 2015. These statistics are another indication that the County remains 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 occupancy tax used for tourism efforts that brought in $13,448,236 for FY17, a 2.1% increase from FY16. 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 2016, Henrico had the largest visitor spending of all the surrounding localities and the fifth highest in the state at $879.6 million.

On November 5, 2013, 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 Board of Supervisors approved an ordinance to levy this tax at the February 25, 2014 Board of Supervisors meeting after a public hearing was held. 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, the county has received $26.8 million for FY15, $28.1 million for FY16 and $28.4 million for FY17, significantly exceeding estimates. To date the meals tax has funded 241 projects at 64 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 among Virginia's ten largest localities. Henrico also approved three tax rate reductions in the past three years: the Aircraft tax rate went from $1.60 per $100 of assessed value to $0.50, the Machinery and Tools tax rate went from $1.00 per $100 of assessed value to $0.30, and the property tax rate for data center equipment went from $3.50 per $100 of assessed value to $0.40. These measures make Henrico more competitive and give Henrico the lowest effective Aircraft, Data Center and Machinery and Tools Tax Rates in Central Virginia. In FY17, Henrico also increased the Business Professional Occupancy License tax threshold from $100,000 to $200,000. 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%

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:

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%
FY11:	18.0%	FY17:	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 downgraded the U.S.'s long-term credit rating, Henrico County earned a reaffirmation of our AAA ratings from the all three bond rating agencies, maintaining our 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 United States government. As of this writing, 44 counties in the nation enjoy the triple AAA distinction, which represents just over one percent of all counties nationwide. Henrico County has capitalized on its premier credit rating by taking advantage of historically 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 was for $419.8 million of capital improvement projects, of which $272.6 million is for school projects. The remaining $147.2 million is 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 2017, Henrico County refunded $53.7 million in Series 2010A and Series 2011 General Obligation Bonds, achieving a true interest cost of 2.2 percent, and a net present value savings of $2.9 million. In the same May 2017 bond issue, the County issued new General Obligation Bonds to fund capital improvement projects totaling $102.3 million. These proceeds will be used to fund projects for schools, libraries, recreation and parks, and fire stations and facilities. The new funding had a true interest cost of 2.63% over a 20-year amortization period.

In September 2015, Dominion Resources, Inc. partnered with the PGA TOUR Champion's Tour to bring professional golf to Henrico. The first of four scheduled tournaments was played November 4^{th}-6^{th}, 2016 at the Country Club of Virginia's James River Course, located in Henrico. An estimated 30,000 people were in attendance with an economic impact of $12-13 million, not including 7.5 hours of international television coverage.

Henrico County has completed Phase I of the Cobb's Creek Reservoir project, which was acquisition of all the properties. This project is important to secure the County's water needs for the at least next 50 years and 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. Phase II of the project consisted of clearing a corridor for the relocation of Colonial Pipeline and Dominion Energy utility lines, constructing roads and staging areas, and erecting a communication tower. A substantial portion of Phase II was completed June, 2016, with a final cost of $5.6 million. Between February 2016 and July 2017, Colonial Pipeline and Dominion Energy relocated their utility lines with an estimated final cost of $35 million for Colonial Pipeline and $3.1 for Dominion. Phase III, which began October 2016, includes construction of two earthen dams, a pump station and the river intake facilities. The contract for this phase was given to MEB/Haymes Joint Venture LLC for $137.4 million with an estimate completion date of December 2021.

The County has also initiated construction on a new Public Safety Emergency Communications project that will replace the current system, which is no longer supported by the manufacturer and operates with outdated technology. The new system will be more advanced, provide manufacturer support for at least twenty years, and allow better regional communication among police, fire, 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 of 2016. Since that time, Henrico County and the vendor, Motorola Solutions, Inc., have been working towards implementing the project plan. All new tower sites have been identified, approved and construction drawings are being developed. The first phase of radio subscribers (portable and mobile radios) have been ordered, shipped and delivered. Programming of the subscribers is currently in progress and they will be issued once that is completed and training is delivered to the users. Expenditures are tracking with the described deployment progress of the project, and are on target with what was originally projected.

The Henrico County School Board also approved two new programs aimed at improving student performance and giving students new opportunities. The first is CodeRVA, a regional program that immerses selected 9^{th} and 10^{th} grade students in a STEM-heavy curriculum, allows them to graduate with a two-year Associate's degree and opens the door for paid internships in fields like computer science and data management. The second is An Achievable Dream, a program that has been used in VA Beach and Newport News and aims to close the achievement gap for low income students with extended days, summer intercessions and a dress code. The pilot program opened in Highland Springs Elementary School in September with an initial complement of 220 students in Kindergarten through the second grade.

Fiscal Year 2017 was the tenth 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 average increases in the cost of healthcare coverage 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 2017, the national cost of healthcare coverage increased by 9.0 percent, while Henrico County recognized an increase of 4.1 percent. 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

When looking at the national, state and local economies, most economic indicators indicate that Henrico is continuing to improve from the recession. However, a few indicators are still less than their pre-recession levels. One of these indicators is the poverty level, which is still high in all Virginia localities despite improvements over the past three years. 2015 was the strongest year for economic growth since the recession, but 2016 indicators across the board were rather tepid. Despite a slow 2016, early 2017 data shows strong economic growth similar to or better than what was experienced in 2015.

When looking at the economy from a structural level, most signs point to a healthy labor market and upbeat consumer and business sentiment. However, there are some events at the national level that could cause widespread economic shifts both locally and state wide. These are the ongoing debate about the future of the Affordable Care Act and the stability of healthcare markets, and the impacts that national tax reform could have on state and local revenues and national debt. Both of these could have far reaching effects on the economy both positively and negatively and require a certain level of contingency planning when looking towards the future.

Even though the state ended the 2017 fiscal year with a $132 million surplus, it was preceded by an announcement in June 2016 that the state would experience a $1.5 billion shortfall. Because of this and the state's use of reserves to balance budgets in recent years, Henrico maintains a cautious outlook when projecting state revenue.

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, 2016. This was the thirty-sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

John A. Vithoulkas
County Manager

Edward N. Smither, Jr.
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, 2016

Executive Director/CEO

HENRICO COUNTY, VIRGINIA
Directory of Officials
June 30, 2017

BOARD OF SUPERVISORS

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

ADMINISTRATIVE OFFICIALS

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

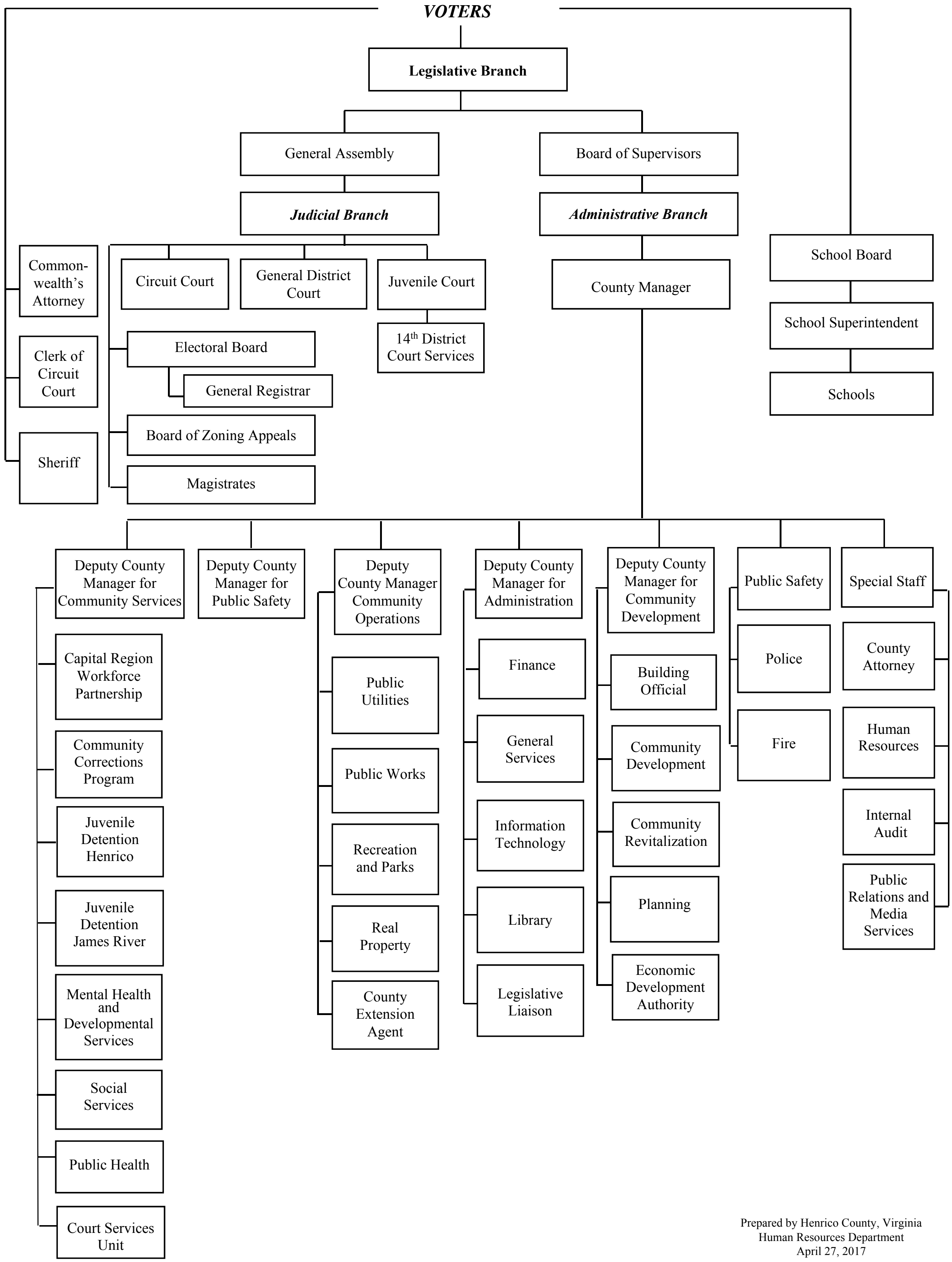
ELECTED SCHOOL BOARD

Beverly L. Cocke, Chair		Brookland District
Roscoe D. Cooper, III, Vice Chair		Fairfield District
Michelle F. "Micky" Ogburn		Three Chopt 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		Assistant Superintendent for Instruction
Nyah Hamlett		Assistant Superintendent for Instructional Support
Al Ciarochi		Assistant Superintendent for Operations
Chris Sorenson		Assistant Superintendent for Finance and Administration
Dr. Donna Eagle		Director of Human Resources
Andy Jenks		Director of Communications and Public Relations

Henrico County, Virginia
Organization Chart



Prepared by Henrico County, Virginia
Human Resources Department
April 27, 2017

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia (the County), as of and for the year ended June 30, 2017, 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.

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, 2017, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

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 90 through 96, the Schedules of Required Supplemental 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 Pension Information, on pages 97 through 102, the Schedule of Changes in the Net Healthcare OPEB Liability and Related Ratios, Schedule of Contributions, Schedule of Investment Returns, and Notes to Required Supplemental OPEB Information, on pages 103 through 108, and the Schedules of Funding Progress on page 81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the Introductory Section, Other Supplemental Information, and 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 27, 2017
Richmond, Virginia

HENRICO COUNTY, 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, 2017 (FY 2017). 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 2017

On a government-wide basis for governmental activities, the County had expenses net of program revenues of $599.5 million. General revenues of $646.1 million exceeded expenses, net of program revenues, by $46.6 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled $2,368.9 million at June 30, 2017 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financial sources and uses by $23.1 million (Exhibit 4) after making transfers out of $108.4 million, which include transfers to the Capital Projects Fund for $25.2 million, Special Revenue Fund for $25.7 million and Debt Service Fund for $57.5 million. In addition, the General Fund contributed $223.8 million to the County's component units (Exhibit 12).

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, 2016 and 2017 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2016	2017	2016	2017	2016	2017	2016	2017
Current and Other Assets	$566.9	$686.2	$229.1	$194.0	$796.0	$880.3	$68.2	$66.0
Capital Assets	1,433.9	1,424.3	1,236.2	1,284.3	2,670.1	2,708.6	277.1	297.7
Total Assets	2,000.8	2,110.5	1,465.3	1,478.3	3,466.1	3,588.9	345.3	363.6
Deferred Outflow of Resources	30.8	77.1	12.8	15.3	43.6	92.4	41.3	108.3
Long-term Liabilities	496.3	565.9	312.3	311.4	808.6	877.3	38.8	38.5
Net Pension Liability	176.2	215.3	12.5	15.2	188.7	230.5	441.6	497.3
Other Liabilities	110.1	108.5	53.1	34.7	163.2	143.2	14.4	9.2
Total Liabilities	782.6	889.7	377.9	361.3	1,160.5	1,251.0	494.8	545.0
Deferred Inflow of Resources	94.7	58.6	5.3	2.7	100.0	61.3	110.9	70.0
Net Position:								
Net Investment in Capital Assets	1,093.5	1,102.4	1,045.6	1,049.6	2,139.1	2,152.1	251.1	271.7
Restricted	160.7	212.9	21.5	21.5	182.2	234.4	5.0	9.2
Unrestricted (deficit)	(99.9)	(76.0)	27.8	58.5	(72.1)	(17.6)	(475.2)	(423.9)
Total Net Position (deficit)	$1,154.3	$1,239.3	$1,094.9	$1,129.6	$2,249.2	$2,368.9	$(219.1)	$(143.0)

The County's net position increased by 5.3%, or $119.7 million to $2,368.9 million from $2,249.2 million, an overall improvement resulting from the increase in net position for both the Governmental and Business-Type Activities (Exhibit 1).

The net position of the County's governmental activities increased by 7.4%, or $85.0 million to $1,239.3 million (Exhibit 1). Net Investment in Capital Assets increased by $8.9 million due to capital assets acquired and debt payments. Restricted net position increased by $52.2 million due to an increase in funds expended for capital projects and by additional funds reserved for debt service and grants. Unrestricted net deficit, the portion of net position that can be used to finance day-to-day operations, decreased by $23.9 million to ($76.0) million at June 30, 2017 (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 of business-type activities increased by 3.2%, or $34.7 million from $1,094.9 million to $1,129.6 million (Exhibit 2). Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was $58.5 million as of June 30, 2017 (Exhibit 1).

The net deficit of the aggregate discretely presented component units decreased 34.7%, or $76.1 million from ($219.1) million to ($143.0) million. Net Investment in Capital Assets increased by $20.6 million due to capital assets acquired and debt payments. Unrestricted net deficit, the portion of net position that can be used to finance day-to-day operations, decreased by $51.3 million to ($423.9) million at June 30, 2017 (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, 2016 and 2017 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2016	2017*	2016	2017*	2016	2017*	2016	2017*
Revenues:								
Program Revenues:								
Charges for Services	$39.7	$43.7	$118.0	$119.6	$157.7	$163.3	$12.0	$12.1
Operating Grants and Contributions	152.9	155.2	-	-	152.9	155.2	298.4	302.0
Capital Grants and Contributions	-	-	11.0	14.9	11.0	14.9	0.1	0.1
General Revenues:								
Property Taxes	387.7	403.2	-	-	387.7	403.2	-	-
Other Taxes	169.7	180.7	-	-	169.7	180.7	-	-
Other	54.7	62.2	4.0	4.4	58.7	66.6	2.3	2.9
Payment from Primary Government	-	-	-	-	-	-	212.1	223.8
Total Revenues	$804.7	$845.0	$133.0	$138.9	$937.7	$983.9	$524.9	$540.9
Expenses:								
General Government	$129.5	$97.9	-	-	$129.5	$97.9	-	-
Judicial Administration	11.3	11.9	-	-	11.3	11.9	-	-
Public Safety	186.8	198.0	-	-	186.8	198.0	5.7	5.2
Public Works	80.9	89.4	-	-	80.9	89.4	-	-
Health and Welfare	67.0	70.8	-	-	67.0	70.8	-	-
Education	251.8	249.2	-	-	251.8	249.2	527.4	514.5
Parks, Recreation and Cultural	37.4	40.3	-	-	37.4	40.3	-	-
Community Development	29.9	28.6	-	-	29.9	28.6	-	-
Interest on Long-term Debt	12.0	12.3	-	-	12.0	12.3	-	-
Water and Sewer	-	-	107.9	105.9	107.9	105.9	-	-
Golf Course	-	-	1.1	1.0	1.1	1.0	-	-
Total Expenses	$806.6	$798.4	$109.0	$106.9	$915.6	$905.3	$533.1	$519.7
Change in Net Position	(1.9)	46.6	24.0	32.0	22.1	78.6	(8.2)	21.2
Net Position (deficit), beginning of year	1,156.2	1,192.7	1,070.9	1,097.6	2,227.1	2,290.3	(210.9)	(164.2)
Net Position (deficit), end of year	$1,154.3	$1,239.3	$1,094.9	$1,129.6	$2,249.2	$2,368.9	($219.1)	($143.0)

*Beginning net position has been corrected for immaterial errors in the prior year related to the overstatement of deferred inflow of resources and pension expense. See footnote 1(O) for further details.

REVENUES

For the fiscal year ended June 30, 2017, revenues from governmental activities totaled $845.0 million, an increase of $40.3 million from fiscal year 2016. Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half calendar year 2016 and the first half of calendar year 2017 real property tax. The Real estate tax revenue collected during fiscal year 2017 was $310.3 million, an increase of $13.1 million or 4.4% from fiscal 2016 (Exhibit 13). The County Board of Supervisors maintained the real estate tax rate at the current amount of 87 cents per $100 of assessed value for calendar year 2017.

During fiscal year 2017, the County collected $75.3 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 $112.3 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 2017 of $37.0 million is paid in three installments. At June 30, 2017, the County accrued $18.5 million for the first half of the 2017 calendar year.

Business-type activities produced total revenues of $138.9 million, an increase of $5.9 million from fiscal year 2016. The largest business-type source of revenue is the County's Water and Sewer activity, which produced $118.9 million in charges for services and $14.9 million in capital grants and contributions (Exhibit 2).

EXPENSES

For the fiscal year ended June 30, 2017, expenses for governmental activities totaled $798.4 million, a decrease of $8.2 million from fiscal year 2016 (Exhibit 2). 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 $223.8 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 $106.9 million, a decrease of $2.1 million or 1.9% over fiscal year 2016 (Exhibit 2). The Water and Sewer activity accounts for $105.9 million of the total expenses of $106.9 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2017, the governmental funds reflect a combined fund balance of $537.9 million, an increase of $124.8 million from fiscal year 2016 (Exhibit 4). The General Fund accounts for $243.5 million (Exhibit 4) of the total combined balance. This is an increase of $23.1 million or 10.5% from the General Fund balance of $220.4 million recorded at June 30, 2016. The current General Fund Balance was impacted by General Fund Revenues, which increased by $35.0 million from fiscal year 2016. The largest increases occurred in General property taxes, which increased by $15.5 million and Other local taxes, which increased by $11.0 million. At the same time, General Fund Expenditures increased by $31.4 million or 5.3% from fiscal year 2016. Other Financing Uses, decreased by $13.9 million or 11.4% from fiscal year 2016. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed $25.2 million to the Capital Projects Fund to finance various capital projects, $25.7 million to the Special Revenue Fund and $57.5 million for debt service.

- The General Fund contributed $223.8 million to fund the fiscal year 2017 School Board operations, an increase of $12.4 million or 5.9% from the fiscal 2016 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of $51.3 million (Exhibit 4) increased slightly by $0.3 million from fiscal year 2016. The increase is due to revenues of $72.8 million and other financing sources of $24.5 million expenditures exceeding expenditures of $97.0 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 $46.5 million in revenues. The County's Social Services operations accounted for $46.5 million in State and Federal grant revenues (Exhibit 13) and $33.1 million in expenditures during fiscal year 2017 (Exhibit 14).

- The Debt Service Fund Balance decreased to $0.2 million from $1.1 million during fiscal year 2017 (Exhibit 4). The fund received transfers from the General Fund of $57.5 million and expenditures for debt service were $58.8 million.

- The Capital Projects Fund Balance of $242.9 million (Exhibit 4) is an increase of $102.3 million, or 72.8% in comparison to fiscal year 2016. During the fiscal year, expenditures for capital projects were $45.5 million, and revenues were $6.5 million. Other financing sources include transfers from the General Fund and Special Revenue Fund totaling $26.4 million, general obligation bond proceeds of $102.3 million, and bond premium of $12.7 million during fiscal year 2017.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget
(in millions)

	Original	Revised	Actual
Revenues:			
Taxes	$528.2	$531.2	$578.2
Intergovernmental	128.0	131.8	135.7
Other	26.8	26.9	35.4
Total Revenues	$683.0	$689.9	$749.3
Expenditures and Other Financing Uses:			
Expenditures	$602.0	$626.0	$618.7
Other Financing Uses	103.3	108.7	107.5
Total Expenditures and Other Financing Uses	705.3	734.7	726.2
Change in Fund Balance	($22.3)	($44.8)	$23.1

Revenues exceeded expenditures and other financing uses by $23.1 million in the General Fund for fiscal year 2017.

Actual General Fund revenues were more than the original budgeted revenues by $66.3 million during fiscal year 2017. Actual revenue collections exceeded the revised budget by $59.4 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 $17.3 million and other local taxes, such as the meals tax and bank franchise taxes, which exceeded the revised budget by $29.7 million (Exhibit 13). Actual General Fund expenditures were more than the original budget by $16.7 million, and less than the revised budget by $7.3 million.

During fiscal year 2017, the County Board of Supervisors amended the budget five 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, 2016.

- To reappropriate grant revenues authorized in fiscal year 2016 or earlier, but not expended or encumbered as of June 30, 2016.

- To appropriate grants or donations accepted or adjusted in fiscal year 2017.

- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2017 budget.

CAPITAL ASSETS

At the end of fiscal year 2017, the County's governmental activities (including Internal Service Funds) had net capital assets totaling $1,424.3 million, which represents a net decrease of $9.5 million or 0.7% 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	
	2016	2017	2016	2017	2016	2017	2016	2017
Non-Depreciable Assets:								
Land	$376.9	$380.7	$19.1	$19.1	$396.0	$399.8	$43.8	$43.8
Construction in Progress	55.7	43.7	136.9	162.4	192.6	206.1	4.3	12.2
Other Capital Assets:								
Building	859.1	870.4	382.1	384.4	1,241.2	1,254.8	338.5	363.4
Infrastructure	680.4	694.3	1,089.9	1,137.0	1,770.3	1,831.3	-	-
Equipment	239.7	246.5	156.0	162.0	395.7	408.5	196.0	213.5
Improvements other than Buildings	83.8	86.8	3.7	3.8	87.5	90.6	32.9	34.9
Accumulated Depreciation On Other Capital Assets	(861.8)	(898.1)	(551.5)	(584.4)	(1,413.3)	(1,482.5)	(338.4)	(370.1)
Total	$1,433.8	$1,424.3	$1,236.2	$1,284.3	$2,670.0	$2,708.6	$277.1	$297.7

The business-type net activities capital assets grew by $48.1 million to $1,284.3 million, an increase of 3.9% 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 $20.6 million to $297.7 million, an increase of 7.4% 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 November 2016, the County voters authorized the issuance of $419.8 million of General Obligation bonds. To date, the County has issued $102.3 million of the voter approved bonds. The proceeds from the issuance of these bonds are to be used for school capital improvement purpose, library facilities, fire stations and facilities, recreation and parks facilities, and road projects.

In May 2017, the County issued $53.8 million in General Obligation refunding bonds. The advance refunding bonds defeased a portion of the County's Series 2010A and Series 2011 bonds.

At the end of fiscal year 2017, the County had $419.1 million in outstanding General Obligation Bonds, an increase of $65.9 million, or 18.7 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, 2017, 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.

