PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2014
ELECTRONIC BIDS TO BE RECEIVED THROUGH BIDCOMP/PARITY
ON TUESDAY, JUNE 10, 2014 AT 11:00 A.M., EASTERN TIME

NEW ISSUE
BOOK-ENTRY ONLY

Fitch: ____
Moody's Investors Service: ____
Standard & Poor's Ratings Services: ____
(see "RATINGS")

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds of both series (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. See "TAX MATTERS" herein for a description of certain other provisions of law which may affect the federal tax treatment of interest on the Bonds. In addition, in the opinion of Bond Counsel, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
$61,305,000*
COUNTY OF CHESTERFIELD, VIRGINIA,
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES A OF 2014, AND
GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES B OF 2014

Dated: Date of Delivery **Due: January 1, As Shown On Inside Cover**

The Bonds will be issued only in book-entry form, initially registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers will not receive certificates representing their interests in the Bonds. Purchases of the Bonds will be in denominations of $5,000 and integral multiples thereof. The Bonds will bear interest from their date of delivery. Interest on the Bonds will be payable on January 1, 2015 and semiannually on each January 1 and July 1 thereafter. Principal of and interest on the Bonds will be paid directly to DTC by the County Treasurer of the County of Chesterfield, Virginia (the "County"), as Paying Agent. The proceeds of the Series A of 2014 Bonds are to be used to pay the costs of various public improvement projects of and for the County. See "AUTHORIZATION AND PURPOSES OF THE BONDS". The proceeds of the Series B of 2014 Bonds are to be used to provide for the refunding of certain outstanding general obligation bonds of the County. See "PLAN OF REFUNDING".

The Bonds are general obligations of the County for the payment of which its full faith and credit are pledged. The Board of Supervisors of the County is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County are not lawfully available and appropriated for such purpose.

The Series A of 2014 Bonds maturing on and after January 1, 2025 are subject to optional redemption prior to their stated maturities as more fully described herein. The Series B of 2014 Bonds are not subject to redemption prior to their stated maturities.

Electronic bids for the Bonds will be received by the County on Tuesday, June 10, 2014, as described in the Official Notice of Sale, dated June 2, 2014, set forth in Appendix F. The Bonds are offered for delivery when, as and if issued, subject to the approval of validity by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, and to certain other conditions described herein. The Bonds in definitive form will be available for delivery through the facilities of DTC on or about June 25, 2014.

Date: June __, 2014

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*Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

MATURITIES, PRINCIPAL AMOUNTS, YIELDS AND CUSIP NUMBERS

$14,610,000* General Obligation Public Improvement Bonds, Series A of 2014

Year (January 1)	Principal Amount*	Interest Rate	Yield	CUSIP Numbers**
2015	$ 760,000	%	%	166393
2016	480,000			166393
2017	495,000			166393
2018	515,000			166393
2019	540,000			166393
2020	570,000			166393
2021	595,000			166393
2022	625,000			166393
2023	655,000			166393
2024	690,000			166393
2025	720,000			166393
2026	755,000			166393
2027	785,000			166393
2028	810,000			166393
2029	850,000			166393
2030	880,000			166393
2031	915,000			166393
2032	950,000			166393
2033	990,000			166393
2034	1,030,000			166393

$46,695,000* General Obligation Public Improvement Refunding Bonds, Series B of 2014

Year (January 1)	Principal Amount*	Interest Rate	Yield	CUSIP Numbers**
2015	$ 6,935,000	%	%	166393
2016	6,850,000			166393
2017	7,550,000			166393
2018	2,055,000			166393
2019	5,310,000			166393
2020	5,290,000			166393
2021	3,500,000			166393
2022				166393
2023	3,075,000			166393
2024	3,070,000			166393
2025	3,060,000			166393

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* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

** CUSIP numbers have been assigned by an organization not affiliated with the County and are included solely for the convenience of the holders of the Series A of 2014 Bonds and the Series B of 2014 Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series A of 2014 Bonds and the Series B of 2014 Bonds or as indicated above.

COUNTY OF CHESTERFIELD, VIRGINIA

BOARD OF SUPERVISORS

JAMES "JIM" HOLLAND, Chairman
Dale District

STEVE A. ELSWICK, Vice Chairman
Mataoca District

DOROTHY JAECKLE
Bermuda District

ARTHUR S. WARREN
Clover Hill District

DANIEL A. GECKER
Midlothian District

COUNTY OFFICIALS

JAMES J.L. STEGMAIER
County Administrator

SARAH C. SNEAD
Deputy County Administrator

WILLIAM D. DUPLER
Deputy County Administrator

SHERYL D. BAILEY, Ph.D.
Deputy County Administrator

JEFFREY L. MINCKS
County Attorney

ALLAN M. CARMODY
Director of Budget and Management

PATSY J. BROWN
Director of Accounting

RICHARD A. CORDLE
Treasurer

SCHOOL OFFICIAL

DR. MARCUS J. NEWSOME
Division Superintendent

BOND COUNSEL

HAWKINS DELAFIELD & WOOD LLP

FINANCIAL ADVISOR

PUBLIC RESOURCES ADVISORY GROUP

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The information contained in this Official Statement (which term shall be deemed to include Appendix A, Appendix B, Appendix C, Appendix D, Appendix E and Appendix F to this Official Statement and all documents incorporated herein by reference) has been obtained from the County and other sources deemed reliable. The information concerning DTC has been obtained from DTC. No representation is made, however, as to the accuracy or completeness of the information contained in this Official Statement, and nothing contained in this Official Statement is, or shall be relied upon as, a promise or representation by the County. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purpose. The information contained in this Official Statement is subject to change without notice and neither the delivery of this Official Statement nor any sale made by means of it shall, under any circumstances, create any implication that there have not been changes in the affairs of the County since the date of this Official Statement.