During fiscal year 2017, the County adopted GASB Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This standard required the County to present a Statement of Fiduciary Net Position (Exhibit 9), Schedule of Changes in Fiduciary Net Position (Exhibit 10), Schedule of Changes in the Net OPEB Liability and Related Ratios (Exhibit 20), Schedule of Contributions (Exhibit 21), Schedule of Investment Returns (Exhibit 22), and notes to Required Supplemental OPEB Information.

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, 2017, the County's investment portfolio amounted to $492.2 million, and contained United States Agency obligations, high quality municipal bonds, prime commercial paper and "AA" rated corporate notes (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 2017. With this 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, 2017, the County had a net increase of 39,030 jobs since 2013, resulting in total employment of 203,480. The County's unemployment rate, which was reported at 3.7 percent as of June 30, 2017, was slightly lower than that posted for the state (3.9 percent) and well below the federal rate (4.5 percent) as of June 30, 2017. As of 2016 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of $62,190 registered higher than the national average of $49,246 and higher than the Commonwealth of Virginia average of $52,957.

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.

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2017

Exhibit 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets:				
Cash, cash equivalents, and temporary investments	$ 611,814,003	$ 101,851,492	$ 713,665,495	$ 43,306,439
Receivables, net	29,628,024	23,928,100	53,556,124	-
Due from other governments	37,694,025	-	37,694,025	22,395,720
Internal balances	(1,609,835)	1,609,835	-	-
Due from component unit	861,949	-	861,949	-
Inventories	717,198	1,284,951	2,002,149	-
Other assets	7,114,075	5,016,768	12,130,843	162,144
Restricted cash and cash equivalents	-	60,319,206	60,319,206	26,468
Capital assets:				
Land and construction in progress	424,310,253	181,521,453	605,831,706	55,976,434
Other capital assets, net	1,000,003,207	1,102,808,077	2,102,811,284	241,764,829
Capital assets, net	1,424,313,460	1,284,329,530	2,708,642,990	297,741,263
Total Assets	2,110,532,899	1,478,339,882	3,588,872,781	363,632,034
Deferred Outflows of Resources:				
Pension contributions after measurement date	26,184,817	1,802,788	27,987,605	42,158,335
Change in pension proportionate share allocation	2,230,678	7,681	2,238,359	2,973,907
Difference between projected and actual earnings	48,663,097	3,390,024	52,053,121	63,161,349
Deferred loss on debt refunding, net	-	10,117,553	10,117,553	-
Total Deferred Outflows of Resources	77,078,592	15,318,046	92,396,638	108,293,591
Total Assets and Deferred Outflows of Resources	2,187,611,491	1,493,657,928	3,681,269,419	471,925,625
Liabilities:				
Accounts payable	61,560,318	13,588,247	75,148,565	4,922,369
Deposits payable	-	1,093,208	1,093,208	-
Accrued liabilities	38,297,256	2,342,447	40,639,703	3,280,612
Amounts held for others	8,597,075	-	8,597,075	83,866
Unearned revenues	-	17,642,572	17,642,572	831
Due to Primary Government	-	-	-	861,949
Net pension liability	215,338,619	15,232,508	230,571,127	497,311,838
Long-term liabilities due within one year	73,732,838	10,635,790	84,368,628	20,946,821
Long-term liabilities due in more than one year	492,212,663	300,738,314	792,950,977	17,543,843
Total Liabilities	889,738,769	361,273,086	1,251,011,855	544,952,129
Deferred Inflows of Resources:				
Change in pension proportionate share allocation	558,334	128,195	686,529	6,819,738
Difference between actual and expected experience	11,282,824	792,087	12,074,911	16,642,347
Difference between projected and actual earnings	25,306,960	1,824,034	27,130,994	33,793,890
Deferred revenue	21,461,405	-	21,461,405	12,723,254
Total Deferred Inflows of Resources	58,609,523	2,744,316	61,353,839	69,979,229
Total Liabilities and Deferred Inflows of Resources	948,348,292	364,017,402	1,312,365,694	614,931,358
Net Position:				
Net investment in capital assets	1,102,415,265	1,049,632,297	2,152,047,562	271,650,280
Restricted for:				
Highways, streets and buildings	128,255,342	-	128,255,342	-
Debt service	33,317,833	21,532,272	54,850,105	-
Grants	51,308,587	-	51,308,587	9,195,287
Unrestricted (deficit)	(76,033,828)	58,475,957	(17,557,871)	(423,851,300)
Total Net Position	$ 1,239,263,199	$ 1,129,640,526	$ 2,368,903,725	$ (143,005,733)

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental Activities:				
General government	$ 97,783,113	$ 13,659,052	$ 1,722,501	$ -
Judicial administration	11,889,008	981,893	6,000,569	-
Public safety	198,046,836	5,029,392	29,628,160	-
Public works	89,385,634	3,085,089	73,901,089	-
Health and welfare	70,840,091	11,096,120	35,570,108	-
Education	249,222,784	-	-	-
Parks, recreation and culture	40,308,840	1,248,526	215,558	-
Community development	28,640,269	8,614,600	8,124,790	-
Interest on long-term debt	12,301,927	-	-	-
Total Governmental Activities	798,418,502	43,714,672	155,162,775	-
Business-type activities:				
Water and Sewer	105,918,812	118,859,108	-	14,864,433
Belmont Park Golf Course	1,000,983	693,627	-	-
Total Business-type Activities	106,919,795	119,552,735	-	14,864,433
Total Primary Government	$ 905,338,297	$ 163,267,407	$ 155,162,775	$ 14,864,433
Component Units:				
School Board	$ 514,508,544	$ 7,018,636	$ 301,982,064	$ -
James River Juvenile Detention Commission	5,228,666	5,084,287	-	85,287
Total Component Units	$ 519,737,210	$ 12,102,923	$ 301,982,064	$ 85,287

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, 2016 (see footnote 1 (o))

Total Net Position at June 30, 2017

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

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**
$ (82,401,560)	$ -	$ (82,401,560)	$ -
(4,906,546)	-	(4,906,546)	-
(163,389,284)	-	(163,389,284)	-
(12,399,456)	-	(12,399,456)	-
(24,173,863)	-	(24,173,863)	-
(249,222,784)	-	(249,222,784)	-
(38,844,756)	-	(38,844,756)	-
(11,900,879)	-	(11,900,879)	-
(12,301,927)	-	(12,301,927)	-
(599,541,055)	-	(599,541,055)	-
-	27,804,729	27,804,729	-
-	(307,356)	(307,356)	-
-	27,497,373	27,497,373	-
$ (599,541,055)	$ 27,497,373	$ (572,043,682)	$ -
$ -	$ -	$ -	$ (205,507,844)
-	-	-	(59,092)
$ -	$ -	$ -	$ (205,566,936)
$ 403,164,382	$ -	$ 403,164,382	$ -
64,666,206	-	64,666,206	-
35,432,437	-	35,432,437	-
13,448,236	-	13,448,236	-
17,318,152	-	17,318,152	-
49,827,667	-	49,827,667	-
2,045,315	975,513	3,020,828	13,889
55,242,929	1,607,988	56,850,917	-
4,650,822	-	4,650,822	301,079
324,709	1,923,559	2,248,268	2,647,940
-	-	-	223,785,739
646,120,855	4,507,060	650,627,915	226,748,647
46,579,800	32,004,433	78,584,233	21,181,711
1,192,683,399	1,097,636,093	2,290,319,492	(164,187,444)
$ 1,239,263,199	$ 1,129,640,526	$ 2,368,903,725	$ (143,005,733)

HENRICO COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	$ 280,836,183	$ 53,135,935	$ 202,833	$ 250,375,560	$ 584,550,511
Receivables, net	26,712,491	2,823,195	-	83,149	29,618,835
Due from other governmental units	32,792,321	3,992,324	-	909,380	37,694,025
Due from component unit	759,312	-	-	-	759,312
Due from other funds	1,441,032	-	-	-	1,441,032
Other assets	42,012	-	-	-	42,012
Advance to other fund	112,500	-	-	-	112,500
Total assets	$ 342,695,851	$ 59,951,454	$ 202,833	$ 251,368,089	$ 654,218,227
Liabilities:					
Accounts payable	$ 57,821,381	1,660,171	$ -	$ 1,489,663	$ 60,971,215
Accrued liabilities	11,396,498	1,905,930	-	3,740,806	17,043,234
Amounts held for others	8,597,075	-	-	-	8,597,075
Unearned revenues	4,459,789	-	-	-	4,459,789
Due to other funds	476,080	98,360	-	3,206,329	3,780,769
Total liabilities	82,750,823	3,664,461	-	8,436,798	94,852,082
Deferred Inflow of Resources:					
Unavailable revenue	16,482,999	4,978,406	-	-	21,461,405
Fund Balances:					
Nonspendable	112,500	-	-	-	112,500
Restricted	6,886,148	26,843,718	-	-	33,729,866
Committed	35,453,883	-	-	242,931,291	278,385,174
Assigned	77,075,739	24,464,869	202,833	-	101,743,441
Unassigned	123,933,759	-	-	-	123,933,759
Total fund balances	243,462,029	51,308,587	202,833	242,931,291	537,904,740
Total Liabilities, Deferred Inflow and Fund Balances	$ 342,695,851	$ 59,951,454	$ 202,833	$ 251,368,089	

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)	$ 1,408,500,581
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)	4,459,789
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)	(565,683,450)
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)	(212,159,367)
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.	(5,904,817)
Deferred pension outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.	39,438,088
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.	25,791,564
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.	4,550,174
Total Net Position of Governmental Activities	$ 1,239,263,199

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	$ 402,026,386	$ -	$ -	$ -	$ 402,026,386
Other local taxes	176,154,233	-	-	-	176,154,233
Licenses and permits	5,384,720	-	-	-	5,384,720
Fines and forfeitures	2,110,351	-	-	-	2,110,351
Revenue from use of money and property	2,704,902	264,796	158	324,932	3,294,788
Charges for services	6,191,022	25,134,383	-	-	31,325,405
Miscellaneous	11,993,095	310,098	-	324,709	12,627,902
Recovered costs	7,047,578	569,774	-		7,617,352
Intergovernmental	135,683,236	46,516,035	-	5,830,899	188,030,170
Total Revenues	749,295,523	72,795,086	158	6,480,540	828,571,307
Expenditures:					
Current operating:					
General government	76,851,414	5,964,427	-	-	82,815,841
Judicial administration	10,544,635	1,255,917	-	-	11,800,552
Public safety	182,526,762	5,330,426	-	-	187,857,188
Public works	54,049,122	12,493,886	-	-	66,543,008
Health and social services	2,219,894	68,311,762	-	-	70,531,656
Parks, recreation, and culture	35,945,000	16,829	-	-	35,961,829
Community development	24,810,373	3,601,192	-	-	28,411,565
Education	223,785,739	-	-	-	223,785,739
Miscellaneous	7,737,868	-	408,458	-	8,146,326
Debt service:					
Principal	231,628	31,766	41,700,000	-	41,963,394
Interest and other charges	23,899	5,532	16,735,305	-	16,764,736
Capital outlay	-	-	-	45,477,874	45,477,874
Total Expenditures	618,726,334	97,011,737	58,843,763	45,477,874	820,059,708
Excess (deficiency) of revenues over (under) expenditures	130,569,189	(24,216,651)	(58,843,605)	(38,997,334)	8,511,599
OTHER FINANCING (USES) SOURCES:					
Transfers in	-	25,675,768	57,507,646	26,358,931	109,542,345
Transfers out	(108,373,845)	(1,168,500)	-	-	(109,542,345)
Issuance of bonds	-	-	53,755,000	102,255,000	156,010,000
Bond premium on bonds issued	-	-	8,021,503	12,744,715	20,766,218
Capital lease obligations incurred	904,925	8,443	-	-	913,368
Payment to escrow agent	-	-	(61,385,891)	-	(61,385,891)
Total other financing (uses) sources, net	(107,468,920)	24,515,711	57,898,259	141,358,646	116,303,696
Net change in fund balance	23,100,269	299,060	(945,346)	102,361,312	124,815,295
Total Fund Balances - June 30, 2016	220,361,760	51,009,527	1,148,179	140,569,979	413,089,445
Total Fund Balances - June 30, 2017	$ 243,462,029	$ 51,308,587	$ 202,833	$ 242,931,291	$ 537,904,740

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	$ 124,815,295
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.	41,963,394
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	1,137,996
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	41,451,004
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.	1,068,589
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(53,330,685)
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)	4,462,809
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenue or expenses in the Statement of Activities	(116,303,696)
Pension expense is recorded as an expenditure in the Statement of Activities, but is not reported as an expense in the governmental funds.	4,373,617
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	(3,634,226)
Internal service fund revenues and expenses not recorded in the governmental funds.	575,703
Change in Net Position of Governmental Activities	$ 46,579,800

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

Exhibit 5

	Business Type Activities - Enterprise Funds			Internal
	Water and Sewer Revenue	Belmont Park Golf Course	Total	Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 101,851,492	$ -	$ 101,851,492	$ 27,263,492
Receivables, net	23,928,100		23,928,100	9,181
Due from other funds	3,206,329	-	3,206,329	627,550
Due from component unit	-	-	-	102,637
Inventories	1,284,951	-	1,284,951	717,198
Prepaids	-	-	-	155,992
Restricted cash and cash equivalents	60,319,206	-	60,319,206	-
Total current assets	190,590,078	-	190,590,078	28,876,050
Noncurrent assets:				
Other assets	5,016,768	-	5,016,768	-
Restricted cash - unspent bond proceeds	-	-	-	-
Capital assets:				
Land and construction in progress	181,270,962	250,491	181,521,453	-
Other capital assets, net	1,101,562,814	1,245,263	1,102,808,077	15,812,879
Capital assets, net	1,282,833,776	1,495,754	1,284,329,530	15,812,879
Total non-current assets	1,287,850,544	1,495,754	1,289,346,298	15,812,879
Total assets	1,478,440,622	1,495,754	1,479,936,376	44,688,929
Deferred Outflows of Resources:				
Pension contributions after measurement date	1,765,588	37,200	1,802,788	359,456
Change in pension proportionate share allocation	6,573	1,108	7,681	24,184
Difference between projected and actual earnings	3,323,049	66,975	3,390,024	692,638
Deferred loss on debt refunding, net	10,117,553	-	10,117,553	-
Total assets and deferred outflows of resources	1,493,653,385	1,601,037	1,495,254,422	45,765,207
Liabilities:				
Current liabilities:				
Accounts payable	13,573,839	14,408	13,588,247	589,103
Deposits payable	1,077,226	15,982	1,093,208	-
Due to other funds	42,129	1,441,865	1,483,994	10,148
Accrued liabilities	2,320,505	21,942	2,342,447	15,349,205
Unearned revenues	17,642,572	-	17,642,572	-
Long-term liabilities due within one year	10,615,548	20,242	10,635,790	213,654
Total current liabilities	45,271,819	1,514,439	46,786,258	16,162,110
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Net pension liability	14,873,647	358,861	15,232,508	3,179,252
Long-term liabilities due in more than one year	300,722,886	15,428	300,738,314	48,397
Total non-current liabilities	315,596,533	486,789	316,083,322	3,227,649
Total liabilities	360,868,352	2,001,228	362,869,580	19,389,759
Deferred Inflows of Resources:				
Change in pension proportionate share allocation	96,849	31,346	128,195	57,879
Difference between actual and expected experience	776,525	15,562	792,087	162,473
Difference between projected and actual earnings	1,779,494	44,540	1,824,034	363,532
Total liabilities and deferred inflows of resources	363,521,220	2,092,676	365,613,896	19,973,643
Net Position (deficit):				
Net investment in capital assets	1,048,136,543	1,495,754	1,049,632,297	15,812,879
Restricted for debt service	21,532,272	-	21,532,272	-
Unrestricted (deficit)	60,463,350	(1,987,393)	58,475,957	9,978,685
Total net position (deficit)	$ 1,130,132,165	$ (491,639)	$ 1,129,640,526	$ 25,791,564

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal
	Water and Sewer Revenue	Belmont Park Golf Course	Total	Service Funds
Operating Revenues:				
Charges for services:				
Water system	$ 54,814,946	$ -	$ 54,814,946	$ -
Sewer system	54,563,383	-	54,563,383	-
Golf course fees	-	693,627	693,627	-
Interdepartmental charges	-	-	-	18,430,062
Contributions	-	-	-	93,054,422
Other	1,208,146	43,892	1,252,038	2,165,695
Total operating revenues	110,586,475	737,519	111,323,994	113,650,179
Operating Expenses:				
Purchased services	12,181,255	-	12,181,255	-
Utility charges	5,349,005	41,999	5,391,004	127,793
Personnel services and benefits	17,692,506	484,214	18,176,720	99,561,590
Professional services	12,934,815	80,074	13,014,889	622,729
Materials and supplies	6,712,982	199,459	6,912,441	10,840,737
Maintenance and repairs	4,063,042	73,941	4,136,983	4,448,739
Other expenses	3,879,753	28,723	3,908,476	942,345
Depreciation	34,255,095	84,884	34,339,979	2,177,194
Total operating expenses	97,068,453	993,294	98,061,747	118,721,126
Operating income (loss)	13,518,022	(255,775)	13,262,247	(5,070,948)
Nonoperating Revenues (Expenses):				
Investment income	975,513	-	975,513	83,532
Connection fees	9,480,779	-	9,480,779	-
Contributions	1,607,988	-	1,607,988	-
Interest expense	(8,850,359)	-	(8,850,359)	-
Gain on sale of equipment	-	-	-	181,607
Other	671,521	(7,689)	663,832	-
Total nonoperating revenues, net	3,885,442	(7,689)	3,877,753	265,139
Income (loss) before capital contributions	17,403,464	(263,464)	17,140,000	(4,805,808)
Capital contributions - donated assets	14,864,433	-	14,864,433	1,582,902
Change in net position	32,267,897	(263,464)	32,004,433	(3,222,906)
Total net position (deficit) - June 30, 2016 (see footnote 1 (o))	1,097,864,268	(228,175)	1,097,636,093	29,014,470
Total net position (deficit) - June 30, 2017	$ 1,130,132,165	$ (491,639)	$ 1,129,640,526	$ 25,791,564

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit 7

	Business Type Activities - Enterprise Funds			Internal
	Water and Sewer Revenue	Belmont Park Golf Course	Total	Service Funds
Cash Flows From Operating Activities:				
Receipts from customers	$ 108,037,060	$ 744,101	$ 108,781,161	$ 114,876,707
Payments to suppliers	(50,165,195)	(268,786)	(50,433,981)	(110,996,289)
Payments to employees	(16,103,582)	(440,979)	(16,544,561)	(5,705,664)
Net cash provided by (used in) operating activities	41,768,283	34,336	41,802,619	(1,825,246)
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(67,945,102)	(34,336)	(67,979,438)	(2,960,774)
Proceeds from sale of capital assets	179,515	-	179,515	269,399
Connection fees paid by contractors	9,274,758	-	9,274,758	-
Contributions	1,928,621	-	1,928,621	-
Virginia nutrient removal credits	498,935	-	498,935	-
Interest paid on bonds	(11,590,889)	-	(11,590,889)	-
Principal paid on debt	(9,740,000)	-	(9,740,000)	(1,290)
Net cash used in capital and related financing activities	(77,394,162)	(34,336)	(77,428,498)	(2,692,665)
Cash Flows From Investing Activities:				
Investment income received	975,513	-	975,513	83,532
Net decrease in cash and cash equivalents	(34,650,366)	-	(34,650,366)	(4,434,379)
Total Cash and Cash Equivalents - June 30, 2016	196,821,064	-	196,821,064	31,697,871
Total Cash and Cash Equivalents - June 30, 2017	$ 162,170,698	$ -	$ 162,170,698	$ 27,263,492
Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:				
Operating income (loss)	$ 13,518,022	$ (255,775)	$ 13,262,247	$ (5,070,947)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	34,255,095	84,884	34,339,979	2,177,194
(Increase) decrease in accounts receivable	(1,924,727)	6,582	(1,918,145)	(1,913)
Decrease in inventories	256,238	-	256,238	46,456
Increase in due from other funds	-	-	-	1,050,515
Increase in due from component unit	-	-	-	177,926
Decrease in other assets	-	-	-	3,420
Decrease (increase) in deferred outflows of resources	1,356,567	(42,269)	1,314,298	(390,072)
(Decrease) increase in accounts payable	(2,787,560)	(4,849)	(2,792,409)	178,785
Decrease in accrued liabilities	(676,966)	(21,114)	(698,080)	(333,288)
Increase in deposits payable	-	42	42	-
Increase (decrease) in due to other fund	-	252,140	252,140	(17,776)
Increase in net pension liability	2,663,547	53,840	2,717,387	554,093
Decrease in deferred inflows of resources	(4,237,042)	(39,145)	(4,276,187)	(199,639)
Decrease in unearned revenues	(654,891)	-	(654,891)	-
Net cash provided by (used in) operating activities	$ 41,768,283	$ 34,336	$ 41,802,619	$ (1,825,246)
Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets:				
Cash and cash equivalents	$ 101,851,492	$ -	$ 101,851,492	$ 27,263,492
Restricted cash and cash equivalents	60,319,206	-	60,319,206	-
Total Cash and Cash Equivalents - June 30, 2017	$ 162,170,698	$ -	$ 162,170,698	$ 27,263,492

Supplemental disclosure of noncash investing and financing activities:

The Water and Sewer Fund received donated infrastructure assets valued at $14,864,433 from developers of new subdivisions in the County and capitalized interest costs of $3,506,494 during the fiscal year ended June 30, 2017. The Water and Sewer Fund entered into a capital lease for equipment for $18,016.

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY
NET POSITION
JUNE 30, 2017

Exhibit 8

		Agency Funds
Assets:		
Cash and cash equivalents	$	854,853
Accounts receivable		84
Total Assets	$	854,937
Liabilities:		
Amounts held for others	$	720,961
Accounts payable		133,976
Total Liabilities	$	854,937

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION **Exhibit 9**
HEALTHCARE OPEB TRUST FUND
JUNE 30, 2017

		2017
Assets:		
Cash and cash equivalents	$	80,046
Investments:		
Domestic equities		22,066,040
Foreign equities		10,902,278
Fixed Income		10,096,481
Private equity		293,502
Diversified hedge funds		5,202,996
Real assets		4,722,719
Total investments		53,284,016
Total assets	$	53,364,062
Liabilities:		
Total liabilities		-
Fiduciary net position:		
Restricted for postemployment benefits other than pensions	$	53,364,062

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

HENRICO COUNTY, VIRGINIA

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION **Exhibit 10**

HEALTHCARE OPEB TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		2017
Additions:		
Contributions		
Employer	$	7,765,131
Total contributions		7,765,131
Investment Income		7,296,432
Total additions	$	15,061,563
Deductions:		
Benefit payments/refunds	$	6,538,795
Total deductions		6,538,795
Net increase in fiduciary net position		8,522,768
Net fiduciary net position restricted for postemployment benefits other than pensions:		
Total Fiduciary Net Position at June 30, 2016		44,841,294
Total Fiduciary Net Position at June 30, 2017	$	53,364,062

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2017

Exhibit 11

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	$ 39,770,032	$ 3,536,407	$ 43,306,439
Restricted cash	-	26,468	26,468
Due from other governmental units	22,332,112	63,608	22,395,720
Other assets	161,313	831	162,144
Total current assets	62,263,457	3,627,314	65,890,771
Capital assets:			
Land and construction in progress	55,818,007	158,427	55,976,434
Other capital assets, net	235,998,761	5,766,068	241,764,829
Capital assets, net	291,816,768	5,924,495	297,741,263
Total assets	354,080,225	9,551,809	363,632,034
Deferred Outflows of Resources:			
Change in pension proportionate share allocation	2,966,670	7,237	2,973,907
Difference between projected and actual pension earnings	62,430,435	730,914	63,161,349
Pension contributions after measurement date	41,782,444	375,891	42,158,335
Total deferred outflows of resources	107,179,549	1,114,042	108,293,591
Total Assets and Deferred Outflows of Resources	461,259,774	10,665,851	471,925,625
Liabilities:			
Accounts payable	4,861,743	60,626	4,922,369
Accrued liabilities	3,158,202	122,410	3,280,612
Amounts held for others	83,866	-	83,866
Unearned revenues	-	831	831
Due to other funds	93,045	9,592	102,637
Due to Primary Government	-	759,312	759,312
Long-term liabilities due within one year	20,745,095	201,726	20,946,821
Total current liabilities	28,941,951	1,154,497	30,096,448
Net pension liability	494,051,061	3,260,777	497,311,838
Long-term liabilities due in more than one year	17,542,234	1,609	17,543,843
Total liabilities	540,535,246	4,416,883	544,952,129
Deferred Inflows of Resources:			
Change in pension proportionate share allocation	6,785,755	33,983	6,819,738
Difference between expected and actual experience	16,471,041	171,306	16,642,347
Difference between projected and actual pension earnings	33,400,546	393,344	33,793,890
Unavailable revenue	12,723,254	-	12,723,254
Total deferred inflows of resources	69,380,596	598,633	69,979,229
Total Liabilities and Deferred Inflows of Resources	609,915,842	5,015,516	614,931,358
Net Position (deficit):			
Net investment in capital assets	265,730,118	5,920,162	271,650,280
Restricted grants	9,149,049	46,238	9,195,287
Unrestricted (deficit)	(423,535,235)	(316,065)	(423,851,300)
Total net position (deficit)	$ (148,656,068)	$ 5,650,335	$ (143,005,733)

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Exhibit 12

		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	$ 514,508,544	$ 7,018,636	$ 301,982,064	$ -	$ (205,507,844)	$ -	$ (205,507,844)
Total School Board	514,508,544	7,018,636	301,982,064	-	(205,507,844)	-	(205,507,844)
Business-Type Activities:							
James River Juvenile Detention Commission	5,228,666	5,084,287	-	85,287	-	(59,092)	(59,092)
Total Component Units	$ 519,737,210	$ 12,102,923	$ 301,982,064	$ 85,287	$ (205,507,844)	$ (59,092)	$ (205,566,936)

	School Board	JRJDC	Total
General revenues:			
Interest and investment earnings	$ -	$ 13,889	$ 13,889
Recovered costs	301,079	-	301,079
Miscellaneous	2,647,940	-	2,647,940
Payment from Primary Government	223,785,739	-	223,785,739
Total general revenues	226,734,758	13,889	226,748,647
Change in net position	21,226,914	(45,203)	21,181,711
Total Net Position (deficit) at June 30, 2016 (see footnote 1(o))	(169,882,982)	5,695,538	(164,187,444)
Total Net Position (deficit) at June 30, 2017	$ (148,656,068)	$ 5,650,335	$ (143,005,733)

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, net of related debt; 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 $148,656,068. The County expects this deficit to be reduced in future fiscal years due to required contributions to the Virginia Retirement System, and reductions in the net pension liability and 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 and Statement of Changes in 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 $263,464 during the year ended June 30, 2017 and net deficit position of $491,639 at June 30, 2017. 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 (loss) 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 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), Non-Judicial Sales Tax Funds and the Healthcare OPEB Plan Trust Fund. 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 Healthcare OPEB Plan Trust Fund accumulates assets to pay future healthcare postretirement benefits other than pension.

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 (see Exhibits 13 and 14).

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, 2017, the Water and Sewer Revenue Fund incurred interest costs of $12,356,853, of which $3,506,494 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, 2016 and prior to the reporting date of June 30, 2017, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2017. Deferred outflows of resources of $26,184,817, $1,802,788 and $42,158,335 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2017, 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, 2017. The County has reported deferred outflows of resources of $2,230,678, $7,681 and $2,973,907 and deferred inflows of resources of $558,334, $128,196 and $6,819,738 in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2017, respectively.

Differences between actual and expected experience as of the actuarial measurement date of June 30, 2016 have been reported as a deferred inflow of resources. Deferred inflows of resources of $11,282,824, $792,086 and $16,642,347 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2017, respectively.

Differences between the projected and actual pension earnings as of the actuarial measurement date of June 30, 2016 have been reported as a deferred inflow of resources. Deferred outflows of resources of $48,663,097, $3,390,025 and $63,161,349 and deferred inflows of resources of $25,306,960, $1,824,035 and $33,793,890 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2017, 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 $10,117,553 as a deferred outflow of resources on both the Business-Type Activities and Proprietary Funds Statements of Net Position as of June 30, 2017.

The County has reported unavailable revenue of $21,461,405 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, 2017. Unavailable revenue consists of $16,357,147 in tax collections received in advance for 2017 2nd half received as of June 30, 2017 (due December 5th, 2017), $4,989,875 in grant funds received in advance that will fund expenditures in fiscal year 2017 and $114,383 in lease funds received in advance that will be recognized in fiscal year 2018. The County has classified unavailable revenue of $12,723,254 as a deferred inflow of resources on the Component Units Statement of Net Position as of June 30, 2017. These funds were received in advance and will fund expenditures in fiscal year 2018.

L. <u>Nonspendable, Restricted, Committed Assigned and Unassigned Fund Balance</u>

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 other Fund	$ 112,500	$ -	$ -	$ -
Restricted for:				
Road Construction	6,652,947	-	-	-
Imaging System Upgrades	233,201	-	-	-
Community Development	-	1,411,822	-	-
Drug Enforcement	-	1,167,913	-	-
Mental Health Programs	-	17,791,944	-	-
Social Service Programs	-	6,472,039	-	-
Total Restricted	6,886,148	26,843,718	-	-
Committed				
Public Works	3,000,000	-	-	10,772,038
Technology Improvements	2,847,000	-	-	77,592,878
Building and Grounds	2,955,000	-	-	11,190,278
Road Maintenance	-	-	-	80,480,497
Community Development	-	-	-	251,958
Landfill Expansion	-	-	-	3,618,806
Public Safety Projects	1,038,000	-	-	18,942,049
Health and Welfare	3,830,580	-	-	-
Parks and Recreation	766,000	-	-	16,546,704
Libraries	-	-	-	19,919,962
Education Projects	21,017,303	-	-	3,616,121
Total Committed	35,453,883	-	-	242,931,291
Assigned to:				
Public Works	-	24,464,869	-	-
General Government	42,469,722	-	-	-
Capital projects	34,606,017	-	-	-
Debt Service	-	-	202,833	-
Total Assigned	77,075,739	24,464,869	202,833	-
Unassigned	123,933,759	-	-	-
Total Fund Balance	$ 243,462,029	$ 51,308,587	$ 202,833	$ 242,931,291

In the General Fund, the County has $35,453,883 committed for various projects which include $2,847,000 for technology improvements which include a data center upgrade and installment of geographic information system, $2,955,000 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 $1,038,000 committed for public safety projects which include installing an emergency medical dispatch system and renovations for a communications training room and evidence storage facility. The County has $3,830,580 committed for health and welfare projects which include the replacement of mental health facility and has $21,017,303 committed for various high school, middle school and elementary projects.

In the General Fund, the County has $42,469,722 assigned for general government operations which include a $7,500,000 self-insurance reserve, $7,853,640 for future operating costs of new facilities and $27,116,082 reserved for various operational costs in future years. The County also has $34,606,017 assigned for capital projects which includes $10,000,000 for a radio communication system and $24,606,017 for future capital projects. In the Special Revenue Fund, the County has $24,464,869 assigned in public works for the County's solid waste operations and $202,833 for future debt service payments in the Debt Service Fund.

Schools have $10,151,092 in assigned and $381,892 in unassigned fund balance in the Schools General Fund. Schools also have restricted fund balance for various education program grants of $9,149,049 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of $24,892,673 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 accordance with 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 for the County 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. Immaterial Correction of Errors

During the fiscal year ending June 30, 2017, the County determined that deferred inflow of resources and pension expense reported as of and for the year ended were overstated by $38,378,000 within Governmental Activities, $2,705,000 for Business-type Activities, $54,931,000 for Discretely Presented Component Units ($54,345,000 for the School Board and $586,000 for the JRDC respectively), $53,000 for the Belmont Golf Course, and $556,000 for Internal Services Funds (Central Automotive Maintenance Fund). To correct the immaterial errors in the current period, the County increased the respective beginning net position balances by the same amounts.

P. New 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 adopted Statement No. 73 for fiscal year ending June 30, 2017. GASB Statement No. 73 requirements are not applicable to the County's pension plans.

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 adopted Statement No. 74 for fiscal year ending June 30, 2017 and has added required statements, schedules and notes to required supplemental information (see Exhibits 9-10 and Exhibits 20-22).

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 adopted Statement No. 77 at June 30, 2017 (see Note 22).

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 adopted Statement No. 78 at June 30, 2017. This statement did not impact the County's financial statements or note disclosure for 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 adopted Statement No. 80 at June 30, 2017. This statement did not impact the County's financial statements or note disclosure for June 30, 2017.

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 adopted Statement No. 82 at June 30, 2017. The County has incorporated the required presentation of covered payroll in required supplementary information (See Exhibits 15-19).

Q. Future Accounting Pronouncements

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 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 November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. 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, 2019.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. 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, 2020.

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB). 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 May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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 June 2017, GASB issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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, 2020.

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 local government investment pool (LGIP).

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, 2017, 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, 2017. The net increase in fair value of investments during the year ended June 30, 2017, was $823,552. This amount takes into account all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2017, the carrying value of the County's deposits with banks was $282,585,407 and the bank balance was $286,018,897. 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 $16,913,443 and the bank balance was $17,670,956. 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 $2,921,299, and the bank balance was $2,921,299. 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, 2017, the County had deposits of $24,947,006 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	$ 21,168,091	70%	4.30%
U.S. Government Agencies	204,137,509	70%	41.48%
Commercial Paper	80,523,985	35%	16.36%
Corporate Notes	32,360,939	20%	6.58%
U.S. Government Money Market Funds	153,959,071	40%	31.28%
Total Investments	$ 492,149,595		100.00%

Component Units

	Fair Value	Policy	Percent of Portfolio
Municipal Bonds	$ 1,389,890	70%	6.08%
U.S. Government Agencies	13,403,599	70%	58.64%
Commercial Paper	5,287,178	35%	23.13%
Corporate Notes	2,124,808	20%	9.30%
U.S. Government Money Market Funds	650,114	40%	2.84%
Total Investments	$ 22,855,589		100.00%

Fair Value Hierarchy Disclosures

The County categorizes its fair value measurements within the fair value hierarchy. 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, 2017:

Primary Government

		Fair Value Measurement Using		
	Total June 30, 2017	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	$ 21,168,091	$ -	$ 21,168,091	$ -
U.S. Government Agencies	204,137,509	-	204,137,509	-
Commercial Paper	80,523,985	-	80,523,985	-
Corporate Notes	32,360,939	-	32,360,939	
U.S. Government Money Market Funds	153,959,071	153,959,071	-	-
Total Investments	$ 492,149,595	$ 153,959,071	$ 338,190,524	$ -

School Board

		Fair Value Measurement Using		
	Total June 30, 2017	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	$ 1,389,890	$ -	$ 1,389,890	$ -
U.S. Government Agencies	13,403,599	-	13,403,599	-
Commercial Paper	5,287,178	-	5,287,178	-
Corporate Notes	2,124,808	-	2,124,808	-
U.S. Government Money Market Funds	650,114	650,114	-	-
Total Investments	$ 22,855,589	$ 650,114	$ 22,205,475	$ -

James River Juvenile Detention Center

		Fair Value Measurement Using		
	Total June 30, 2017	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Government Money Market Funds	$ 641,076	$ 641,076	$ -	$ -
Total Investments	$ 641,076	$ 641,076	$ -	$ -

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 2017. 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 AAA 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, 2017, 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	$ 21,168,091	$ 940,722	$ 20,227,369
U.S. Government Agencies	204,137,509	79,984,021	124,153,488
Commercial Paper	80,523,985	80,523,985	-
Corporate Notes	32,360,939	5,779,406	26,581,533
U.S. Government Money Market Funds	153,959,071	153,959,071	-
Total Investments	$ 492,149,595	$ 321,187,205	$ 170,962,390
Total Deposits - Bank	257,638,401		
Total Deposits - Fiscal Agent	24,947,006		
Total Cash on Hand	99,971		
Total Deposits and Investments	$ 774,834,973		

Component Units:

School Board

		Investment Maturities (in years)	
	Fair Value	**Less than 1 year**	**1-5 years**
Municipal Bonds	$ 1,389,890	$ 61,768	$ 1,328,122
U.S. Government Agencies	13,403,599	-	13,403,599
Commercial Paper	5,287,178	5,287,178	-
Corporate Notes	2,124,808	379,474	1,745,334
U.S. Government Money Market Funds	650,114	650,114	-
Total Investments	$ 22,855,589	$ 6,378,534	$ 16,477,055
Total Deposits - Bank	16,913,443		
Total Cash on Hand	1,000		
Total Deposits and Investments	$ 39,770,032		

James River Juvenile Detention Commission

		Investment Maturities (in years)	
	Fair Value	**Less than 1 year**	**1-5 years**
U.S. Government Money Market Funds	$ 641,076	$ 641,076	$ -
Total Deposits	2,921,299		
Total Cash on Hand	500		
Total Deposits and Investments	$ 3,562,875		
Total Deposit and Investments-Reporting Entity	$ 818,167,880		

The School Activity Funds' cash of $5,658,593 and Mental Health and Developmental Services Fund cash of $48,849, 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, 2017 consist of the following:

Primary Government

	Governmental Activities		Business-Type Activities	
Receivables:	General	Special Revenue	Enterprise Funds	Total
Interest	$ 1,403,447	$ -	$ -	$ 1,403,447
Taxes	31,846,682	-	-	31,846,682
Accounts	2,236,310	3,519,158	24,212,000	29,967,468
Gross Receivables	35,486,439	3,519,158	24,212,000	63,217,597
Less: Allowances for Doubtful Accounts	8,773,948	695,963	283,900	9,753,811
Receivables, net	$ 26,712,491	$ 2,823,195	$ 23,928,100	$ 53,463,786

Central Automotive Maintenance has a receivable of $9,181 as of June 30, 2017 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of $4,459,789 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax revenue reported in the government-wide statements includes $1,137,996 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	$ 22,332,112	$ 63,608	$ 22,395,720

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, 2016 and the first installment (June 5th) of the levy on assessed value at January 1, 2017. 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 2017, 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, 2017 include:

	General	Special Revenue	Capital Projects
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	$ 5,345,614	$ -	$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	142,522	-	-
State Recordation Fees	378,664	-	-
Richmond Center	3,362,059	-	-
Categorical aid for:			
Public Works	55	-	103,522
Public Safety	1,877,806	63,504	-
Social Services	-	573,114	-
Treasurer	2,814,856	-	-
Correction & Detention	200	69,211	-
Finance	67,354	-	-
Mental Health & Development Services	-	17,534	-
Circuit Court	158,186	-	-
Library	3,178	11,070	-
Recreation	-	-	8,206
Commonwealth's Attorney	181,364	-	-
Total due from the Commonwealth of Virginia	32,792,321	734,433	111,728
Federal Government Categorical Aid:			
Work Training Grants (CRWP)	-	1,318,796	-
Public Safety	-	414,131	-
Correction & Detention	-	-	-
Public Works	-	-	408,157
Social Services	-	1,258,520	-
Recreation	-	-	389,495
Community Development Block Grant	-	266,444	-
Total due from the Federal government	-	3,257,891	797,652
Total due from other governmental units	$ 32,792,321	$ 3,992,324	$ 909,380

JRJDC has $43,137 due from other localities, $700 due from the State government and $19,771 due from the Federal government for federal grants. Amounts due from other governmental units for the School Board Component Unit at June 30, 2017 include:

	School Board
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	$ 4,455,006
Categorical aid for:	
Education	567
Total due from the Commonwealth of Virginia	4,455,573
Federal Government Categorical Aid:	
Education	17,876,539
Total due from the Federal government	17,876,539
Total due from other governmental units	$ 22,332,112

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017 follows:

Governmental Activities	**Balance June 30, 2016**	**Increases**	**Decreases**	**Balance June 30, 2017**
Capital Assets Not Being Depreciated:				
Land	$ 376,906,128	$ 3,752,622	$ -	$ 380,658,750
Construction in progress	55,769,435	27,910,110	40,028,042	43,651,503
Total Capital Assets Not Being Depreciated	432,675,563	31,662,732	40,028,042	424,310,253
Other Capital Assets:				
Buildings	859,127,815	34,055,539	22,734,347	870,449,007
Infrastructure	680,400,690	13,913,911	-	694,314,601
Equipment	239,707,125	18,813,812	12,035,852	246,485,085
Improvements other than buildings	83,806,413	3,016,811	-	86,823,224
Total Other Capital Assets	1,863,042,043	69,800,073	34,770,199	1,898,071,917
Less Accumulated Depreciation for:				
Buildings	(210,555,809)	(17,130,610)	(8,595,249)	(219,091,170)
Infrastructure	(458,520,679)	(18,924,687)	-	(477,445,366)
Equipment	(158,725,120)	(15,932,449)	(10,689,210)	(163,968,359)
Improvements other than buildings	(34,043,682)	(3,520,133)	-	(37,563,815)
Total Accummulated Depreciation	(861,845,290)	(55,507,879)	(19,284,459)	(898,068,710)
Total Net of Depreciation	$ 1,433,872,316	$ 45,954,926	$ 55,513,782	$ 1,424,313,460

Government activities capital assets net of accumulated depreciation at June 30, 2017 are comprised of the following:

General Capital Assets, Net	$1,424,313,460
Internal Service Fund Capital Assets, Net	(15,812,879)
Combined Adjustment	$1,408,500,581

Depreciation for the fiscal year ended June 30, 2017 was charged to governmental functions as follows:

General Government Administration	$ 6,882,149
Judicial Administration	87,771
Public Safety	8,845,594
Public Works	21,998,024
Education	11,284,693
Health and Welfare	301,910
Parks and Recreation	5,883,111
Community Development	224,627
Total Depreciation	$ 55,507,879
Internal Service Fund Depreciation	(2,177,194)
Combined Adjustment	$ 53,330,685

Business Type Activities	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Water and Sewer:				
Capital Assets Not Being Depreciated:				
Land	$ 18,838,931	$ -	$ -	$ 18,838,931
Construction in progress	136,874,540	67,853,341	42,295,850	162,432,031
Total Capital Assets Not Being Depreciated	155,713,471	67,853,341	42,295,850	181,270,962
Other Capital Assets:				
Buildings	380,148,027	2,715,043	382,565	382,480,505
Equipment	155,025,486	7,117,939	1,085,408	161,058,017
Improvements	1,410,152	-	-	1,410,152
Infrastructure	1,089,981,021	47,994,559	986,062	1,136,989,518
Total Other Capital Assets	1,626,564,686	57,827,541	2,454,035	1,681,938,192
Less Accumulated Depreciation for:				
Buildings	(119,095,510)	(7,551,398)	(209,257)	(126,437,651)
Equipment	(96,005,114)	(10,080,352)	(556,493)	(105,528,973)
Improvements	(1,100,681)	(39,671)	-	(1,140,352)
Infrastructure	(331,414,141)	(16,583,674)	(729,413)	(347,268,402)
Total Accummulated Depreciation	(547,615,446)	(34,255,095)	(1,495,163)	(580,375,378)
Total Net of Depreciation	$ 1,234,662,711	$ 91,425,787	$ 43,254,722	$ 1,282,833,776
Belmont Park Golf Course:				
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	943,201	34,337	46,293	931,245
Improvements	2,341,902	-	-	2,341,902
Total Other Capital Assets	5,226,040	34,337	46,293	5,214,084
Less Accumulated Depreciation for:				
Buildings	(1,016,958)	(31,032)	-	(1,047,990)
Equipment	(637,791)	(44,269)	(38,603)	(643,457)
Improvements	(2,267,791)	(9,583)	-	(2,277,374)
Total Accummulated Depreciation	(3,922,540)	(84,884)	(38,603)	(3,968,821)
Total Net of Depreciation	$ 1,553,991	$ (50,547)	$ 7,690	$ 1,495,754

Business Type Activities	**Balance June 30, 2016**	**Increases**	**Decreases**	**Balance June 30, 2017**
Combined Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 19,089,422	$ -	$ -	$ 19,089,422
Construction in progress	136,874,540	67,853,341	42,295,850	162,432,031
Total Capital Assets Not Being Depreciated	155,963,962	67,853,341	42,295,850	181,521,453
Other Capital Assets:				
Buildings	382,088,964	2,715,043	382,565	384,421,442
Equipment	155,968,687	7,152,276	1,131,701	161,989,262
Improvements	3,752,054	-	-	3,752,054
Infrastructure	1,089,981,021	47,994,559	986,062	1,136,989,518
Total Other Capital Assets	1,631,790,726	57,861,878	2,500,328	1,687,152,276
Less Accumulated Depreciation for:				
Buildings	(120,112,468)	(7,582,430)	(209,257)	(127,485,641)
Equipment	(96,642,905)	(10,124,621)	(595,096)	(106,172,430)
Improvements	(3,368,472)	(49,254)	-	(3,417,726)
Infrastructure	(331,414,141)	(16,583,674)	(729,413)	(347,268,402)
Total Accummulated Depreciation	(551,537,986)	(34,339,979)	(1,533,766)	(584,344,199)
Total Net of Depreciation	$ 1,236,216,702	$ 91,375,240	$ 43,262,412	$ 1,284,329,530

Component Units

School Board:				
Capital Assets Not Being Depreciated:				
Land	$ 43,763,525	$ -	$ -	$ 43,763,525
Construction in progress	4,329,426	9,393,244	1,668,188	12,054,482
Total Capital Assets Not Being Depreciated	48,092,951	9,393,244	1,668,188	55,818,007
Other Capital Assets:				
Buildings	329,253,828	24,912,980	-	354,166,808
Equipment	195,702,200	18,839,094	1,648,546	212,892,748
Improvements	32,384,673	2,281,877	-	34,666,550
Total Other Capital Assets	557,340,701	46,033,951	1,648,546	601,726,106
Less Accumulated Depreciation for:				
Buildings	(171,659,959)	(14,505,099)	-	(186,165,058)
Equipment	(139,673,990)	(17,719,661)	(1,622,957)	(155,770,694)
Improvements	(23,005,109)	(786,484)	-	(23,791,593)
Total Accummulated Depreciation	(334,339,058)	(33,011,244)	(1,622,957)	(365,727,345)
Total Net of Depreciation	$ 271,094,594	$ 22,415,951	$ 1,693,777	$ 291,816,768

All depreciation for the fiscal year ended June 30, 2017 was charged to the education function.