No broker, dealer, sales representative or any other person has been authorized by the County to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described in it and, if given or made, such other information or representation must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than those described on the cover page, nor shall there be any offer to sell, solicitation of an offer to buy or sale of such securities by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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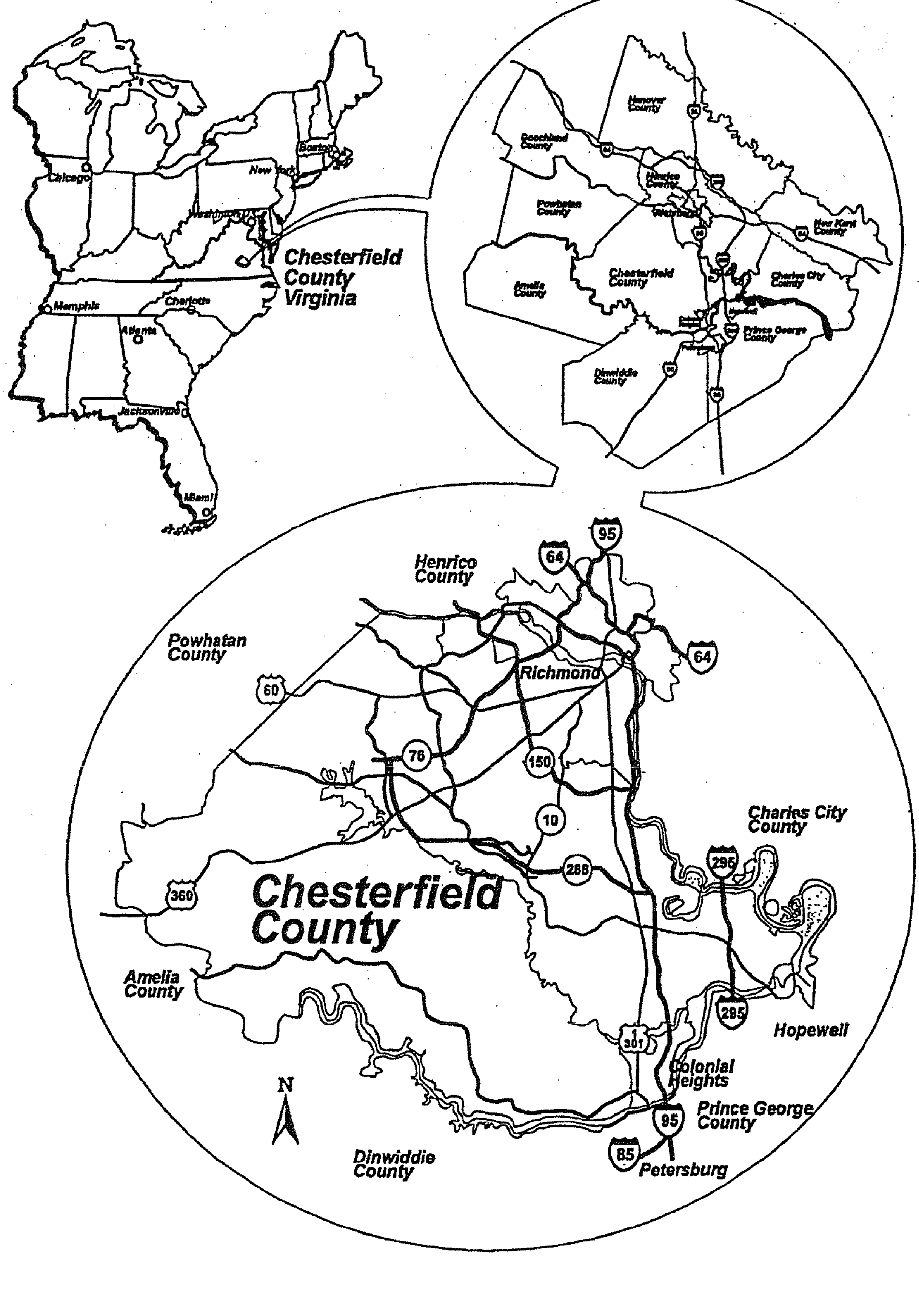
Chicago
Boston
New York
Washington
Memphis
Charlotte
Atlanta
Jacksonville
Miami
Chesterfield County Virginia
Henrico County
Powhatan County
Richmond
Charles City County
Chesterfield County
Amelia County
Hopewell
Colonial Heights
Prince George County
Dinwiddie County
Petersburg
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60
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SUMMARY OF OFFICIAL STATEMENT
THE OFFERING