Component Units	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
James River Juvenile Detention Center:				
Capital Assets Not Being Depreciated:				
Land	$ 30,000	$ -	$ -	$ 30,000
Construction in progress	11,640	116,787	-	128,427
Total Capital Assets Not Being Depreciated	41,640	116,787	-	158,427
Other Capital Assets:				
Buildings	9,243,433	-	-	9,243,433
Improvements	237,874	-	-	237,874
Equipment	511,807	91,837	-	603,644
Total Other Capital Assets	9,993,114	91,837	-	10,084,951
Less Accumulated Depreciation for:				
Buildings	(3,506,405)	(231,086)	-	(3,737,491)
Improvements	(176,264)	(11,894)	-	(188,158)
Equipment	(334,573)	(58,661)	-	(393,234)
Total Accummulated Depreciation	(4,017,242)	(301,641)	-	(4,318,883)
Total Net of Depreciation	$ 6,017,512	$ (93,017)	$ -	$ 5,924,495
Combined Component Units:				
Capital Assets Not Being Depreciated:				
Land	$ 43,793,525	$ -	$ -	$ 43,793,525
Construction in progress	4,341,066	9,510,031	1,668,188	12,182,909
Total Capital Assets Not Being Depreciated	48,134,591	9,510,031	1,668,188	55,976,434
Other Capital Assets:				
Buildings	338,497,261	24,912,980	-	363,410,241
Equipment	195,940,074	18,930,931	1,648,546	213,222,459
Improvements	32,896,480	2,281,877	-	35,178,357
Total Other Capital Assets	567,333,815	46,125,788	1,648,546	611,811,057
Less Accumulated Depreciation for:				
Buildings	(175,166,364)	(14,736,185)	-	(189,902,549)
Equipment	(140,008,563)	(17,778,322)	(1,622,957)	(156,163,928)
Improvements	(23,181,373)	(798,378)	-	(23,979,751)
Accummulated Depreciation	(338,356,300)	(33,312,885)	(1,622,957)	(370,046,228)
Total Net of Depreciation	$ 277,112,106	$ 22,322,934	$ 1,693,777	$ 297,741,263

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, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
General obligation (GO) bonds	$ 353,160,000	$ 156,010,000	$ 90,065,000	$ 419,105,000
Capital lease obligations	53,336,713	913,368	7,829,685	46,420,396
Accrued claims payable	24,185,328	17,790,371	20,291,355	21,684,344
Accrued ccompensated absences	21,412,292	22,432,436	21,913,815	21,930,913
Net pension liability	176,178,190	97,243,830	58,083,401	215,338,619
OPEB obligation	9,981,498	1,805,305	940,323	10,846,480
Landfill post-closure costs	3,306,134	42,980	-	3,349,114
Total	641,560,155	296,238,290	199,123,579	738,674,866
Premium on bonds	30,888,359	20,766,218	9,045,323	42,609,254
Total long-term liabilities	672,448,514			781,284,120
Current maturities	(78,311,464)			(73,732,838)
Net long-term liabilities	$ 594,137,050			$ 707,551,282

The current maturity of long-term liabilities at June 30, 2017 consists of the following:

General obligation bonds	$ 33,115,000
Capital lease obligations	342,462
Accrued claims payable	18,344,463
Accrued compensated absences	21,930,913
Total current maturities	$ 73,732,838

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, 2017 is as follows:

Long-term liabilities (detail above)	$ 781,284,120
Net pension liability (detail above)	(215,338,619)
Internal Service Fund long-term liabilities	(262,051)
Combined adjustment	$ 565,683,450

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 $4,462,809 which represents the decrease in accrued interest on bonds payable of $870,818, amortization of bond premium of $9,045,323 and interest paid to escrow of $5,453,332 for the year ended June 30, 2017.

In November 2000, March 2005 and November 2016, 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, 2017. In 2005, voters authorized an additional $349,300,000 in bonds, of which $339,700,000 has been issued as of June 30, 2017. In 2016, voters authorized $419,800,000, of which $102,255,000 has been issued as of June 30, 2017.

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 (which is fully defeased) 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 $38,545,000 remained outstanding at June 30, 2017) 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 (which was fully defeased as of June 30, 2017) 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 $49,545,000 remained outstanding at June 30, 2017) 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.

On May 31, 2017, the County issued General Obligation Public Improvement Bonds, Series 2017A in the aggregate principal amount of $102,255,000. The proceeds of the Bonds will be used to finance capital school improvement projects, fire facilities, and recreation and park facilities improvements in the County, pursuant to the voter authorizations at elections held in the County on November 8, 2016. The interest rates on these bonds range from 3 percent to 5 percent. The Bonds mature on August 1st in each of the years 2018 through 2037.

On May 31, 2017, the County issued General Obligation Public Improvement Refunding Bonds, Series 2017B in the aggregate principal amount of $53,755,000. The proceeds of the Bonds will be applied (i) to advance refund and defease $36,100,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated July 20, 2010 and maturing on August 1st in each of the years 2021 through 2030, which are subject to redemption and are to be redeemed on August 1, 2020 and (ii) to advance refund and defease $19,830,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011, dated September 1, 2011 and maturing on August 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on August 1, 2021. The County reduced its aggregate debt service payments by approximately $2.8 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 $3.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which $55,930,000 remained outstanding at June 30, 2017) nor the assets placed in the trust fund are reflected in the County's financial statements.

As of June 30, 2017, 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 $543,488 at June 30, 2017.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2017 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	$ 35,740,000	$ 5,355,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	3,040,000
2008 GO. Bonds	3.25-5.00	01/10/08	12/01/27	29,810,000	1,490,000
2008A GO. Bonds	3.50-5.00	11/13/08	12/01/28	93,090,000	9,310,000
2009 GO. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	14,190,000
2010 GO. Bonds	3.00-5.00	05/03/10	07/15/25	119,735,000	102,315,000
2010A GO. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	14,440,000
2011 GO. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	29,735,000
2012 GO. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,105,000
2015 GO. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	46,115,000
2017A GO. Bonds	3.00-5.00	05/31/17	08/01/37	102,255,000	102,255,000
2017B GO. Bonds	2.00-5.00	05/31/17	08/01/30	53,755,000	53,755,000
TOTAL					$ 419,105,000

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

Years	Principal	Interest
2018	$33,115,000	$ 15,962,944
2019	37,710,000	16,543,347
2020	37,700,000	14,774,696
2021	35,960,000	13,001,240
2022	33,125,000	11,295,360
2023-2027	140,695,000	35,871,031
2028-2032	70,140,000	10,819,569
2033-2037	25,550,000	2,928,030
2038	5,110,000	89,425
TOTAL	$ 419,105,000	$ 121,285,642

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, 2017 are as follows:

Water and Sewer Revenue Bonds:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
2009 Refunding Bonds - $70,360,000, 2.25% to 5.00%	$ 8,970,000	$ -	$ 2,890,000	$ 6,080,000
2009A Refunding Bonds - $22,915,000, 2.00% to 5.00%	3,990,000	-	1,290,000	2,700,000
2009B Build America Bonds - $9,800,000, 5.85% to 6.15%	9,800,000	-	-	9,800,000
2013 Refunding Bonds - $68,410,000, 2.00% to 5.00%	67,765,000	-	2,230,000	65,535,000
2014 Revenue Bonds - $74,165,000, 1.00% to 5.00%	71,345,000	-	1,520,000	69,825,000
2016 Revenue and Refunding Bonds - $123,625,000, 1.50% to 5.00%	123,625,000	-	1,810,000	121,815,000
Total bonds payable	$ 285,495,000	$ -	$ 9,740,000	$ 275,755,000

Other Liabilities:	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital lease obligations	$ 20,769	$ 18,016	$ 12,900	$ 25,885
Accrued compensated absences	1,292,947	1,165,459	1,151,178	1,307,228
Net pension liability	12,515,121	6,747,861	4,030,474	15,232,508
Total	$ 299,323,837	$ 7,931,336	$ 14,934,552	$ 292,320,621
Premium on bonds payable	36,338,554	-	2,052,563	34,285,991
Total long-term liabilities	$ 335,662,391	7,931,336	16,987,115	$ 326,606,612
Current maturities	(10,866,461)			(10,635,790)
Net long-term liabilities	$ 324,795,930			$ 315,970,822

Current maturities of long-term liabilities at June 30, 2017 consist of the following:

Revenue bonds	$ 9,460,000
Capital lease obligations	12,582
Accrued compensated absences	1,163,208
Total current maturities	$ 10,635,790

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.

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, 2017 and thereafter follows:

Years	Principal	Interest
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	10,715,000	10,597,622
2023-2027	61,445,000	45,085,283
2028-2032	52,550,000	31,661,115
2033-2037	51,405,000	20,076,750
2038-2042	34,820,000	10,816,638
2043-2046	25,285,000	2,672,056
Total	$ 275,755,000	$ 167,153,900

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, 2017.

A summary of the changes in the School Board's long-term liabilities, including net pension liability, for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital lease obligations	$ 25,965,793	$ 12,001,073	$ 11,880,216	$ 26,086,650
Accrued claims payable	6,529,180	4,341,538	4,855,225	6,015,493
Net pension liability	438,895,008	194,039,528	138,883,475	494,051,061
Accrued compensated absences	6,326,333	5,012,603	5,153,750	6,185,186
Total School Board	$ 477,716,314	$215,394,742	$160,772,666	$ 532,338,390
Current Maturities	(18,299,828)			(20,745,095)
Net long-term liabilities	$ 459,416,486			$ 511,593,295

Current maturities of long-term liabilities at June 30, 2017, consist of the following:

Capital lease obligations	$ 11,233,093
Accrued claims payable	4,473,237
Accrued compensated absences	5,038,765
Total current maturities	$ 20,745,095

James River Juvenile Detention Commission:

A summary of the changes in JRJDC's long-term liabilities, including net pension liability, for the year ended June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital lease obligations	$ 6,508	$ -	$ 2,175	$ 4,333
Net pension liability	2,675,810	1,452,602	867,635	3,260,777
Accrued compensated absences	180,561	226,775	208,334	199,002
Total JRJDC	$ 2,862,879	$ 1,679,377	$ 1,078,144	$ 3,464,112
Current Maturities	(182,736)			(201,726)
Net long-term liabilities	$ 2,680,143			$ 3,262,386

Current maturities of long-term liabilities at June 30, 2017, consist of the following:

Capital leases	$ 2,724
Accrued compensated absences	199,002
Total current maturities	$ 201,726

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, $71,659,007 of equipment and $11,599,300 of buildings has been capitalized as of June 30, 2017. 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, $49,982,225 of equipment has been capitalized as of June 30, 2017.

Future minimum lease payments under these capital leases for fiscal years ending after June 30, 2017 are as follows:

Years	Equipment Lease Obligations	EDA Lease Obligations	Schools	Total Future Minimum Lease Payments
2018	$ 381,746	$ 7,881,719	$ 11,477,319	$ 19,740,784
2019	344,186	7,005,103	5,507,110	12,881,236
2020	307,932	6,945,712	4,778,243	12,063,235
2021	32,673	6,886,909	3,900,963	11,089,989
2022	1,412	6,830,255	906.875	7,769,014
2023-2026	-	14,177,660	-	14,177,660
Total minimum lease payments	$ 1,067,949	$ 49,727,358	$ 26,570,510	$ 77,721,918
Less amount representing interest	72,553	4,302,358	483,860	4,858,771
Present value of future minimum lease payments	$ 995,396	$ 45,425,000	$ 26,086,650	$ 72,507,046

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, 2017 are as follows:

Years	Equipment Lease Obligations
2018	$ 3,489
2019	1,699
Total minimum lease payments	5,188
Less amount representing interest	855
Present value of future minimum lease payments	$ 4,333

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, 2017 are as follows:

Years	Equipment Lease Obligations
2018	$ 15,372
2019	6,749
2020	4,681
2021	4,246
Total minimum lease payments	31,048
Less amount representing interest	5,163
Present value of future minimum lease payments	$ 25,885

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 $2,206,000 for these cases and potential counter claims where the County is the plaintiff. 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, 2017 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. Virginia Association of Counties Group Self-Insurance Risk Pool (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, 2017 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 $2,996,175 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, 2017, 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 $7,646,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2017.

In addition, the County has recorded $14,038,344 for the County and $6,015,493 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, 2017 that are not expected to be liquidated with current resources. Also, the County has assigned $7,500,000 of the June 30, 2017 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2017, the County and Schools had accrued claims payable in long-term liabilities as follows:

	FY 2017		FY 2016	
	County	**Schools**	**County**	**Schools**
Balance, July 1	$ 24,185,328	$ 6,529,180	$ 28,387,048	$ 7,624,711
Current year claims and changes in estimates	17,790,371	4,341,538	10,204,025	1,234,557
Claim payments	(20,291,355)	(4,855,225)	(14,405,745)	(2,330,088)
Balance, June 30	$ 21,684,344	$ 6,015,493	$ 24,185,328	$ 6,529,180

D. Commitments

At June 30, 2017, the County had contractual commitments for the construction of various projects as follows:

Capital Projects Funds:	**Primary Government**	**Component Unit-Schools**
Computer and Technology Improvements	$ 35,597,043	$ -
Buildings and Grounds	1,727,007	-
Road Maintenance	5,622,565	-
Landfill Expansion and Development	312,254	-
Public Safety Projects	8,216,657	-
Public Works	1,143,195	-
Parks and Recreation	7,708,589	-
Libraries	4,867,039	-
Education Projects	1,068,348	10,297,896
Total	$ 66,262,696	$ 10,297,896
Enterprise Funds:		
Wastewater Treatment Projects	$ 30,613,286	
Water Plant Projects	164,851,100	
Computer and Information Systems	3,789,654	
Total	$ 199,254,040	

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, 2017, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	$5,330,837
Special Revenue Fund	5,993,371
Capital Projects Fund	65,194,348
Total	$76,518,556

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 $2,131,175 and $609,884, respectively, for the fiscal year 2017.

At June 30, 2017, the approximate future annual long-term commitments for these operating leases were as follows:

Years	**County Real Property**	**School Board Real Property**	**Total**
2018	$ 2,086,401	$ 524,878	$ 2,611,279
2019	1,521,021	394,481	1,915,502
2020	1,464,219	265,233	1,729,458
2021	875,392	241,575	1,116,967
2022	590,352	205,468	795.820
2023-2027	908,091	-	908,091
2028 & After	667,628	-	667,628
Total	$ 8,113,104	$ 1,631,641	$ 9,744,745

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, 2017, was $6,898,842 and $432,055, respectively.

At June 30, 2017, the future minimum rentals receivable for these existing leases were as follows:

Years	**Total**
2018	$ 416,724
2019	157,734
2020	127,473
2021	113,067
2022	102,507
2023-2027	280,202
2028-2032	133,452
2033-2035	65,693
Total	$ 1,396,852

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, 2017, was $4,425,485 and $1,112,812, respectively.

At June 30, 2017, the future minimum rentals receivable for these existing leases were as follows:

Years	**Total**
2018	$ 42,669
2019	21,425
2020	21,424
2021	21,424
2022	26,629
2023-2027	110,667
Total	$ 244,238

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, 2017, was $3,040,177.

At June 30, 2017, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2018	$ 61,097
2019	57,690
2020	60,531
2021	63,964
2022	63.203
2023-2027	378,431
2028-2032	438,705
2033-2053	652,170
Total	$ 1,781,791

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, 2016 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	2,740	101
Inactive members:		
Vested	685	15
Non-vested	1,213	58
Active elsewhere in VRS	1,068	84
Total inactive members	2,966	157
Active members	5,041	40
Total	10,747	298

*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 2017 were 13.01 percent and 29.36 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, 2017, the County and School Board Non-Professional Group reported a net pension liability of $261,606,935 and $3,200,030, 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 $212,159,367, $14,873,648, $358,860, $3,260,777, $3,179,252 and $27,775,031, respectively. The net pension liability was measured as of June 30, 2016. The total pension liability was determined by an actuarial valuation performed as of June 30, 2015, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2016.

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, 2015 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, 2016	$1,040,086,332	$863,908,142	$176,178,190
Changes for the year:			
Service cost	24,801,703	-	24,801,703
Interest	71,893,739	-	71,893,739
Difference between expected and actual experience	(3,762,008)	-	(3,762,008)
Contributions-employer	-	29,374,797	(29,374,797)
Contributions-employee	-	9,798,397	(9,798,397)
Net investment income	-	15,148,200	(15,148,200)
Benefit payments, including refunds of employee contributions	(50,505,930)	(50,505,930)	-
Administrative expense	-	(541,959)	541,959
Other changes	-	(6,430)	6,430
Net changes	42,427,504	3,267,075	39,160,429
Balances at June 30, 2017	$1,082,513,836	$867,175,217	$215,338,619
Business-Type Activities			
Balances at June 30, 2016	$74,178,579	$61,663,458	$12,515,121
Changes for the year:			
Service cost	1,721,019	-	1,721,019
Interest	4,988,789	-	4,988,789
Difference between expected and actual experience	(261,050)	-	(261,050)
Contributions-employer	-	2,038,351	(2,038,351)
Contributions-employee	-	679,922	(679,922)
Net investment income	-	1,051,151	(1,051,151)
Benefit payments, including refunds of employee contributions	(3,504,664)	(3,504,664)	-
Administrative expense	-	(37,607)	37,607
Other changes	-	(446)	446
Net changes	2,944,094	226,707	2,717,387
Balances at June 30, 2017	$77,122,673	$61,890,165	$15,232,508

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, 2016	$139,726,085	$116,745,997	$22,980,088
Changes for the year:			
Service cost	3,036,809	-	3,036,809
Difference between expected and actual experience	(460,633)	-	(460,633)
Interest	8,802,925	-	8,802,925
Contributions-employer	-	3,596,755	(3,596,755)
Contributions-employee	-	1,199,750	(1,199,750)
Net investment income	-	1,854,799	(1,854,799)
Benefit payments, including refunds of employee contributions	(6,184,126)	(6,184,126)	-
Administrative expense	-	(66,359)	66,359
Other changes	-	(787)	787
Net changes	5,194,975	400,032	4,794,943
Balances at June 30, 2017	$144,921,060	$117,146,029	$27,775,031

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, 2016	$8,447,798	$5,641,879	$2,805,919
Changes for the year:			
Service cost	67,970	-	67,970
Interest	567,282	-	567,282
Difference between expected and actual experience	108,818	-	108,818
Contributions-employer	-	237,503	(237,503)
Contributions-employee	-	30,289	(30,289)
Net investment income	-	85,861	(85,861)
Benefit payments, including refunds of employee contributions	(687,530)	(687,530)	-
Administrative expense	-	(3,655)	3,655
Other changes	-	(39)	39
Net changes	56,540	(337,571)	394,111
Balances at June 30, 2017	$8,504,338	$5,304,308	$3,200,030

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	$354,466,121	$215,338,619	$101,652,236
Business-Type Activities proportionate share of the net pension liability	$24,596,810	$15,232,508	$7,053,765
School Board C&M proportionate share of the net pension liability	$43,402,093	$27,775,031	$12,446,661
School Board Non-Professional Group	$4,037,857	$3,200,030	$2,491,243

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

At June 30, 2017, the County's Governmental Activities, Business-Type Activities and School Board C&M employee allocation, reported a net pension liability of $215,338,619, $15,232,508 and $27,775,031, respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of $3,200,030. At June 30, 2017, the Governmental Activities, Business-Type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 82.87 percent, 5.75 percent, 1.24 percent and 10.14 percent, respectively.

For the year ended June 30, 2017, the County's Governmental Activities, Business-Type Activities and Schools C&M recognized pension expense of $21,219,619, $1,558,285 and $4,277,353, respectively. The total pension expense for the County's Primary Government is $22,777,904. The School Board Non-Professional Group recognized pension expense of $335,826 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		
Change in pension proportionate share allocation	$ 2,230,678	$ 558,334
Difference between actual and expected experience	-	11,282,824
Difference between projected and actual earnings on pension plan investments	48,663,097	25,306,960
Pension contributions after the measurement date	26,184,817	-
Total	$ 77,078,592	$ 37,148,118
Business-Type Activities		
Change in pension proportionate share allocation	$ 7,681	$ 128,195
Difference between actual and expected experience	-	792,087
Difference between projected and actual earnings on pension plan investments	3,390,024	1,824,034
Pension contributions after the measurement date	1,802,788	-
Total	$ 5,200,493	$ 2,744,316
Total Primary Government		
Change in pension proportionate share allocation	$ 2,238,359	$ 686,529
Difference between actual and expected experience	-	12,074,911
Difference between projected and actual earnings on pension plan investments	52,053,121	27,130,994
Pension contributions after the measurement date	27,987,605	-
	$ 82,279,085	$ 39,892,434
Component Unit		
Schools C&M		
Change in pension proportionate share allocation	$ 517,670	$ 2,042,755
Difference between actual and expected experience	-	1,466,041
Difference between projected and actual earnings on pension plan investments	6,080,663	3,645,525
Pension contributions after the measurement date	2,828,338	-
Total	$ 9,426,671	$ 7,154,321
Schools Non-Professional Group		
Difference between projected and actual earnings on pension plan investments	$ 319,772	$ 177,021
Pension contributions after the measurement date	187,856	-
Total	$ 507,628	$ 177,021

Governmental Activities, Business-Type Activities, Schools C&M and the Schools Non-Professional Group have recognized deferred outflow of resources of $26,184,817, $1,802,788, $2,828,338 and $187,856, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018.

Governmental Activities have recognized a deferred outflow of resources of $2,230,678 and a deferred inflow of resources of $558,334 resulting from a change in the pension proportionate share allocation. Business-Type Activities and Schools C&M have recognized a deferred outflow of resources of $7,681 and $517,670, respectively, and deferred inflow of resources of $128,195 and $2,042,755, respectively resulting from a change in the pension proportionate share allocation.

Governmental Activities, Business-Type Activities, Schools C&M and Schools Non-Professional Group have recognized a deferred outflow of resources of $48,663,097, $3,390,024, $6,080,663 and $319,772, respectively, resulting from the difference between projected and actual earnings on pension plan investments.

Governmental Activities, Business-Type Activities, and Schools C&M have recognized a deferred inflow of resources of $11,282,824, $792,087, and $1,466,041, 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 $25,306,960, $1,824,034, $3,645,525 and $177,021, respectively, resulting from the difference between projected and actual earnings on pension plan investments.

The change in the proportionate share allocation, difference between expected and actual experience 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
2018	$ (3,735,810)	$ (365,365)	$ (1,079,913)	$ (1,537)
2019	(3,204,181)	(372,086)	(1,597,584)	(1,536)
2020	11,823,460	775,883	1,036,392	86,973
2021	8,862,188	614,957	1,085,117	58,851
	$ 13,745,657	$ 653,389	$ (555,988)	$ 142,751

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 2016 was 14.06 percent of covered employee compensation. This rate was based on an actuarially determined rate of 18.20% from an actuarial valuation as of June 30, 2013, which was reduced to 17.64% after reflecting the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. 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, 2017. The School Board Teacher's contributions to VRS for the years ending 2017, 2016, and 2015 were $38,766,250, $35,427,046, and $35,367,272, 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, 2017, the School Board and JRJDC reported a net pension liability of $494,051,061 and $3,260,777, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 and rolled forward to the measurement date of June 30, 2016. 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 $494,051,061 is made up of three groups of employees. The Teacher's net pension liability of $463,076,000, the School Board Non-Professional Group net pension liability of $3,200,030 and the School C&M net pension liability of $27,775,031. 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 $35,448,695 as of the measurement date of June 30, 2016. For the year ended June 30, 2017, the School Board C&M proportion share allocation was 10.14 percent. For the year ended June 30, 2017, the Teacher Retirement Plan, School Board Non-Professional Group and Schools C&M Group reported pension expense of $38,471,000, $335,826 and $2,727,843, respectively. The School Board's participation in the VRS cost-sharing plan which was 3.3% as of June 30, 2017.

As of June 30, 2017, the School Board's net pension liability is as follows:

Teachers	
Total pension liability	$1,459,939,280
Fiduciary net position	996,863,280
Net pension liability	$ 463,076,000
Schools Non-Professional Group	
Total pension liability	$ 8,504,338
Fiduciary net position	5,304,308
Net pension liability	$ 3,200,030
Schools C&M	
Total pension liability	$ 144,921,060
Fiduciary net position	117,146,029
Net pension liability	$ 27,775,031
Total Schools	
Total pension liability	$1,613,364,678
Fiduciary net position	1,119,313,617
Net pension liability	$ 494,051,061
Plan fiduciary net position as a percentage of the total pension liability	69%

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 $35,448,695 as of the measurement date of June 30, 2016. At June 30, 2016, JRJDC's proportion share was 1.24 percent. For the year ended June 30, 2017, JRJDC reported pension expense of $332,788.

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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, 2015 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 8.33% 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	$ 660,116,000	$ 463,076,000	$ 300,762,000
School Board Non-Professional Group net pension liability	4,037,857	3,200,030	2,491,243
School Board C&M's proportionate share of the net pension liability	43,402,093	27,775,031	12,446,661
Total all Schools	$ 707,555,950	$ 494,051,061	$ 315,699,904
James River Juvenile Detention Center			
James River Juvenile Detention Center proportionate share of the net pension liability	$5,294,918	$3,260,777	$1,518,453

G. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board and JRJDC have recognized deferred outflows of resources of $2,966,670 and $7,237, respectively, resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2016. The School Board and JRJDC have recognized deferred outflows of resources of $62,430,435 and $730,914, respectively, resulting from the difference between projected and actual earnings on pension plan investments. The School Board and JRJDC have recognized deferred outflows of resources of $41,782,444 and $375,891, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017.

The School Board and JRJDC have recognized deferred inflows of resources of $6,785,755 and $33,983 respectively, resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2016. The School Board and JRJDC have recognized deferred inflows of resources of $16,471,041 and $171,306, respectively, resulting from the difference between expected and actual experience. The School Board and JRJDC have recognized deferred inflows of resources of $33,400,546 and $393,344, respectively, resulting from the difference between projected and actual earnings on pension plan investments.

As of June 30, 2017, the School Board's deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources	
Teachers – employer contributions	$ 38,766,250
Teachers – difference in earnings	56,030,000
Teachers – proportionate share	2,449,000
Schools Non-Professional Group – difference in earnings	319,772
Schools Non-Professional Group – employer contributions	187,856
Schools C&M – employer contributions	2,828,338
Schools C&M – difference in earnings	6,080,663
Schools C&M – proportionate share	517,670
Total Deferred Outflows of Resources	$ 107,179,549

Deferred Inflows of Resources	
Teachers – difference in earnings	$ 29,578,000
Teachers – proportionate share	4,743,000
Teachers – difference in experience	15,005,000
Schools Non-Professional Group – difference in earnings	177,021
Schools C&M – difference in earnings	3,645,525
Schools C&M – proportionate share	2,042,755
Schools C&M – difference in experience	1,466,041
Total Deferred Inflows of Resources	$ 56,657,342

These deferred outflows and deferred inflows resulting from the difference between projected and actual earnings, changes in the proportionate share allocation and the difference between expected and actual experience 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
2018	$ (4,447,000)	$ (1,537)	$ (1,079,913)	$ (5,528,450)
2019	(4,447,000)	(1,536)	(1,597,584)	(6,046,120)
2020	10,986,000	86,973	1,036,392	12,109,365
2021	7,832,000	58,851	1,085,117	8,975,968
Thereafter	(771,000)	-	-	(771,000)
	$ 9,153,000	$ 142,751	$ (555,988)	$ 8,739,763

James River Juvenile Detention Center

Year Ending June 30:	
2018	$ (74,392)
2019	(81,628)
2020	163,157
2021	132,381
	$ 139,518

H. Employer Contributions

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

The employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations was based on the total employer contributions using the plan's contribution rates and the and the employer's covered payroll for June 30, 2016. The County's Teacher portion was $35,423,318. Of that amount, $327,660 was transferred to ICMA-RC as the employer cost of the defined contribution component for employees covered by the Hybrid retirement plan benefit structure and $35,095,658 was retained by the defined benefit plan. The employer contributions of $35,103,366 reported in the VRS Teacher Employee's Retirement Plan's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects this net amount plus approximately $7,719 in other employer contributions that were not representative of future contribution efforts.

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 healthcare 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 has included the Trust Fund in its Fiduciary Funds financial statements (exhibits 9-10).

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, 2017, membership for the postemployment healthcare benefits consisted of:

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

At June 30, 2017, 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, 2017. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at $50,041,301 and an ARC of $7,788,672 for the postemployment healthcare cost and a UAAL at $23,368,642 and an ARC of $1,795,016 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

$7,788,672 for postemployment healthcare benefits is 1.45 percent of annual covered payroll and the ARC of $1,795,016 for postemployment line of duty benefits is .33 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, 2017.

NET HEALTHCARE OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	$ 7,788,672
Interest on Net OPEB Asset	(165,613)
Adjustment to the ARC	142,072
Annual OPEB Cost	7,765,131
Contributions made	(7,765,131)
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, 2017 is as follows:

TREND INFORMATION FOR COUNTY

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF OPEB CONTRIBUTED	NET OPEB ASSET
June 30, 2015	$9,738,183	100.00%	$ (2,365,897)
June 30, 2016	$7,759,164	100.00%	$ (2,365,897)
June 30, 2017	$7,765,131	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, 2017 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, 2017.

NET LINE OF DUTY OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	$ 1,795,016
Interest on Net OPEB Obligation	399,260
Adjustment to the ARC	(388,971)
Annual OPEB Cost	1,805,305
Contributions made	(940,323)
Change in Net OPEB Obligation	864,982
Net OPEB Obligation beginning of year	9,981,498
Net OPEB Obligation end of year	$ 10,846,480

The County's net Line of Duty OPEB obligation of $10,846,480 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, 2017 is as follows:

TREND INFORMATION FOR COUNTY

FISCAL YEAR ENDED	ANNUAL OPEB COST	PERCENTAGE OF OPEB CONTRIBUTED	NET OPEB OBLIGATION
June 30, 2015	$2,980,480	33.68%	$ 8,559,527
June 30, 2016	$2,348,385	23.53%	$ 9,981,498
June 30, 2017	$1,805,305	16.64%	$ 10,846,480

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, 2015	$38,959,417	$94,600,473	$55,641,056	41.18%	$524,795,561	10.60%
June 30, 2016	$42,288,920	$88,703,234	$46,414,314	47.67%	$530,043,517	8.76%
June 30, 2017	$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, 2015	$0	$27,209,600	$27,209,600	0%	$524,795,561	5.18%
June 30, 2016	$0	$25,921,724	$25,921,724	0%	$530,043,517	4.89%
June 30, 2017	$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, 2017 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, 2017 for the UAAL was 24 years.

In the June 30, 2017 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, 2017 for the UAAL was 29 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, 2017, an expenditure of $3,877,414 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 $297,737 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, 2017.

Receivables and payables balances at June 30, 2017 were as follows:

	Receivables	Payables
General Fund	$ 1,441,032	$ 476,080
Special Revenue Fund	-	98,360
Water and Sewer Fund	3,206,329	42,129
Capital Projects Fund	-	3,206,329
Belmont Park Golf Course	-	1,441,865
Central Automotive Maintenance	-	10,148
Health Care Fund	627,550	-
	$ 5,274,911	$ 5,274,911

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, 2017 were as follows:

	Receivables	Payables
General Fund – School Board	$ -	$ 89,936
Special Revenue Fund – School Board	-	3,109
JRJDC	-	9,592
Health Care Fund	102,637	-
	$ 102,637	$ 102,637

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, 2017 were as follows:

	Transfers Out	Transfers In
Governmental Funds:		
General Fund	$ 108,373,845	$ -
Special Revenue Fund	1,168,500	25,675,768
Debt Service Fund	-	57,507,646
Capital Projects Fund	-	26,358,931
	$ 109,542,345	$109,542,345

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2017, the County contributed $1,683,618 to the Economic Development Authority of Henrico County, Virginia, to foster economic development within the County, and the County received $259,281 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 $38,644,448 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, 2017 totaled $4,978,406 and $12,572,997 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 $4,459,789 at June 30, 2017.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2017, but paid in advance by the taxpayers, totaled $16,357,147 at June 30, 2017.

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 $125,852 in the General Fund for monies received in advance of expenditures being made as of June 30, 2017. Unearned grant revenues for the Schools Special Revenue Fund totaled $150,257 for USDA donated food inventory on hand at June 30, 2017.

Also, the Water and Sewer Revenue Fund recorded unearned revenue in the amount of $17,642,572, which consists of an advance payment from a customer of $8,471,166 for water capacity and amounts held for contractors of $9,171,406.

NOTE 17. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2017:

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
Ty Parr– 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 Clerk	$	10,000
Peggie Myers – School Board Deputy Clerk	$	10,000
Patrick C. Kinlaw – School Superintendent and Deputy Agent	$	10,000
Chris Sorenson – 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 an 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 $13,433,169 for transient occupancy tax to the Convention Authority during the year ended June 30, 2017.

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. A balance of $3,349,114 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2017. This 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. The Springfield Landfill is now closed for post-closure costs. This amount includes closure for the transfer station at the Springfield site. 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 received a final sanitary landfill certification of full closure on November 2, 2016. The post-closure period begins on this certification date. The transfer station remains in operation.

NOTE 20. SPECIAL ASSESSMENT

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.

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 was $1,480,000. The County paid $740,000 on August 15, 2016 and February 10, 2017. As of June 30, 2017, the County paid all special assessments that were due to the SWOV District. On March 1, 2017, the remaining $3,690,000 in outstanding bonds were redeemed and $97,785 of interest was paid from the Debt Service Reserve Fund. The County paid $1,368,000 to the White Oak Developer subsequent to June 30, 2017, which was the refund of an initial special assessment payment made by the White Oak Developer to the County in June 2009.

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, 2017 were $2,250,996.

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, 2017.

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 $2,636,199 to RMCVB for the year ended June 30, 2017.

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 $192,430 for the year ended June 30, 2017.

NOTE 22. TAX ABATEMENTS

The Real Estate Assessment Division administers a countywide Partial Real Estate Tax Credit program for qualifying rehabilitated or renovated multifamily, commercial/industrial, and hotel/motel properties to enhance structures with the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Multifamily residential rental real estate, commercial, industrial, hotel and motel real estate shall be deemed to be substantially rehabilitated when the structure, which is at least 26 years old and no more than 39 years old, has been so improved as to increase the assessed value of the structure by no less than 50 percent, but without increasing the total footage of such structure by more than 100 percent. As a requisite for qualifying for the partial tax exemption, the owner of the structure shall, prior to or simultaneously with making application for a building permit to rehabilitate such structure, file with the Director of Finance, an application to qualify such structure as a rehabilitated structure. Upon receipt of an application for tax exemption, the Director of Finance shall determine a base fair market value assessment (base value) of the structure prior to commencement of rehabilitation. The tax assessment of the improvements located upon the qualifying real estate shall be considered in determining the base value. The base value shall serve as a basis for determining whether the rehabilitation increases the assessed value of such structure by at least 50 percent. A total of 20 commercial property owners have received $98,574 in tax credits in 2017.

The Real Estate Assessment Division also administers a "Reinvest" residential rehabilitation program, initiated January 1, 2010, for qualifying rehabilitated residential property to enhance homes within the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Reinvest is a partial tax exemption program for residential real estate (excluding multifamily rental units). This residential rehabilitation program encourages rehabilitation, renovation, or replacement of qualifying structures through a property tax incentive. It is designed to protect and preserve mature and settled neighborhoods. By improving the condition and appearance of these properties, Henrico County will continue to be an appealing place for existing and future homeowners to invest. In order to qualify for the Reinvest Program, the home must be a minimum of 40 years old with a maximum assessed value of $250,000. Any improvement, renovation or addition must increase the base structure value (meaning the structure only, not including the property) by a minimum of 20 percent, and may not increase the original square footage of the structure by more than 100 percent. The added assessed value of the improvement, renovation or addition will be tax-free for seven years. A total of 112 properties have been completed with a total tax credit of $60,881 as of June 30, 2017.

The County's Economic Development Authority (the "Authority") and 1420 N Parham Road, LC (the "Company") entered into an agreement on November 18, 2016 to provide economic development incentives to assist in the redevelopment of the property known as Regency Square Mall (the "Site"). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, and it wishes to stimulate investment in the County to provide economic growth and development opportunities. The redevelopment of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to construct road improvements adjacent to the Site. The Company will invest approximately $45 million into the redevelopment of the Site, including $7.3 million dollars in road improvements. Tax revenues from the Site in the 10 years following the completion of the road project are expected to exceed $15 million. The County expects the road project to be completed in 2018. The Authority will pay grants to the Company in the amount equal to the tax revenue up to an aggregate maximum of $7.3 million, beginning January 1, 2018 through December 2023. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2018 for the tax period January 1 through June 30, 2018. The grant payment date of March 30, 2019 is for the tax period July 1 through December 2018.

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

HENRICO COUNTY, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	$ 300,285,000	$ 300,285,000	$ 310,222,707	$ 9,937,707
Current personal property taxes	78,998,217	78,998,217	75,311,316	(3,686,901)
Delinquent real property taxes	4,000,000	4,000,000	4,832,913	832,913
Delinquent personal property taxes	1,200,000	1,200,000	11,659,450	10,459,450
Interest	275,000	275,000	-	(275,000)
Total general property taxes	384,758,217	384,758,217	402,026,386	17,268,169
Other local taxes:				
County recordation taxes	3,300,000	3,300,000	4,518,839	1,218,839
Local sales and use taxes	61,000,000	61,000,000	64,666,206	3,666,206
Consumer utility taxes	2,600,000	2,600,000	2,813,090	213,090
Business and professional license taxes	32,000,000	32,000,000	35,432,437	3,432,437
Motor vehicle license taxes	6,325,000	6,325,000	7,199,016	874,016
Meals Tax	20,000,000	20,000,000	28,443,883	8,443,883
Hotel and motel taxes	11,200,000	14,200,000	13,448,236	(751,764)
Bank franchise taxes	5,000,000	5,000,000	17,318,152	12,318,152
Grantor's taxes	900,000	900,000	1,163,660	263,660
Daily rental tax	60,000	60,000	125,899	65,899
Consumption tax	1,100,000	1,100,000	1,024,815	(75,185)
Total other local taxes	143,485,000	146,485,000	176,154,233	29,669,233
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	130,000	130,000	138,368	8,368
Transfer fees	7,000	7,000	8,498	1,498
Zoning application fees	150,000	150,000	163,487	13,487
Structure and equipment permits	3,250,000	3,250,000	4,324,433	1,074,433
Septic tank permits	5,000	5,000	4,300	(700)
Taxi cab certificates	15,000	15,000	18,350	3,350
Permits to purchase precious metal	5,000	5,000	8,600	3,600
Dog licenses	120,000	120,000	119,293	(707)
Other	619,100	619,100	599,391	(19,709)
Total permits, privilege fees and regulatory licenses	4,301,100	4,301,100	5,384,720	1,083,620
Fines and forfeitures:				
False alarm penalties	65,000	65,000	70,765	5,765
Traffic violations	2,500,000	2,500,000	2,017,083	(482,917)
Parking violations	25,000	25,000	22,503	(2,497)
Total fines and forfeitures	2,590,000	2,590,000	2,110,351	(479,649)
Revenue from use of money and property:				
Sale of equipment and publications	97,400	97,400	373,852	276,452
Rented county property	624,000	624,000	721,273	97,273
Use of money	7,154,000	7,154,000	1,609,777	(5,544,223)
Total revenue from use of money and property	7,875,400	7,875,400	2,704,902	(5,170,498)
Charges for services:				
Public works	170,000	170,000	197,033	27,033
Library	458,000	458,000	464,885	6,885
Sheriff fees	1,201,000	1,201,000	3,787,751	2,586,751
Commonwealth's Attorney fees	25,000	25,000	23,478	(1,522)
Public safety	15,000	15,000	28,731	13,731
Finance charges	245,000	245,000	280,712	35,712
Recreation	682,150	682,150	651,932	(30,218)
Information technology	756,500	756,500	756,500	-
Total charges for services	3,552,650	3,552,650	6,191,022	2,638,372

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	$ 4,142,500	$ 4,167,136	$ 11,993,095	$ 7,825,959
Total miscellaneous	4,142,500	4,167,136	11,993,095	7,825,959
Recovered costs:				
Finance	2,292,870	2,292,870	2,542,997	250,127
General services	955,000	955,000	3,667,842	2,712,842
Public works	415,000	415,000	152,699	(262,301)
Sheriff	700,000	700,000	684,040	(15,960)
Public safety	5,000	5,000	-	(5,000)
Total recovered costs	4,367,870	4,367,870	7,047,578	2,679,708
Total revenue from local sources	555,072,737	558,097,373	613,612,287	55,514,914
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	138,500	138,500	178,564	40,064
Recovery of central costs	475,000	475,000	598,223	123,223
Mobile home sales and use tax	5,000	5,000	8,442	3,442
Motor vehicle rental tax	3,000,000	3,000,000	3,753,236	753,236
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	13,100,000	13,100,000	12,410,247	(689,753)
Total non-categorical aid	53,720,283	53,720,283	53,950,495	230,212
Shared expenses:				
Sheriff	11,425,000	11,425,000	12,110,685	685,685
Commonwealth's Attorney	2,025,000	2,025,000	2,157,727	132,727
Election commission	70,000	70,000	75,850	5,850
Finance	684,000	684,000	787,458	103,458
Circuit court	2,850,000	2,994,288	3,347,140	352,852
Total shared expenses	17,054,000	17,198,288	18,478,860	1,280,572
Categorical aid:				
Library	183,000	183,000	198,643	15,643
Public safety	12,385,000	12,479,577	13,741,267	1,261,690
Public works	44,050,000	47,637,591	47,661,174	23,583
Juvenile and domestic relations	555,475	555,475	593,717	38,242
Total categorical aid	57,173,475	60,855,643	62,194,801	1,339,158
Total revenue from the Commonwealth	127,947,758	131,774,214	134,624,156	2,849,942
Revenue from the Federal government:				
Public safety	15,000	15,000	1,059,080	1,044,080
Total revenue from the Federal government	15,000	15,000	1,059,080	1,044,080
Total intergovernmental	127,962,758	131,789,214	135,683,236	3,894,022
Total General Fund	$ 683,035,495	$ 689,886,587	$ 749,295,523	$ 59,408,936

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	$ -	$ 2,848,000	$ -	$ (2,848,000)
Total general property taxes	-	2,848,000	-	(2,848,000)
Revenue from use of money and property	180,000	180,000	264,796	84,796
Charges for services:				
Miscellaneous charges for services	10,889,238	11,255,603	11,114,616	(140,987)
Refuse collection billing	8,100,000	8,100,000	8,477,208	377,208
Recycle fees	179,975	179,975	222,333	42,358
Bulky waste collection fees	1,623,000	1,623,000	2,226,237	603,237
Leaf collection	3,018,511	3,018,511	3,018,511	-
Charges for street lights	83,100	83,100	75,478	(7,622)
Total charges for services	23,893,824	24,260,189	25,134,383	874,194
Miscellaneous revenues	1,315,565	1,379,429	310,098	(1,069,331)
Recovered costs:				
Recovered costs	553,513	1,007,204	501,897	(505,307)
Recoveries and rebates	51,207	51,207	67,877	16,670
Total recovered costs	604,720	1,058,411	569,774	(488,637)
Total revenue from local sources	25,994,109	29,726,029	26,279,051	(3,446,978)
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	40,000	40,000	40,840	840
Social services	11,544,391	12,432,946	11,350,380	(1,082,566)
Mental health and developmental services	8,728,607	8,919,590	8,967,660	48,070
Virginia department of corrections	1,535,096	1,557,568	1,557,570	2
Commonwealth's Attorney	225,493	225,493	300,024	74,531
Miscellaneous state grants	1,321,434	2,017,194	1,947,885	(69,309)
Total revenue from the Commonwealth	23,395,021	25,192,791	24,164,359	(1,028,432)
Revenue from the Federal government:				
Workforce investment	4,941,819	5,349,782	5,831,278	481,496
Social Services	9,839,370	10,967,257	11,109,400	142,143
Community development block grants	-	2,193,272	2,016,764	(176,508)
Public safety	-	396,082	383,637	(12,445)
Mental health and developmental services	1,846,106	2,310,073	1,974,019	(336,054)
Miscellaneous federal grants	418,218	1,023,493	1,036,578	13,085
Total revenue from the Federal government	17,045,513	22,239,959	22,351,676	111,717
Total intergovernmental	40,440,534	47,432,750	46,516,035	(916,715)
Total Special Revenue Fund	$ 66,434,643	$ 77,158,779	$ 72,795,086	$ (4,363,693)
Grand Total Revenues - Primary Government	$ 749,470,138	$ 767,045,366	$ 822,090,609	$ 55,045,243

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government:				
Legislative:				
Board of Supervisors	$ 1,064,865	$ 1,103,513	$ 1,101,913	$ 1,600
Total legislative	1,064,865	1,103,513	1,101,913	1,600
General and financial administration:				
County Manager	3,561,769	3,861,265	3,866,016	(4,751)
County Attorney	2,312,242	2,549,537	2,549,537	-
Human Resources	14,194,745	21,919,232	24,764,941	(2,845,709)
Finance	13,787,227	13,302,111	12,822,920	479,191
General Services	14,824,045	15,316,741	14,496,579	820,162
Internal Audit	431,646	469,823	446,547	23,276
Real Property Agent	629,871	721,652	721,652	-
Information Technology	13,183,891	14,638,840	14,166,781	472,059
Total general and financial administration	62,925,435	72,779,201	73,834,973	(1,055,772)
Board of Elections:				
Election Commission	1,433,267	1,929,784	1,914,528	15,256
Total Board of Elections	1,433,267	1,929,784	1,914,528	15,256
Total general government administration	65,423,568	75,812,498	76,851,414	(1,038,916)
Judicial administration:				
Courts:				
Circuit Court	3,017,669	3,607,315	3,259,565	347,750
General District Court	247,984	224,711	224,578	133
Juvenile and Domestic Relations Court	2,467,963	2,541,069	2,453,075	87,994
Total Courts	5,733,616	6,373,096	5,937,218	435,878
Commonwealth's Attorney:				
Commonwealth's Attorney	4,598,149	4,754,961	4,607,417	147,544
Total Commonwealth's Attorney	4,598,149	4,754,961	4,607,417	147,544
Total judicial administration	10,331,765	11,128,057	10,544,635	583,422
Public safety:				
Law enforcement:				
Police Department	69,739,181	72,337,314	72,113,116	224,198
Total law enforcement	69,739,181	72,337,314	72,113,116	224,198
Fire services:				
Fire Department	55,034,907	57,523,886	56,934,696	589,190
Total fire services	55,034,907	57,523,886	56,934,696	589,190
Correction and detention:				
Sheriff	37,527,317	43,340,116	43,215,331	124,785
Juvenile and Domestic Relations District Court	2,979,622	2,979,622	2,979,622	-
Total correction and detention	40,506,939	46,319,738	46,194,953	124,785
Inspections:				
Building	4,184,235	4,319,679	4,169,434	150,245
Total inspections	4,184,235	4,319,679	4,169,434	150,245
Other protection:				
Office of Emergency Services	177,558	131,755	127,933	3,822
Animal Protection	1,475,308	1,480,737	1,480,538	199
Building Security	1,465,726	1,540,598	1,506,092	34,506
Total other protection	3,118,592	3,153,089	3,114,563	38,526
Total public safety	172,583,854	183,653,706	182,526,762	1,126,944

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General Administration	$ 1,236,448	$ 1,533,039	$ 1,511,192	$ 21,847
Mass Transit	6,993,089	7,231,513	7,248,555	(17,042)
Design	1,964,091	2,078,665	1,822,230	256,435
Construction and Maintenance	33,343,901	38,066,922	34,625,159	3,441,763
Traffic Engineering	3,432,840	4,558,267	3,672,859	885,408
Miscellaneous	1,986,969	2,254,406	2,150,616	103,790
Total maintenance of highways and streets	48,957,338	55,722,811	51,030,611	4,692,200
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	51,975,849	58,741,322	54,049,122	4,692,200
Health and social services:				
Health:				
Public Health Department	1,950,729	2,219,895	2,219,894	1
Total health	1,950,729	2,219,895	2,219,894	1
Total health and social services	1,950,729	2,219,895	2,219,894	1
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	17,810,155	18,716,223	18,520,567	195,656
Sandston Community House	14,000	14,000	11,498	2,502
Total parks and recreation	17,824,155	18,730,223	18,532,065	198,158
Library:				
Library Public Services	18,291,338	17,631,101	17,412,935	218,166
Total library	18,291,338	17,631,101	17,412,935	218,166
Total parks, recreation and cultural	36,115,493	36,361,324	35,945,000	416,324
Community development:				
Planning and community development:				
Economic Development	18,074,458	20,740,297	20,618,400	121,897
Planning and Rezoning	4,324,951	4,452,625	3,823,924	628,701
Total planning and community development	22,399,410	25,192,922	24,442,324	750,598
Cooperative extension program:				
Agriculture	398,145	401,593	368,049	33,544
Total cooperative extension program	398,145	401,593	368,049	33,544
Total community development	22,797,555	25,594,515	24,810,373	784,142
Education:				
School Board	223,785,739	223,785,739	223,785,739	-
Total education	223,785,739	223,785,739	223,785,739	-

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative Projects	$ 16,829,520	$ 8,484,919	$ 7,737,868	$ 747,051
Total miscellaneous	16,829,520	8,484,919	7,737,868	747,051
Debt service:				
Capital lease principal	231,628	231,628	231,628	-
Capital lease interest	23,899	23,899	23,899	-
Total debt service	255,527	255,527	255,527	-
Total General Fund	$ 602,049,598	$ 626,037,502	$ 618,726,334	$ 7,311,168
Special Revenue Fund:				
General government:				
General and financial administration:				
Workforce Investment	$ 5,162,639	$ 8,867,026	$ 5,964,427	$ 2,902,599
Total general government administration	5,162,639	8,867,026	5,964,427	2,902,599
Judicial administration:				
Commonwealth's Attorney	939,363	1,724,345	1,255,917	468,428
Total judicial administration	939,363	1,724,345	1,255,917	468,428
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,533,434	4,302,214	1,780,002	2,522,212
Total law enforcement	1,533,434	4,302,214	1,780,002	2,522,212
Fire	-	896,126	619,138	276,988
Correction and detention:				
Community Diversion Program	1,932,350	2,172,738	2,004,119	168,619
Juvenile and Domestic Relations District Court	938,210	953,153	927,167	25,986
Total correction and detention	2,870,560	3,125,891	2,931,286	194,605
Total public safety	4,403,994	8,324,231	5,330,426	2,993,805
Public works:				
General Administration	897,000	2,734,224	1,315,987	1,418,237
Maintenance of Highways and Streets	83,100	83,100	62,662	20,438
Solid Waste Collection and Disposal	13,613,126	14,524,515	11,115,237	3,409,278
Total public works	14,593,226	17,341,839	12,493,886	4,847,953
Health and social services:				
Social Services	30,970,436	38,530,122	33,147,253	5,382,869
Mental health and developmental services:				
Related Services	5,287,688	6,966,507	5,079,315	1,887,192
Mental Health	10,991,074	11,301,732	9,930,166	1,371,566
Developmental Services	11,198,629	12,764,465	11,719,989	1,044,476
Substance Abuse	2,724,605	3,046,490	2,673,496	372,994
MH/DS Administration	5,523,639	6,047,007	5,761,543	285,464
Total mental health and developmental services	35,725,635	40,126,200	35,164,509	4,961,691
Total health and social services	66,696,072	78,656,322	68,311,762	10,344,560
Parks, recreation and culture:				
Parks and Recreation grants	-	66,949	16,829	50,120
Total parks, recreation and culture	-	66,949	16,829	50,120

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Community development:				
Planning and Community Development	$ -	$ 4,488,452	$ 2,121,192	$ 2,367,260
Economic Development	-	2,848,000	1,480,000	1,368,000
Total community development	-	7,336,452	3,601,192	3,735,260
Debt service:				
Capital lease principal	31,766	31,766	31,766	-
Capital lease interest	5,532	5,532	5,532	-
Total debt service	37,298	37,298	37,298	-
Total Special Revenue Fund	$ 91,832,592	$ 122,354,462	$ 97,011,737	$ 25,342,725
Grand Total Expenditures - Government Funds	$ 693,882,189	$ 748,391,964	$ 715,738,071	$ 32,653,893

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS **Exhibit 15**

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

LAST THREE FISCAL YEARS*

	2015	2016	2017
Governmental Activities:			
Total pension liability			
Service cost	$ 23,796,971	$ 23,884,723	$ 24,801,703
Interest on total pension liability	65,367,508	69,217,236	71,893,739
Difference between expected and actual experience	-	(15,888,024)	(3,762,008)
Benefit payments, including refunds of employee contributions	(43,077,241)	(47,302,547)	(50,505,930)
Net change in total pension liability	46,087,238	29,911,388	42,427,504
Total pension liability - beginning	964,087,706	1,010,174,944	1,040,086,332
Total pension liability - ending (a)	$ 1,010,174,944	$ 1,040,086,332	$ 1,082,513,836
Total fiduciary net position			
Contributions - employer	$ 27,496,460	$ 28,290,290	$ 29,374,797
Contributions - employee	9,281,980	9,452,120	9,798,397
Net investment income	113,606,404	38,115,473	15,148,200
Benefit payments	(43,077,241)	(47,302,547)	(50,505,930)
Administrative expense	(612,154)	(522,704)	(541,959)
Other	5,986	(8,071)	(6,430)
Net change in plan fiduciary net position	106,701,435	28,024,561	3,267,075
Plan fiduciary net position - beginning	729,182,146	835,883,581	863,908,142
Plan fiduciary net position - ending (b)	$ 835,883,581	$ 863,908,142	$ 867,175,217
Net pension liability - ending (a)-(b)	$ 174,291,363	$ 176,178,190	$ 215,338,619
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.06%	80.11%
Covered - employee payroll	$ 197,721,517	$ 225,434,916	$ 215,417,179
Net pension liability as a percentage of covered-employee payroll	88.15%	78.15%	99.96%
Business-Type Activities:			
Total pension liability			
Service cost	$ 1,715,200	$ 1,683,447	$ 1,721,019
Interest on total pension liability	4,711,454	4,878,582	4,988,789
Difference between expected and actual experience	-	(1,119,823)	(261,050)
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)	(3,504,664)
Net change in total pension liability	3,321,802	2,108,219	2,944,094
Total pension liability - beginning	68,748,558	72,070,360	74,178,579
Total pension liability - ending (a)	$ 72,070,360	$ 74,178,579	$ 77,122,673
Total fiduciary net position			
Contributions - employer	$ 1,981,845	$ 1,993,960	$ 2,038,351
Contributions - employee	669,012	666,206	679,922
Net investment income	8,188,339	2,686,461	1,051,151
Benefit payments	(3,104,852)	(3,333,987)	(3,504,664)
Administrative expense	(44,121)	(36,841)	(37,607)
Other	431	(569)	(446)
Net change in plan fiduciary net position	7,690,654	1,975,230	226,707
Plan fiduciary net position - beginning	51,997,574	59,688,228	61,663,458
Plan fiduciary net position - ending (b)	$ 59,688,228	$ 61,663,458	$ 61,890,165
Net pension liability - ending (a)-(b)	$ 12,382,132	$ 12,515,121	$ 15,232,508
Plan fiduciary net position as a percentage of total pension liability	82.82%	83.13%	80.25%
Covered - employee payroll	$ 14,706,712	$ 15,129,203	$ 15,592,871
Net pension liability as a percentage of covered-employee payroll	84.19%	82.72%	97.69%

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

HENRICO COUNTY, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS **Exhibit 16**

SCHOOL BOARD NON-PROFESSIONAL GROUP

LAST THREE FISCAL YEARS*

	2015	2016	2017
School Board Non-Professional Group			
Total pension liability			
Service cost	$ 72,260	$ 69,746	$ 67,970
Interest on total pension liability	582,852	580,111	567,282
Difference between expected and actual experience	-	(139,895)	108,818
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)	(687,530)
Net change in total pension liability	(34,501)	(188,962)	56,540
Total pension liability - beginning	8,671,261	8,636,760	8,447,798
Total pension liability - ending (a)	$ 8,636,760	$ 8,447,798	$ 8,504,338
Total fiduciary net position			
Contributions - employer	$ 372,141	$ 238,475	$ 237,503
Contributions - employee	31,303	31,253	30,289
Net investment income	804,061	251,841	85,861
Benefit payments	(689,613)	(698,924)	(687,530)
Administrative expense	(4,544)	(3,822)	(3,655)
Other	43	(54)	(39)
Net change in plan fiduciary net position	513,391	(181,231)	(337,571)
Plan fiduciary net position - beginning	5,309,719	5,823,110	5,641,879
Plan fiduciary net position - ending (b)	$ 5,823,110	$ 5,641,879	$ 5,304,308
Net pension liability - ending (a)-(b)	$ 2,813,650	$ 2,805,919	$ 3,200,030
Plan fiduciary net position as a percentage of total pension liability	67.42%	66.79%	62.37%
Covered - employee payroll	$ 678,882	$ 719,634	$ 771,166
Net pension liability as a percentage of covered-employee payroll	414.45%	389.91%	414.96%

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

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
LAST THREE FISCAL YEARS*

Exhibit 17

	2015	2016	2017
Governmental Activities:			
Actuarially determined contribution of employer	$ 27,496,460	$ 28,290,290	$ 29,374,797
Contributions in relation to the actuarially determined contributions	27,496,460	28,290,290	29,374,797
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	197,721,517	225,434,916	215,417,179
Contributions as a percentage of covered-employee payroll	13.91%	12.55%	13.64%
Business-type Activities:			
Actuarially determined contribution of employer	$ 1,981,845	$ 1,993,960	$ 2,038,351
Contributions in relation to the actuarially determined contributions	1,981,845	1,993,960	2,038,351
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	14,706,712	15,129,203	15,592,871
Contributions as a percentage of covered-employee payroll	13.48%	13.18%	13.07%
School Board Non-Professional Group:			
Actuarially determined contribution of employer	$ 372,141	$ 238,475	$ 237,503
Contributions in relation to the actuarially determined contributions	372,141	238,475	237,503
Contribution deficiency (excess)	$ -	$ -	$ -
Covered - employee payroll	$ 678,882	$ 719,634	$ 771,166
Contributions as a percentage of covered-employee payroll	54.82%	33.14%	30.80%

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

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

Exhibit 18

	2015	2016	2017
Schools' proportion of the net pension liability	3.29%	3.28%	3.30%
Schools' proportionate share of the net pension liability	$ 398,595,000	$ 413,109,000	$ 463,076,000
Schools' covered-employee payrol	$ 274,852,745	$ 282,091,050	$ 290,983,222
Schools' proportionate share of the net pension liability as a percentage of its covered-employee payroll	145.02%	146.45%	159.14%
Plan fiduciary net position	$ 970,083,754	$ 995,953,131	$ 996,863,280
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%

*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only three years are shown hereir

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

Exhibit 19

	2015	2016	2017
Contractually required contribution	$ 28,125,017	$ 35,384,284	$ 35,423,318
Contributions in relation to the contractually required contribution	$ 28,125,017	$ 35,384,284	$ 35,423,318
Contribution deficiency (excess)	-	-	-
Schools' covered-employee payroll	$ 274,852,745	$ 282,091,050	$ 290,983,222
Contributions as a percentage of covered-employee payroll	10.23%	12.54%	12.17%

*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only three 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.

HENRICO COUNTY, VIRGINIA

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS **Exhibit 20**

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

JUNE 30, 2017

		2017
Governmental Activities:		
Total OPEB liability		
Service cost	$	4,146,771
Interest on total OPEB liability		7,708,898
Benefit payments, including refunds of employee contributions		(6,538,795)
Net change in total OPEB liability		5,316,874
Total OPEB liability - beginning		109,194,437
Total OPEB liability - ending (a)	$	114,511,311
Total plan fiduciary net position		
Contributions - employer	$	7,765,131
Contributions - employee		-
Net investment income		7,296,432
Benefit payments		(6,538,795)
Administrative expense		-
Other		-
Net change in plan fiduciary net position		8,522,768
Plan fiduciary net position - beginning		44,841,294
Plan fiduciary net position - ending (b)	$	53,364,062
Net OPEB liability - ending (a)-(b)	$	61,147,249
Plan fiduciary net position as a percentage of total OPEB liability		46.60%
Covered - employee payroll	$	536,071,713
Net OPEB liability as a percentage of covered-employee payroll		11.41%

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only one year is shown herein.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
HEALTHCARE OPEB TRUST FUND
JUNE 30, 2017

Exhibit 21

	2017
Acturarially determined contribution	$ 10,161,876
Contributions in relation to the actuarially determined contribution	$ 7,765,131
Contribution deficiency (excess)	2,396,745
Covered-employee payroll	$ 536,071,713
Contributions as a percentage of covered-employee payroll	1.45%

*Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only three years are shown herein

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2015.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Amortization period	20 years
Asset valuation method	Market value
Inflation	3.6 percent
Healthcare cost trend rates	7.5 percent initial, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent
Salary increases	2.5 percent per annum
Retirement age	In the 2015 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2015 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table.

HENRICO COUNTY, VIRGINIA

SCHEDULE OF INVESTMENT RETURNS **Exhibit 22**

HEALTHCARE OPEB TRUST FUND

JUNE 20, 2017

	2017
Annual money-weighted rate of return on investments, net of investment expense	13.04%

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only one year is shown herein.

Other Postemployment Benefits

Plan Description

Plan administration. The County provides other postemployment health care benefits ("OPEB") for all retired permanent full-time employees through a single-employer defined benefit plan ("Plan"). The County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund OPEB.

The Trust Fund is governed by a Board of Trustees composed of nine members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets.

Plan membership. At June 30, 2017 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	1,219
Active plan members	10,685
	11,904

Benefits provided. The Plan provides health and dental insurance during retirement for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

Contributions. The board of the Trust establishes rates based on an actuarially determined rate. For the year ended June 30, 2017, the County's average contribution rate was 1.45 percent of covered-employee payroll.

Investments

Investment policy. The Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this.

The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as June 30, 2017:

Asset Class	Target Allocation
Domestic equity	36%
Fixed Income	21%
Foreign equity	18%
Diversified hedge funds	10%
Real assets	10%
Private equity	5%
Total	100%

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.04 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2017, were as follows:

Total OPEB liability	$	114,511,311
Plan fiduciary net position		(53,364,062)
County's net OPEB liability	$	61,147,249
Plan fiduciary net position as a percentage of the total OPEB liability		46.60%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	2.5 percent
Investment rate of return	7.98 percent
Healthcare cost trend rates	7.5 perent for 2015, decreasing 0.5 percent per year to an ultimate rate of 5.0 percent for 2020 and later years

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The capital market assumptions use the building-block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017 (see the discussion of the Board of Trustees investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	8.15%
Fixed Income	2.98
Foreign equity	8.79
Diversified hedge funds	6.32
Real assets	5.26
Private equity	10.43

Discount rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentate-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current discount rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB liability (asset)	$ 73,126,478	$ 61,147,249	$ 50,801,648

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 1-percentage-point lower (6.5 percent drecreasing to 4.5 percent) or 1-percentage-point higher (8.5 percent drecreasing to 6 percent) than the current healthcare cost trend rates:

	1% Decrease (6.5% decreasing to 4%)	Healthcare Cost Trend Rates (7.5% decreasing to 5%)	1% Increase (8.5 decreasing to 6%)
Net OPEB liability (asset)	$ 51,821,387	$ 61,147,249	$ 72,102,776

<u>OTHER SUPPLEMENTAL INFORMATION</u>

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 1

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

HENRICO COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 2

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	$ 50,000	$ 350,000	$ 408,458	$ (58,458)
Debt Service:				
Principal payments	41,350,000	41,350,000	41,700,000	(350,000)
Interest payments	17,107,646	17,107,646	16,735,305	372,341
Total Debt Service	58,457,646	58,457,646	58,435,305	22,341
Total Debt Service Fund	$ 58,507,646	$ 58,807,646	$ 58,843,763	$ (36,117)

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	$ 2,026,849	$ 3,003,991	$ 22,232,652	$ 27,263,492
Receivables, net	9,181	-	-	9,181
Due from other funds	-	-	627,550	627,550
Due from component unit	-	-	102,637	102,637
Inventories	717,198	-	-	717,198
Other assets	143,540	-	12,452	155,992
Total current assets	2,896,768	3,003,991	22,975,291	28,876,050
Capital Assets:				
Other capital assets, net	15,812,879	-	-	15,812,879
Capital assets, net	15,812,879	-	-	15,812,879
Total assets	18,709,647	3,003,991	22,975,291	44,688,929
Deferred Outflows of Resources:				
Change in pension proportionate share allocation	24,184	-	-	24,184
Difference between projected and actual earnings	692,638	-	-	692,638
Pension contributions after measurement date	359,456	-	-	359,456
Total deferred outflows of resources	1,076,278	-	-	1,076,278
Total assets and deferred outflows of resources	19,785,925	3,003,991	22,975,291	45,765,207
Liabilities:				
Accounts payable	530,129	58,654	320	589,103
Accrued liabilities	170,272	158,507	15,020,426	15,349,205
Due to other funds	10,148	-	-	10,148
Net pension liability	3,179,252	-	-	3,179,252
Long-term liabilities due within one year	213,654	-	-	213,654
Long-term liabilities due in more than one year	48,397	-	-	48,397
Total liabilities	4,151,852	217,161	15,020,746	19,389,759
Deferred Inflows of Resources:				
Change in pension proportionate share allocation	57,879	-	-	57,879
Difference between actual and expected experience	162,473	-	-	162,473
Difference between projected and actual pension earnings	363,532	-	-	363,532
Total deferred inflows of resources	583,884	-	-	583,884
Total liabilities and deferred inflows of resources	4,735,736	217,161	15,020,746	19,973,643
Net Position:				
Net investment in capital assets	15,812,879	-	-	15,812,879
Unrestricted	(762,690)	2,786,830	7,954,545	9,978,685
Total net position	$ 15,050,189	$ 2,786,830	$ 7,954,545	$ 25,791,564

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	$ 18,430,062	$ -	$ -	$ 18,430,062
Contributions:				
Employer	-	-	73,401,037	73,401,037
Employee	-	-	19,607,245	19,607,245
Retiree	-	-	46,140	46,140
Disabled	-	-	-	-
Other	-	2,000,000	165,695	2,165,695
Total operating revenues	18,430,062	2,000,000	93,220,117	113,650,179
Operating Expenses:				
Utility charges	127,793	-	-	127,793
Personnel services and benefits	3,919,597	-	95,641,993	99,561,590
Professional services	29,934	-	592,795	622,729
Materials and supplies	8,668,944	2,171,792	-	10,840,737
Maintenance and repairs	4,448,739	-	-	4,448,739
Other expenses	219,090	-	723,255	942,345
Depreciation	2,177,194	-	-	2,177,194
Total operating expenses	19,591,291	2,171,792	96,958,043	118,721,126
Operating (loss) income	(1,161,229)	(171,792)	(3,737,926)	(5,070,948)
Nonoperating Revenues (Expenses):				
Gain on sale of equipment	181,607	-	-	181,607
Investment income	-	-	83,532	83,532
Total nonoperating revenues, net	181,607	-	83,532	265,139
Income (loss) before capital contributions	(979,622)	(171,792)	(3,654,394)	(4,805,808)
Capital contributions - donated assets	1,582,902	-	-	1,582,902
Change in net position	603,280	(171,792)	(3,654,394)	(3,222,906)
Total net position - June 30, 2016	14,446,909	2,958,622	11,608,939	29,014,470
Total net position - June 30, 2017	$ 15,050,189	$ 2,786,830	$ 7,954,545	$ 25,791,564

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	$ 18,428,149	$ 2,000,000	$ 94,448,558	$ 114,876,707
Payments to suppliers	(14,055,134)	-	(96,941,155)	(110,996,289)
Payments to employees	(3,724,862)	(1,980,802)	-	(5,705,664)
Net cash provided by (used in) operating activities	648,153	19,198	(2,492,597)	(1,825,246)
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,960,774)	-	-	(2,960,774)
Principle paid on debt	(1,290)	-	-	(1,290)
Proceeds from sale of capital assets	269,399	-	-	269,399
Net cash used in capital and related financing activities	(2,692,665)	-	-	(2,692,665)
Cash Flows From Investing Activities:				
Investment income received	-	-	83,532	83,532
Net (decrease) increase in Cash and cash equivalents	(2,044,512)	19,198	(2,409,065)	(4,434,379)
Cash and cash equivalents - June 30, 2016	4,071,361	2,984,793	24,641,717	31,697,871
Cash and cash equivalents - June 30, 2017	$ 2,026,849	$ 3,003,991	$ 22,232,652	$ 27,263,492
Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used In) Operating Activities:				
Operating income (loss)	$ (1,161,229)	$ (171,792)	$ (3,737,926)	$ (5,070,947)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,177,194	-	-	2,177,194
Change in assets and liabilities:				
Receivables	(1,913)	-	-	(1,913)
Inventories	46,456	-	-	46,456
Due from other funds	-	-	1,050,515	1,050,515
Due from component unit	-	-	177,926	177,926
Other assets	-	-	3,420	3,420
Deferred outflows of resources	(390,072)	-	-	(390,072)
Accounts payable	(12,525)	190,990	320	178,785
Accrued liabilities	(346,436)	-	13,148	(333,288)
Due to other funds	(17,776)	-	-	(17,776)
Net pension liability	554,093	-	-	554,093
Deferred inflows of resources	(199,639)	-	-	(199,639)
Net cash provided by (used in) operating activities	$ 648,153	$ 19,198	$ (2,492,597)	$ (1,825,246)

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.

Central Automotive Maintenance received donated equipment assets valued at $1,566,215.

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

Schedule 6

	Long-Term Disability	Agency Funds Special Welfare	Mental Health and Developmental Services	Non-Judicial Tax Sales	Total
Assets:					
Cash and cash equivalents	$ 716,807	$ 89,156	$ 48,849	$ 41	$ 854,853
Accounts receivable	-	84	-	-	84
Total Assets	$ 716,807	$ 89,240	$ 48,849	$ 41	$ 854,937
Liabilities:					
Amounts due to others	$ 671,896	$ 175	$ 48,849	$ 41	$ 720,961
Accounts payable	44,911	89,065	-	-	133,976
Total Liabilities	$ 716,807	$ 89,240	$ 48,849	$ 41	$ 854,937

Schedule 7

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	$ 1,182,634	$ 35,968	$ 501,795	$ 716,807
Total assets	$ 1,182,634	$ 35,968	$ 501,795	$ 716,807
Liabilities:				
Amounts due to others	$ 1,182,634	35,968	546,706	671,896
Accounts payable	-	44,911	-	44,911
Total liabilities	$ 1,182,634	$ 80,879	$ 546,706	$ 716,807
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 113,542	$ 143,890	$ 168,276	$ 89,156
Accounts receivable	84	-	-	84
Total assets	$ 113,626	$ 143,890	$ 168,276	$ 89,240
Liabilities:				
Amounts due to others	$ 175	$ -	$ -	$ 175
Accounts payable	113,451	143,890	168,276	89,065
Total liabilities	$ 113,626	$ 143,890	$ 168,276	$ 89,240
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	$ 53,473	$ 326,529	$ 331,153	$ 48,849
Total assets	$ 53,473	$ 326,529	$ 331,153	$ 48,849
Liabilities:				
Amounts due to others	$ 53,473	$ 326,529	$ 331,153	$ 48,849
Total liabilities	$ 53,473	$ 326,529	$ 331,153	$ 48,849
Non-Judicial Tax Sales:				
Assets:				
Cash and cash equivalents	$ 3,262	$ 1	$ 3,222	$ 41
Total assets	$ 3,262	$ 1	$ 3,222	$ 41
Liabilities:				
Amounts due to others	$ 3,262	$ 1	$ 3,222	$ 41
Total liabilities	$ 3,262	$ 1	$ 3,222	$ 41
Totals:				
Assets:				
Cash and cash equivalents	$ 1,352,911	$ 506,388	$ 1,004,446	$ 854,853
Accounts receivable	84	-	-	84
Total assets	$ 1,352,995	$ 506,388	$ 1,004,446	$ 854,937
Liabilities:				
Amounts due to others	$ 1,239,544	$ 362,498	$ 881,081	$ 720,961
Accounts payable	113,451	188,801	168,276	133,976
Total liabilities	$ 1,352,995	$ 551,299	$ 1,049,357	$ 854,937

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2017

Schedule 8

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Totals
Assets:				
Cash and cash equivalents	$ 8,276,486	$ 5,358,506	$ 26,135,040	$ 39,770,032
Other assets	-	161,313	-	161,313
Due from other governmental units	4,455,573	17,876,539	-	22,332,112
Total Assets	$ 12,732,059	$ 23,396,358	$ 26,135,040	$ 62,263,457
Liabilities:				
Accounts payable	$ 863,259	$ 580,288	$ 186,837	$ 1,630,384
Accrued liabilities	1,162,014	940,658	1,055,530	3,158,202
Amounts held for others	83,866	-	-	83,866
Advance from Other Funds	-	-	-	-
Due to other funds	89,936	3,109	-	93,045
Total liabilities	2,199,075	1,524,055	1,242,367	4,965,497
Deferred Inflow of Resources:				
Unavailable revenues	-	12,723,254	-	12,723,254
Fund balances:				
Restricted	-	9,149,049	-	9,149,049
Committed	-	-	24,892,673	24,892,673
Assigned	10,151,092	-	-	10,151,092
Unassigned	381,892	-	-	381,892
Total fund balances	10,532,984	9,149,049	24,892,673	44,574,706
Total Liabilities, Deferred Inflows and Fund Balances	$ 12,732,059	$ 23,396,358	$ 26,135,040	$ 62,263,457

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.	$ (3,231,359)
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	291,816,768
Deferred outflows - pension contributions after measurement date are not current financial resources and therefore are not reported as assets in the governmental funds.	41,782,444
Deferred outflows - 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.	62,430,435
Pension liability is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(494,051,061)
Change in proportionate share allocation	(3,819,085)
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.	(16,471,041)
Deferred inflows - 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.	(33,400,546)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(38,287,329)
Net Position of Discretely Presented Component Unit - School Board	$ (148,656,068)

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 9

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Total
Revenues:				
Permits, privilege fees and regulatory licenses	$ 385,492	$ -	$ -	$ 385,492
Charges for services	144,027	6,874,609	-	7,018,636
Miscellaneous	-	2,262,448	-	2,262,448
Recovered costs	301,079	-	-	301,079
Intergovernmental:				
Federal	-	39,516,388	-	39,516,388
State	247,443,629	15,022,047	-	262,465,676
Total revenues	248,274,227	63,675,492	-	311,949,719
Expenditures:				
Education	451,251,676	64,830,565	-	516,082,241
Capital projects	-	-	17,756,338	17,756,338
Debt service:				
Principal retirement	11,880,216	-	-	11,880,216
Interest	167,040	-	-	167,040
Total expenditures	463,298,932	64,830,565	17,756,338	545,885,835
Deficiency of revenues under expenditures	(215,024,705)	(1,155,073)	(17,756,338)	(233,936,116)
Other Financing Sources:				
Capital lease obligations incurred	12,001,073	-	-	12,001,073
Transfers in	-	-	19,783,247	19,783,247
Transfers out	(19,783,247)	-	-	(19,783,247)
Payment from Primary Government	221,285,739	-	2,500,000	223,785,739
Total other financing sources	213,503,565	-	22,283,247	235,786,812
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(1,521,140)	(1,155,073)	4,526,909	1,850,696
Total Fund Balances - June 30, 2016	12,054,124	10,304,122	20,365,764	42,724,010
Total Fund Balances - June 30, 2017	$ 10,532,984	$ 9,149,049	$ 24,892,673	$ 44,574,706

Adjustments for the Statement of Activities:

Excess of revenues and other sources over expenditures and other uses	$ 1,850,696
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	11,880,216
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(33,011,244)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	9,158,711
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities. (Note 7)	(12,001,073)
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.	(267,272)
Pension expense is recorded as an expenditure in the Statement of Activities, but is not reported as an expense in the governmental funds.	(1,612,660)
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.	654,834
Change in Net Position of Discretely Presented Component Unit - School Board	$ 21,226,914

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
JUNE 30, 2017

Schedule 10

	Agency Funds
Assets:	
Cash and cash equivalents	$ 5,658,593
Total Assets	$ 5,658,593
Liabilities:	
Amounts held for others	$ 5,658,593
Total Liabilities	$ 5,658,593

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 11

	Balance July 1	Additions	Deletions	Balance June 30
School Activity Fund:				
Assets:				
Cash and cash equivalents	$ 5,866,295	$ 30,563,029	$ 30,770,731	$ 5,658,593
Total assets	$ 5,866,295	$ 30,563,029	$ 30,770,731	$ 5,658,593
Liabilities:				
Amounts due to others	$ 5,866,295	$ 30,563,029	$ 30,770,731	$ 5,658,593
Total liabilities	$ 5,866,295	$ 30,563,029	$ 30,770,731	$ 5,658,593

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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	$ 100,990	$ 990
Facilities rental	300,000	300,000	284,502	(15,498)
Total permits, privilege fees and regulatory licenses	400,000	400,000	385,492	(14,508)
Charges for services:				
School fees and tuitions	128,000	128,000	144,027	16,027
Total charges for services	128,000	128,000	144,027	16,027
Recovered cost:				
Sale of vehicles, textbooks and equipment	50,000	50,000	108,096	58,096
Recovered cost - student activities	330,000	330,000	192,983	(137,017)
Total recovered cost	380,000	380,000	301,079	(78,921)
Total revenue from local sources	908,000	908,000	830,598	(77,402)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,400,000	1,400,000	1,407,019	7,019
English as a second language	1,800,000	1,800,000	1,979,336	179,336
General appropriation - basic aid	135,651,000	134,110,315	127,323,274	(6,787,041)
Foster child reimbursement	152,000	152,000	258,444	106,444
Textbooks	3,000,000	3,000,000	3,217,969	217,969
Social security reimbursement	8,000,000	8,000,000	7,914,480	(85,520)
Retirement reimbursement	15,700,000	15,700,000	16,327,279	627,279
Life insurance reimbursement	485,000	485,000	527,632	42,632
Remedial education	3,825,000	3,825,000	4,396,933	571,933
Share of State sales tax - schools	52,500,000	52,500,000	54,426,840	1,926,840
SOQ - basic special education	16,300,000	16,300,000	15,711,709	(588,291)
Special education - homebound	275,000	275,000	210,589	(64,411)
Vocational education - local administrative and supervisory	719,000	719,000	644,418	(74,582)
Vocational education - SOQ occupational	1,400,000	1,400,000	2,051,902	651,902
Handicapped - foster home	563,000	563,000	590,791	27,791
Salary incentive K-3	4,500,000	4,500,000	5,064,062	564,062
R.O.T.C.	350,000	350,000	425,464	75,464
At risk	2,740,000	2,740,000	3,195,263	455,263
Education State Compensation	1,500,000	1,500,000	-	(1,500,000)
Other categorical aid	100,000	100,000	229,540	129,540
State lottery proceeds	-	1,540,685	1,540,685	-
Total categorical aid	250,960,000	250,960,000	247,443,629	(3,516,371)
Total revenue from the Commonwealth	250,960,000	250,960,000	247,443,629	(3,516,371)
Total Component Unit - General Fund	$ 251,868,000	$ 251,868,000	$ 248,274,227	$ (3,593,773)

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	$ 8,553,020	$ 8,553,020	$ 6,874,609	$ (1,678,411)
Total charges for services	8,553,020	8,553,020	6,874,609	(1,678,411)
Miscellaneous:				
Miscellaneous	223,560	223,560	352,725	129,165
Recoveries and rebates	2,906,163	2,906,163	1,909,723	(996,440)
Total miscellaneous	3,129,723	3,129,723	2,262,448	(867,275)
Total revenue from local sources	11,682,743	11,682,743	9,137,057	(2,545,686)
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,478,478	1,478,478	1,318,942	(159,536)
Technology	2,194,400	2,194,400	2,187,282	(7,118)
Summer school	1,751,475	1,751,475	1,285,612	(465,863)
General adult education	285,926	285,926	750,440	464,514
Other state educational grants	8,821,480	8,821,480	9,479,771	658,291
Total revenue from the Commonwealth	14,531,759	14,531,759	15,022,047	490,288
Revenue from the Federal Government:				
Title I	9,444,085	9,444,085	9,767,227	323,142
Title VI-B	9,940,586	9,940,586	9,053,828	(886,758)
Vocational federal act	-	-	306,678	306,678
Head start	1,460,961	1,460,961	1,485,279	24,318
Pre-school	285,302	285,302	187,127	(98,175)
School lunch program	13,854,398	13,854,398	10,169,107	(3,685,291)
School breakfast program	-	-	3,480,923	3,480,923
Other Federal educational grants	8,647,657	8,647,657	5,066,219	(3,581,438)
Total revenue from the Federal government	43,632,989	43,632,989	39,516,388	(4,116,601)
Total intergovernmental	58,164,748	58,164,748	54,538,435	(3,626,313)
Total Component Unit - Special Revenue Fund	$ 69,847,491	$ 69,847,491	$ 63,675,492	$ (6,171,999)
Grand Total Revenues - Component Unit - School Board	$ 321,715,491	$ 321,715,491	$ 311,949,719	$ (9,765,772)

HENRICO COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	$ 55,767,476	$ 59,371,539	$ 50,983,323	$ 8,388,216
Instructional	328,896,306	330,065,260	326,657,203	3,408,057
Transportation	25,281,927	29,289,318	29,285,489	3,829
Operation and maintenance	45,079,736	45,245,007	44,325,660	919,347
Total administration of schools	455,025,445	463,971,124	451,251,676	12,719,448
Debt Service:				
Principal retirement	11,880,216	11,880,216	11,880,216	-
Interest	167,040	167,040	167,040	-
Total debt service	12,047,256	12,047,256	12,047,256	-
Total education	467,072,701	476,018,381	463,298,932	12,719,448
Total Component Unit - General Fund	$ 467,072,701	$ 476,018,381	$ 463,298,932	$ 12,719,448
Special Revenue Fund:				
Education:				
Instruction	$ 40,668,962	$ 60,636,935	$ 43,165,481	$ 17,471,454
Other educational programs	6,036,055	6,479,433	1,242,106	5,237,327
Total education	46,705,017	67,116,368	44,407,587	22,708,781
School food service	23,642,368	24,208,948	20,422,978	3,785,970
Total Component Unit - Special Revenue Fund	$ 70,347,385	$ 91,325,316	$ 64,830,565	$ 26,494,751
Grand Total Expenditures - Component Unit - School Board	$ 537,420,086	$ 567,343,697	$ 528,129,497	$ 39,214,199

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

HENRICO COUNTY, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS

(accrual basis of accounting)
($ in thousands)

Table I

	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	$ 846,377	$ 917,136	$ 921,623	$ 946,772	$ 1,009,019	$ 1,029,263	$ 1,049,919	$ 1,082,833	$ 1,093,486	$ 1,102,415
Restricted For:										
Highways, Streets and Buildings	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924	74,460	128,255
Debt Service	32,847	40,667	38,006	35,199	37,787	34,667	35,187	35,729	35,283	33,318
Grants	26,128	25,768	29,488	39,207	40,738	43,598	47,264	47,142	51,010	51,309
Unrestricted	184,450	214,984	203,684	182,965	129,229	107,902	125,687	(75,487)	(99,933)	(76,034)
Total Governmental Activities Net Position	$ 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	$ 1,239,263
Business-type Activities:										
Net Investment in Capital Assets	$ 863,944	$ 885,430	$ 909,604	$ 923,622	$ 946,577	$ 969,304	$ 1,015,261	$ 1,006,550	$ 1,045,556	$ 1,049,633
Debt Service	15,699	15,129	16,704	16,516	16,516	15,070	17,005	17,002	21,532	21,532
Unrestricted	74,206	78,038	76,418	73,779	64,471	63,384	31,682	47,360	27,843	58,476
Total Business-Type Activities Net Position	$ 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	$ 1,129,641
Primary Government:										
Net Investment in Capital Assets	$ 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	$ 2,152,048
Restricted For:										
Highways, Streets, and Buildings	87,472	73,835	86,705	94,717	80,728	93,239	75,283	65,924	74,460	128,255
Debt Service	32,847	55,796	54,710	51,715	54,303	49,737	52,192	52,731	56,815	54,850
Grants	41,827	25,768	29,488	39,207	40,738	43,598	47,264	47,142	51,010	51,309
Unrestricted	258,656	293,022	280,102	256,744	193,700	171,286	157,369	(28,127)	(72,091)	(17,558)
Total Primary Government Net Position	$ 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	$ 2,368,904

Note: Table may not foot due to rounding

Source: HENRICO COUNTY, 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.

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

Table II

	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017
Expenses										
Governmental Activities:										
General Government	$ 100,488	$ 97,459	$ 102,595	$ 88,350	$ 96,745	$ 96,108	$ 86,769	$ 101,642	$ 129,491	$ 97,783
Judicial Administration	8,053	8,493	10,943	11,101	11,158	10,908	10,916	11,215	11,298	11,889
Public Safety	161,509	167,439	165,026	169,856	172,498	173,219	179,030	181,590	186,839	198,047
Public Works	61,590	65,154	77,785	71,986	75,272	70,303	77,624	82,583	80,918	89,386
Health and Welfare Education	60,903	62,145	67,543	60,937	60,572	57,700	58,681	61,796	66,956	70,840
Parks, Recreation and Culture	196,102	190,186	193,146	209,564	205,558	188,025	200,483	217,148	251,840	249,223
Community Development	33,624	34,829	35,204	34,329	34,987	34,781	34,159	35,058	37,434	40,309
Interest and Long-term Debt	30,083	26,080	25,428	26,692	27,903	28,869	27,681	31,813	29,868	28,640
	17,522	23,609	27,698	18,520	19,177	21,289	15,854	17,195	11,941	12,302
Total Government Activities Expenses	669,874	675,394	705,368	691,335	703,870	681,202	691,197	740,040	806,585	798,419
Business-Type Activities:										
Water and Sewer	84,792	86,688	87,290	92,028	90,830	89,813	96,918	102,977	107,950	105,919
Belmont Park Golf Course	1,106	1,200	1,237	1,227	1,241	1,166	1,150	965	1,082	1,001
Total Business-Type Activities Expenses	85,898	87,888	88,527	93,255	92,071	90,979	98,068	103,942	109,032	106,920
Total Primary Government Expenses	$ 755,772	$ 763,282	$ 793,895	$ 784,590	$ 795,941	$ 772,181	$ 789,265	$ 843,982	$ 915,617	$ 905,339
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	$ 16,299	$ 18,283	$ 15,207	$ 11,461	$ 12,212	$ 11,094	$ 11,118	$ 13,164	$ 11,969	$ 13,659
Judicial Administration	103	104	81	88	90	106	124	185	957	982
Public Safety	2,160	2,212	2,765	3,153	3,190	3,464	2,951	3,197	2,878	5,029
Public Works	11,601	13,000	13,741	15,760	13,667	15,077	14,851	3,392	3,464	3,085
Health and Welfare	8,436	9,059	9,645	9,507	10,225	10,234	11,255	10,764	11,317	11,096
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,395	1,351	1,444	1,439	1,497	1,494	1,446	1,360	1,250	1,249
Community Development	605	472	547	4,901	5,749	6,328	6,479	7,561	7,843	8,615
Interest and Long-term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	120,155	141,967	111,874	-	-	109,426	117,403	137,434	152,903	155,163
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	160,754	186,448	155,304	46,309	46,630	157,223	165,627	177,057	192,581	198,878
Business-Type Activities:										
Water and Sewer	116,085	110,179	88,428	91,827	97,318	100,998	101,395	110,953	117,240	118,859
Belmont Park Golf Course	986	964	868	867	979	844	797	853	823	694
Total Business-Type Activities Revenues	117,071	111,143	89,296	92,694	98,297	101,842	102,192	111,806	118,063	119,553
Total Primary Government Revenues	$ 277,825	$ 297,591	$ 244,600	$ 139,003	$ 144,927	$ 259,065	$ 267,819	$ 288,863	$ 310,644	$ 318,431

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.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

(accrual basis of accounting)

($ in thousands)

Table II (Cont'd)

	2008	2009	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017
Net (Expense) Revenue										
Governmental Activities:										
General Government	$ (83,011)	$ (77,796)	$ (86,579)	$ (75,510)	$ (83,065)	$ (86,689)	$ (74,645)	$ (86,565)	$ (115,290)	$ (82,401)
Judicial Administration	(1,445)	(2,398)	(5,795)	(5,874)	(5,869)	(5,498)	(5,505)	(5,454)	(4,694)	(4,906)
Public Safety	(126,924)	(136,612)	(135,030)	(137,288)	(139,818)	(142,236)	(146,844)	(150,739)	(155,208)	(163,389)
Public Works	(4,879)	17,121	(26,246)	(12,395)	(20,548)	(13,665)	(15,234)	(14,734)	(3,916)	(12,399)
Health and Welfare Education	(20,980)	(20,828)	(25,890)	(21,057)	(21,047)	(21,664)	(20,749)	(16,612)	(21,119)	(24,174)
Parks, Recreation and Culture	(196,102)	(190,186)	(193,146)	(209,564)	(205,558)	(188,025)	(200,483)	(217,148)	(251,840)	(249,223)
Community Development	(31,998)	(33,158)	(33,555)	(32,711)	(33,296)	(33,103)	(32,502)	(33,359)	(35,984)	(38,845)
Interest and Long-term Debt	(26,260)	(21,685)	(16,125)	(14,153)	(15,847)	(14,613)	(13,754)	(21,178)	(14,010)	(11,901)
	(17,522)	(23,609)	(27,698)	(18,520)	(19,177)	(21,289)	(15,854)	(17,195)	(11,941)	(12,302)
Total Governmental Activities Net Expense	(509,121)	(489,151)	(550,064)	(527,072)	(544,225)	(526,782)	(525,570)	(562,984)	(614,002)	(599,540)
Business-Type Activities:										
Water and Sewer	31,293	23,491	18,929	8,137	13,392	17,885	11,806	18,224	20,270	27,805
Belmont Park Golf Course	(120)	(236)	(369)	(360)	(262)	(323)	(353)	(112)	(259)	(307)
Total Business-Type Activities Net Revenue	31,173	23,255	18,560	7,777	13,130	17,562	11,453	18,112	20,011	27,498
Total Primary Government Net Expense	$ (477,948)	$ (465,896)	$ (531,504)	$ (519,295)	$ (531,095)	$ (509,220)	$ (514,117)	$ (544,872)	$ (593,991)	$ (572,042)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property	$ 377,200	$ 383,557	$ 366,203	$ 356,285	$ 355,138	$ 355,171	$ 367,971	$ 377,406	$ 387,744	$ 403,164
Local Sales and Use	53,742	54,109	53,256	55,342	55,913	55,852	55,825	58,095	62,286	64,666
Business License	30,848	29,849	27,313	27,525	28,487	29,641	29,828	32,086	33,521	35,432
Hotel and Motel	10,489	9,640	9,006	9,389	10,627	10,851	11,008	12,193	13,169	13,448
Bank Franchise	11,114	17,220	14,579	18,906	17,440	11,740	9,138	11,482	12,133	17,318
Other	35,570	31,658	17,069	16,931	18,075	20,158	21,250	46,344	48,614	49,828
Interest and Investment Earnings	25,520	12,849	4,656	2,689	2,225	1,519	1,946	2,271	2,945	2,045
Grants and Contributions	47,612	43,735	61,238	57,854	54,053	51,426	51,143	50,727	50,633	55,243
Miscellaneous/Donated Assets	1,059	1,651	3,861	1,505	908	1,592	2,131	2,591	1,121	4,976
Total Governmental Activities	593,154	584,268	557,181	546,426	542,866	537,950	550,240	593,195	612,166	646,120
Business-Type Activities:										
Interest and Investment Earnings	4,788	1,015	646	714	1,051	1,024	2,075	799	1,020	975
Grants and Contributions	1,187	983	661	436	492	436	1,611	1,608	1,650	1,608
Miscellaneous/Donated Assets	495	(505)	4,262	2,264	(1,026)	1,172	1,051	1,214	1,340	1,923
Total Business-Type Activities	6,471	1,493	5,569	3,414	517	2,632	4,737	3,621	4,010	4,506
Total Primary Government	$ 599,625	$ 585,761	$ 562,750	$ 549,840	$ 543,383	$ 540,582	$ 554,977	$ 596,816	$ 616,176	$ 650,626
Change in Net Position										
Government Activities	$ 84,033	$ 95,116	$ 7,117	$ 19,354	$ (1,359)	$ 11,168	$ 24,670	$ 30,211	$ (1,836)	$ 46,580
Business Activities	37,644	24,748	24,129	11,191	13,647	20,194	16,190	21,733	24,021	32,004
Total Primary Government Net Position	$ 121,677	$ 119,865	$ 31,246	$ 30,545	$ 12,288	$ 31,362	$ 40,860	$ 51,944	$ 22,185	$ 78,584

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.

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

(modified accrual basis of accounting)

($ in thousands)

Table III

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Nonspendable	$ -	$ -	$ -	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113
Restricted	-	-	-	4,512	4,532	5,026	6,812	7,321	5,277	6,886
Committed	-	-	-	5,000	10,000	2,920	18,842	28,204	33,206	35,453
Assigned	-	-	-	79,631	89,409	72,184	61,822	61,511	62,420	77,076
Unassigned	-	-	-	133,005	109,597	114,170	115,034	117,489	119,346	123,934
Total General Fund	234,792	247,327	242,864	222,261	213,651	194,413	202,623	214,638	220,362	243,462
All Other Governmental Funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	26,738	28,532	28,448	30,253	28,973	29,018	26,844
Committed	-	-	-	208,320	212,618	191,275	148,380	119,743	140,570	242,931
Assigned	-	-	-	15,238	14,964	15,907	17,768	19,298	23,139	24,667
Unassigned	-	-	-	-	-	-	-	-	-	-
Undesignated										
Total All Other Governmental Funds	217,357	282,424	214,957	250,296	256,114	235,630	196,401	168,014	192,727	294,442
Total Fund Balances	$ 452,149	$ 529,751	$ 457,822	$ 472,557	$ 469,765	$ 430,043	$ 399,024	$ 382,652	$ 413,089	$ 537,904

	2008	2009	2010
General Fund:			
Reserved for:			
Advance to Other Funds	$ 113	$ 113	$ 113
Encumbrances	6,076	7,116	4,298
Unreserved, reported in:			
Designated	98,599	100,889	101,927
Undesignated	130,004	139,209	136,526
Total General Fund	234,792	247,327	242,865
All Other Governmental Funds:			
Reserved for:			
Encumbrances	70,725	96,054	69,556
Unreserved, reported in:			
Designated:			
Special Revenue Fund	24,859	24,373	24,333
Debt Service Fund	5,216	7,422	6,496
Capital Project Fund	116,557	154,575	114,572
Undesignated	-	-	-
Total All Other Governmental Funds	217,357	282,424	214,957
Total Fund Balances	$ 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

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

Table IV

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
General Property Taxes	$ 371,556	$ 377,532	$ 367,444	$ 353,555	$ 351,142	$ 352,275	$ 367,120	$ 375,685	$ 387,388	$ 402,026
Other Local Taxes	127,268	126,270	119,791	127,013	129,354	125,872	125,113	158,824	165,920	176,154
Licenses and Permits	4,202	3,032	2,665	2,963	3,486	3,177	3,732	6,052	4,744	5,385
Fines and Forfeitures	2,404	2,333	2,480	3,187	2,958	3,415	2,649	2,523	1,945	2,110
Use of Money and Property	26,302	13,761	7,185	3,673	3,117	2,746	3,335	3,534	4,194	3,295
Charges for Services	22,105	23,825	25,928	25,993	26,279	27,446	28,783	28,383	29,317	31,325
Miscellaneous	7,451	9,075	7,191	8,545	6,861	8,639	8,807	9,360	10,681	12,628
Recovered Costs	5,455	6,392	6,246	6,319	6,908	6,231	5,635	5,821	5,599	7,617
Intergovernmental Revenue	176,600	164,086	168,695	165,570	160,862	155,590	167,242	172,485	180,066	188,030
Total Government Revenues	743,343	726,306	707,625	696,818	690,967	685,391	712,416	762,667	789,854	828,570
Expenditures:										
General Government	66,566	65,526	68,009	66,831	67,384	70,513	69,093	71,123	71,692	82,816
Judicial Administration	8,210	8,609	10,933	10,872	11,055	10,811	10,918	11,125	11,212	11,800
Public Safety	159,842	167,650	161,797	166,872	168,379	170,502	170,382	175,250	178,206	187,857
Public Works	47,226	50,799	52,693	47,941	54,071	51,344	59,730	63,621	61,463	66,543
Health and Welfare	61,420	62,776	61,632	60,487	60,342	57,369	58,616	61,614	66,583	70,532
Parks, Recreation and Culture	30,377	31,698	30,639	29,873	30,826	30,508	30,024	30,520	32,431	35,962
Community Developmen	30,076	26,134	25,615	26,416	27,711	28,687	27,548	31,497	29,648	28,411
Education	188,503	184,328	192,895	200,633	195,626	177,967	188,849	205,157	211,399	223,786
Miscellaneous	20,092	21,545	21,209	16,072	17,821	14,964	15,494	16,987	18,373	8,146
Debt Service - Principal	32,890	30,452	35,155	32,477	32,542	38,869	37,999	38,670	38,935	41,963
- Interest	18,996	22,384	20,125	19,260	22,610	22,162	21,168	19,077	17,488	16,765
Capital Outlay	82,761	118,776	100,066	82,574	80,574	51,801	53,716	54,864	56,145	45,478
Total Government Expenditures	746,959	790,677	780,768	760,308	768,941	725,497	743,537	779,505	793,575	820,059
Excess (Deficiency) of Revenue Over (Under) Expenditures	(3,616)	(64,371)	(73,143)	(63,490)	(77,974)	(40,106)	(31,121)	(16,838)	(3,721)	8,511
Other Financing Sources (Uses)										
Transfers-in	108,134	115,122	96,503	96,801	84,029	109,077	87,589	107,121	123,971	109,542
Transfers-out	(108,134)	(115,122)	(96,503)	(96,801)	(84,029)	(109,077)	(87,589)	(107,121)	(123,971)	(109,542)
Issuance of Bonds	29,810	171,315	156,160	72,205	66,075	37,500	-	50,485	-	156,010
Issuance of Bond Premium	1,335	7,389	21,307	5,714	7,885	7,566	-	9,645	-	20,766
Loan Financing	-	-	-	-	-	-	-	-	34,000	-
Issuance of Capital Lease Obligations	709	67	140	306	1,222	126	101	95	158	913
Payment to Escrow Agent	-	(36,799)	(176,393)	-	-	(44,809)	-	(59,758)	-	(61,386)
Total Other Financing Sources, Net	31,854	141,972	1,214	78,225	75,182	383	101	467	34,158	116,303
Net Change in Fund Balances	$ 28,238	$ 77,601	$ (71,929)	$ 14,735	$ (2,792)	$ (39,723)	$ (31,020)	$ (16,371)	$ 30,437	$ 124,814
Debt service as a percentage of noncapital expenditures	8.12%	8.28%	8.22%	7.94%	8.17%	9.26%	8.64%	8.07%	7.37%	7.54%

Note: Table may not foot due to rounding

Source: County of Henrico Comprehensive Annual Financial Reports Exhibitt 4

HENRICO COUNTY, 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
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
2017	24,611,556	11,130,742	1,129,400	36,871,698	0.87	4,087,035	2,130	4,089,165	3.50	40,960,863	5.47	(6)	40,960,863

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.

HENRICO COUNTY, 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
2017	$ 0.87	$ 3.50	$ 0.30	$ 0.50	$ 0.30	$ 5.47
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

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.

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

Table VII

		Calendar Year 2017			Calendar Year 2016			Calendar Year 2008		
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	$ 680,426,188	1	1.66%	$ 566,897,490	1	1.45%	$ 406,132,277	2	1.0%
Forest City (Short Pump TC, White Oak, etc)	Retail and Offices	390,530,900	2	0.95%	329,240,600	2	0.84%	264,891,500	4	0.7%
General Services Corporation	Apartments	261,536,800	3	0.64%	242,778,800	3	0.62%	259,730,300	5	0.7%
The Wilton Companies	Offices, Retail & Warehouses	246,760,900	4	0.60%	234,398,900	4	0.60%	248,818,900	7	0.6%
Highwoods Properties	Offices and Warehouses	228,577,100	5	0.56%	231,574,600	5	0.59%	312,632,000	3	0.8%
Verizon	Utility	208,535,908	6	0.51%	211,796,458	6	0.54%	224,987,757	9	0.6%
Weinstein Family	Apartments	204,748,500	7	0.50%	200,172,600	7	0.51%	-	N/A	-
HCA Health Services of VA	Hospital	171,526,544	8	0.42%	176,879,724	8	0.45%	-	N/A	-
Gumenick	Apartments and Retail	156,369,700	9	0.38%	150,721,600	9	0.39%	248,005,400	8	0.6%
Breeden Companies	Apartments and Retail	147,634,000	10	0.36%	-	N/A	-	-	N/A	-
United Dominion Realty Trust	Apartments	-	N/A	-	141,402,800	10	0.36%	203,645,600	10	0.5%
Liberty Property, LP	Warehouses and Offices	-	N/A	-	-	N/A	-	250,474,300	6	0.6%
Qimonda AG (Infineon Technologies)	Industrial	-	N/A	-	-	N/A	-	1,047,731,100	1	2.6%
Totals		$ 2,696,646,540		6.58%	$ 2,485,863,572		6.34%	$ 3,467,049,134		8.8%
Total Assessed Values		$ 40,960,861,608			$ 39,194,946,557			$ 39,617,223,674		

Source: County of Henrico Director of Finance

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

Table VIII

		Collections within the Fiscal Year of Levy				Total Collections to Date	
Year	Original Fiscal Year Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years		Amount	Percentage of Adjusted Levy
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	376,051,530	370,592,134	98.5%	5,220,897		375,813,031	99.9%
2017	389,341,072	384,815,669	98.8%	N/A	(2)	384,815,669	98.8%

Notes: 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 2017 collections in subsequent years will be available as of the next reporting period.

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

Table IX

Fiscal Year	General Bonded Debt: General Obligation Bonds (2)	General Bonded Debt: 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
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
2017	461,714,254	202,833	461,511,421	2.1%	1.1%	1,373.87	46,420,396

Fiscal Year	Business-Type Activities: Water & Sewer Revenue Bonds (2)	Business-Type Activities: 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	Component Units: JRJDC Facility Bond	Component Units: JRJDC Capital Leases
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
2017	310,040,991	25,885	818,201,526	3.7%	2.0%	2,435.69	26,086,650	-	4,333

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).

HENRICO COUNTY, 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
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
2017	112,157,059	60,161,365	51,995,694	9,740,000	11,578,096	21,318,096	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.

HENRICO COUNTY, 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)
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	329,227		19,005,848		58,452		49,497	4.5%
2016	332,368		20,448,842	(5)	62,190	(5)	50,104	3.7%
2017	335,922	(6)	22,001,394	(5)	66,167	(5)	49,992	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 6/30/2017)
(5) Based on a trend average 2011 - 2015
(6) Based on a trend average 2012 - 2016

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

Table XII

	2017 (1)			2016			2015			2014			2013		
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	3.4%	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%
County of Henrico	1,000-4,999	2	2.0%	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%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.5%	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%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	4	1.5%	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%
Henrico Doctors' Hospital (HCA)	1,000-4,999	5	1.5%	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%
Capital One Bank	1,000-4,999	6	1.5%	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%
Walmart	1,000-4,999	7	1.5%	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%
United States Postal Service	1,000-4,999	8	1.5%	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%
Wells Fargo Bank NA	1,000-4,999	9	1.5%	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%
Kroger	1,000-4,999	10	1.5%	500-999	12	0.4%	500-999	12	0.5%	1,000-4,999	13	1.8%	500-999	15	0.5%
Bank of America	500-999	11	0.4%	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%
Apex Systems, Inc.	500-999	12	0.4%	500-999	13	0.4%	500-999	15	0.5%	500-999	15	0.5%	500-999	17	0.5%
GNA Corporation	500-999	13	0.4%	500-999	11	0.4%	500-999	11	0.5%	1,000-4,999	11	1.8%	1,000-4,999	13	1.8%
Markel Service, Inc	500-999	14	0.4%	500-999	14	0.4%	500-999	16	0.5%	500-999	16	0.5%	500-999	16	0.5%
Source4Teachers	500-999	15	0.4%	500-999	16	0.4%	500-999	19	0.5%	-	N/A	-	-	N/A	-
Virginia Department of Social Services	500-999	16	0.4%	500-999	17	0.4%	500-999	17	0.5%	500-999	17	0.5%	500-999	19	0.5%
T Mobile USA, Inc.	500-999	17	0.4%	500-999	18	0.4%	500-999	18	0.5%	-	N/A	-	-	N/A	-
Dominion Resources	500-999	18	0.4%	500-999	19	0.4%	-	N/A	-	500-999	18	0.5%	500-999	18	0.5%
General Medical Corporation	500-999	19	0.4%	500-999	20	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
Ppd Development	500-999	20	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Martin's Food Market	-	N/A	-	500-999	15	0.4%	500-999	13	0.5%	1,000-4,999	12	1.8%	1,000-4,999	12	1.8%
SunTrust Bank	-	N/A	-	-	N/A	-	500-999	14	0.5%	1,000-4,999	14	1.8%	1,000-4,999	14	1.8%
J. Sargeant Reynolds Community College	-	N/A	-	-	N/A	-	500-999	20	0.5%	500-999	20	0.5%	-	N/A	-
Verizon Virginia, Inc.	-	N/A	-	-	N/A	-	-	N/A	-	500-999	19	0.5%	500-999	20	0.5%
Admiral Security Services	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	1,000-4,999	6	1.8%
Totals			20.8%			22.6%			21.0%			30.6%			30.8%
Total County Employment (3)	203,480			186,728			180,876			172,420			164,450		

Source: Virginia Employment Commission

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

(1) 2017 Data as of 1st Qtr 2017

(2) Non-Resident Employer of Henrico County Citizens

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

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

Table XIII

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Agriculture & Home Extension	3	3	3	3	2	2	2	2	2	2
Belmont Golf Course	9	9	9	9	9	9	9	8	8	8
Board of Supervisors	5	5	5	5	5	5	4	4	4	4
Building Inspections	61	61	58	58	56	54	53	52	53	55
Central Automotive Maintenance	65	65	65	65	67	67	67	67	67	67
Circuit Court Services	8	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	56	56	54	54	56	56	56	56	56	56
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	19	19	18	18	17	17	16	16	17	18
County Attorney	18	18	18	18	18	19	19	19	20	20
County Manager	13	13	13	13	13	13	13	13	14	13
Electoral Board	9	9	9	9	8	8	8	8	8	8
Finance	166	167	159	159	157	153	169	168	168	163
Fire	531	540	539	539	539	539	548	548	548	562
General Services	160	161	156	156	155	147	120	119	119	118
Human Resources	57	56	53	53	52	48	58	56	57	57
Hold Complement (2)	-	-	-	-	19	43	36	22	6	3
Information Technology	90	89	83	83	85	89	88	90	90	97
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	33	33	33	33	33	33	33	33	33	33
Library	178	183	173	173	168	164	161	171	197	206
Mental Health	225	225	220	220	220	218	219	219	219	219
Permit Centers	19	19	18	18	17	17	16	16	16	16
Planning	50	50	49	49	46	43	44	44	45	45
Police	799	799	797	799	798	798	807	817	827	842
Public Relations & Media Services	20	20	19	19	19	19	19	19	19	19
Public Utilities	320	320	308	309	307	306	306	306	307	307
Public Works	266	266	258	258	254	254	254	257	259	259
Real Property	8	8	7	7	7	7	7	7	7	7
Recreation & Parks	172	172	168	178	178	177	173	172	170	170
Sheriff	378	377	371	371	371	371	371	373	390	390
Social Services	157	168	168	168	168	168	168	172	177	185
Solid Waste	75	75	70	69	69	69	69	69	69	69
Sub-total General Government	3,976	4,000	3,915	3,927	3,927	3,927	3,927	3,937	3,986	4,032
Education	6,422	6,588	6,634	6,567	6,564	6,564	6,643	6,686	6,762	6,832
Total Government Employees	10,397	10,587	10,549	10,494	10,491	10,491	10,570	10,623	10,748	10,864

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 (315 as of February 20, 2017) 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.

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

Table XIV

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (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	109,333	109,970	110,369	112,383	112,490	112,986	113,641	114,370	114,840	114,840
Vehicles Assessed	349,306	328,204	347,913	347,790	354,721	354,419	351,318	363,776	364,000	376,624
GFOA Award CAFR - # of Years (6)	26	27	28	29	30	31	32	33	34	36
GFOA Award Budget - # of Years	19	20	21	22	23	24	25	26	27	28
General Services:										
Fleet Annual Miles Driven	24,000,000	24,594,634	25,112,408	24,681,815	24,553,438	24,588,773	23,708,593	25,119,814	24,262,178	24,550,000
Gallons of Fuel Consumed	2,867,559	2,963,209	3,007,474	2,955,906	2,940,537	2,909,914	2,809,075	2,901,549	2,974,784	3,038,934
Total Work Orders Completed	30,490	24,589	20,361	22,308	24,550	23,000	20,048	21,253	20,676	21,750
Information Technology										
Internet Pages Accessed	13,861,882	16,629,902	19,212,527	19,121,527	6,365,812	6,486,961	6,865,209	7,263,391	7,182,959	7,447,196
Internet Site Visits	2,744,028	2,280,415	2,269,242	2,269,242	1,857,899	2,155,914	2,232,898	2,311,049	2,710,279	2,809,444
Central Computer Average Uptime (2)	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	N/A	N/A	N/A
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	67,768	50,160	50,440	37,682	48,972	48,926	51,257	36,443	43,000	45,000
Civil Cases	3,001	2,852	3,104	3,034	3,113	3,135	3,237	3,475	4,000	4,000
Criminal Cases	8,001	6,971	7,133	6,431	5,616	5,833	5,375	5,073	5,650	5,700
General District Courts:										
New Criminal Cases Filed	7,878	10,386	10,620	15,196	13,057	13,267	13,158	14,289	14,574	13,967
New Civil Cases Filed	33,134	43,284	42,329	40,411	40,011	39,300	36,025	34,114	34,411	39,300
New Traffic Cases Filed	62,073	66,924	76,218	80,481	71,329	70,555	64,844	62,844	54,325	73,555
Commonwealth Attorney:										
Criminal Cases	26,000	25,084	25,038	34,061	34,227	35,617	35,687	40,597	41,890	41,500
Traffic Cases	97,000	94,356	107,397	109,152	99,262	97,580	90,598	88,907	79,778	92,000
Public Safety										
Police:										
Calls for Service	209,292	197,808	193,173	192,726	198,373	194,029	197,502	203,330	211,832	215,539
Criminal Arrests	25,311	21,399	20,330	20,716	19,989	20,690	27,671	20,059	20,111	20,463
Traffic Arrests	52,525	53,051	63,009	65,481	59,062	58,269	40,935	49,195	43,149	43,904
Fire Protection:										
Calls For Service	39,043	36,931	37,575	39,120	40,963	43,348	43,143	46,233	47,948	48,986
EMS and Rescue Calls	27,100	27,293	28,028	29,114	30,189	36,176	35,662	38,408	39,660	40,725
Fire Incidents	1,183	1,025	915	1,110	983	817	777	809	764	743
Sheriff:										
Civil Papers Served	123,098	115,186	120,746	116,434	115,948	100,626	105,120	112,078	117,462	112,200
Annual Committals to Jail	12,600	13,605	16,888	17,623	12,157	16,134	14,094	16,143	15,613	16,200
Average Daily Inmate Population	1,300	1,164	1,140	1,167	1,138	1,183	1,175	1,221	1,177	1,250
Building Inspections:										
Total Permits Issued	20,000	12,819	11,975	12,208	13,771	14,274	13,972	13,577	13,700	14,000
Total Inspections	85,500	59,795	51,495	51,351	56,236	67,036	70,990	68,861	69,931	71,100
Public Works										
Public Works:										
Lane Miles Maintained	3,310	3,348	3,385	3,402	3,433	3,452	3,454	3,468	3,498	3,505
Traffic Signals Maintained	130	138	140	144	144	149	150	150	150	153
Development Plans Reviewed	1,536	1,026	776	653	691	880	875	1,568	1,828	1,875
Health and Social Services										
Public Health:										
Patient Visits (3)	26,050	26,308	28,545	27,531	27,153	27,584	28,090	15,258	13,787	15,200
Water/Sewer Inspection Applications	350	195	179	179	243	243	243	N/A	N/A	N/A
Social Services:										
Clients Entering Employment	525	545	609	483	632	650	675	694	436	511
Clients Employed After 90 Days (4)	404	436	493	367	512	527	547	486	N/A	N/A
Education										
Schools:										
Cost Per Student	$ 8,957	$ 9,369	$ 9,485	$ 9,015	$ 9,041	$ 9,110	$ 8,978	$ 9,305	$ 9,644	$ 9,782
Teaching Positions	3,657	3,791	3,815	3,720	3,737	3,719	3,741	3,780	3,833	3,906
Student/Teacher Ratio	13.2	12.7	13.0	13.0	13.0	13.4	13.1	13.1	13.1	12.8

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

Table XIV

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (1)
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	3,500,000	3,537,272	4,001,371	3,951,571	3,829,590	3,787,758	3,333,223	3,295,348	3,334,908	3,500,000
Program Participants	350,000	306,498	396,900	397,000	397,000	397,000	23,223	30,404	40,350	25,804
Recreation Programs	16,550	17,234	15,848	16,400	16,400	16,400	1,197	2,762	1,199	1,147
Library:										
Customer Visits	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	2,137,664
Annual Circulation of Materials	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	4,201,479
Community Development										
Economic Development:										
Prospects Available (5)	95	95	95	95	95	95	95	238	N/A	N/A
Retention Calls	580	690	650	650	650	650	30	203	244	259
Successful Prospects	38	30	38	38	35	35	20	8	11	18
Planning:										
Reviews Completed	289	326	256	300	260	232	284	322	342	350
Petitions and Permits Processed	122	110	85	87	87	86	126	118	92	110
Maps Prepared	1,588	848	743	1,036	1,048	1,048	1,191	1,364	1,154	1,150
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	9,075	10,985	11,345	11,004	10,421	10,766	10,609	11,170	12,496	12,000
Inspections Completed	22,500	27,513	29,138	27,499	26,626	27,406	27,273	30,451	32,532	32,000
Volunteers Hours Worked	7,511	5,024	6,242	2,488	4,076	2,708	3,478	2,256	4,638	4,700
Permit Center:										
Permit Applications Received	5,873	4,253	4,225	4,519	4,734	5,123	5,085	4,437	5,519	5,648
Permit Applications Reviewed	11,307	6,954	7,156	7,113	7,191	6,558	10,930	9,136	10,283	10,620
Permits Issued	5,151	4,168	4,035	4,447	4,646	5,076	5,472	5,058	5,375	4,718
Inquires	20,404	15,248	14,072	13,295	12,793	12,581	15,278	17,917	16,345	16,448
Public Utilities										
Solid Waste:										
Number of Customers	36,000	37,647	39,117	39,862	41,121	42,578	43,728	45,167	46,586	47,000
Tons of Waste Collected	97,800	91,855	81,785	83,264	90,495	93,860	95,748	44,624	47,511	47,500
Tons Deposited in Public Use Areas	30,000	40,272	32,212	29,700	29,888	29,091	29,942	23,946	23,903	25,000
Water and Sewer:										
Number of Water Customers	92,800	94,886	91,776	92,243	92,946	94,006	95,097	95,994	96,811	97,800
Number of Sewer Customers	91,000	91,631	88,854	89,355	90,068	91,110	92,125	93,087	93,939	94,800
Fire Hydrants in Service	11,200	11,567	11,799	11,969	12,167	12,321	12,464	12,611	12,880	13,000

Source: Approved County Budget

(1) FY2017 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.

(6) Adjustment in 2017 to correct error made in prior years.

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

Table XV

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (1)
General Government										
Vehicles	533	728	487	575	559	534	920	567	482	602
Building Square Footage	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	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	3	3	3	3
Police Field Offices	2	2	2	3	3	3	2	2	2	2
Vehicles	638	651	711	740	734	808	1,064	825	778	803
Sheriff:										
Vehicles	55	55	60	59	61	61	61	67	71	75
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	168	168	175	177	177	175	179	192	226	205
Public Works:										
Miles of Maintained Roads	1,317	1,327	1,338	1,339	1,349	1,354	1,357	1,360	1,370	1,376
Miles of Storm Drainage	1,093	1,102	1,116	1,116	1,116	959	1,547	2,096	1,553	1,600
Vehicles	299	323	323	315	333	333	335	336	357	347
Education										
Schools:										
School Facilities	70	71	71	71	73	73	74	72	72	72
Vehicles	1,096	1,158	1,131	1,137	1,173	1,183	1,184	1,186	1,203	1,220
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	17	20	17	20	20	20	14	21	21	21
Developed Park Acreage	1,900	2,505	2,505	2,505	2,505	2,515	2,539	2,584	2,584	2,584
Athletic Fields/Courts	419	419	423	410	410	187	227	199	200	200
County Golf Courses	1	1	1	1	1	1	1	1	1	1
Library:										
Number of Libraries (3)	10	11	10	11	11	11	11	11	11	10
Titles in Collection	331,242	327,455	329,141	324,527	314,907	321,108	338,485	328,918	329,139	328,026
Volumes in Collection	1,042,188	901,837	924,076	860,640	863,149	899,266	903,125	839,037	833,141	741,877
Public Utilities										
Water and Sewer:										
Miles of Water Mains	1,495	1,515	1,528	1,548	1,558	1,572	1,582	1,595	1,607	1,622
Miles of Sewer Mains	1,420	1,445	1,443	1,450	1,456	1,463	1,470	1,481	1,491	1,504
Vehicles	347	354	353	358	358	358	380	373	393	370
Landfills (2)	1	1	1	1	1	1	1	-	-	-

Source: Approved County Budget

(1) FY2017 column data is revised budget not actual, where actual data is not yet available.

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

(3) Bookmobile no longer included in total.