The Issue	Offering by the County of Chesterfield, Virginia, of its $61,305,000* principal amount of General Obligation Bonds, at competitive bid.
Securities.........................	County of Chesterfield, Virginia, General Obligation Public Improvement Bonds, Series A of 2014, dated the date of their delivery, due on January 1 in each of the years 2015 through 2034 in the aggregate principal amount of $14,610,000* and County of Chesterfield, Virginia, General Obligation Public Improvement Refunding Bonds, Series B of 2014, dated the date of their delivery, due on January 1 in each of the years 2015 through 2021 and 2023 through 2025 in the aggregate principal amount of $46,695,000*. The Bonds will be issued in book-entry only form through the facilities of The Depository Trust Company ("DTC"). Reference is made to Appendix D for a description of DTC and DTC's book-entry system.
Interest Payment Dates.....	January 1 and July 1, commencing January 1, 2015.
Redemption	The Series A of 2014 Bonds maturing on and after January 1, 2025 are subject to optional redemption on or after January 1, 2024 in whole or in part at any time, at a redemption price equal to the principal amount thereof, together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof. **The Series B of 2014 Bonds are not subject to redemption prior to their stated maturities.**
Tax Matters	In the opinion of Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the Bonds of both series (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel, under the existing statutes of the Commonwealth of Virginia, such interest is not includable in computing the Virginia income tax. See "TAX MATTERS" herein for a description of certain provisions of law which may affect the federal tax treatment of interest on the Bonds.
Use of Proceeds	The proceeds of the Series A of 2014 Bonds are to be used to pay the costs of various public improvement projects of and for the County. See "AUTHORIZATION AND PURPOSES OF THE BONDS". The proceeds of the Series B of 2014 Bonds are to be used to provide for the refunding certain outstanding general obligation bonds of the County. See "PLAN OF REFUNDING".
Security for Bonds	The Bonds are general obligations of the County to the payment of which the full faith and credit of the County are irrevocably pledged.

THE FOREGOING INFORMATION IS QUALIFIED IN ITS ENTIRETY BY THE DETAILED INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT.

*Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

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OFFICIAL STATEMENT

RELATING TO THE ORIGINAL ISSUANCE OF

$61,305,000*

COUNTY OF CHESTERFIELD, VIRGINIA, GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES A OF 2014, AND GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES B OF 2014

INTRODUCTION

The purpose of this Official Statement is to furnish information in connection with the sale by the County of Chesterfield, Virginia (the "County") of $61,305,000* principal amount of General Obligation Bonds, dated the date of their delivery, consisting of $14,610,000* principal amount of General Obligation Public Improvement Bonds, Series A of 2014 (the "Series A of 2014 Bonds"), and $46,695,000* principal amount of General Obligation Public Improvement Refunding Bonds, Series B of 2014 (the "Series B of 2014 Bonds" and, collectively with the Series A of 2014 Bonds, the "Bonds"), to be issued in accordance with the provisions of the Official Notice of Sale, dated June 2, 2014, set forth in Appendix F (the "Official Notice of Sale"). The Bonds will be general obligations of the County to the payment of which the full faith and credit and unlimited taxing power of the County are irrevocably pledged. Payment of the principal of and interest on the Bonds is more fully described under the caption "SECURITY FOR THE BONDS" below. The Bonds are to be offered for sale on Tuesday, June 10, 2014, at public sale. Reference is hereby made to the Official Notice of Sale set forth in Appendix F for the terms and conditions of bidding. This Official Statement has been approved and authorized by the Board of Supervisors of the County for use in connection with the sale of the Bonds. Financial and other information contained in this Official Statement have been prepared by the County from its records (except where other sources are noted).

For information with respect to the County, reference is made to Appendix A ("COUNTY OF CHESTERFIELD, VIRGINIA").

DESCRIPTION OF THE BONDS

General

The Bonds consist of one issue totalling $61,305,000* principal amount of general obligation bonds to which the full faith of the County are pledged for payment (see "SECURITY FOR THE BONDS" below). The Bonds are dated the date of their delivery, bear interest from their date, payable on January 1, 2015 and semiannually on each January 1 and July 1 thereafter, at the rates per annum set forth on the inside cover page of this Official Statement and are scheduled to mature on January 1 in each of the years 2015 through 2034 in the case of the Series A of 2014 Bonds and on January 1 in each of the years 2015 through 2021 and 2023 through 2025 in the case of the Series B of 2014 Bonds in the principal amounts set forth on the inside cover page of this Official Statement.

The Registrar and Paying Agent for the Bonds will be the County Treasurer of the County.

Book-Entry Only Bonds

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds in the denomination of $5,000 or integral multiples thereof and registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond will be issued for each maturity of each series of the Bonds as set forth on the inside cover page of this Official Statement in

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* Preliminary, subject to adjustment in accordance with the provisions of the Official Notice of Sale.

the aggregate principal amount of such maturity and will be deposited with DTC. Reference is made to Appendix D for a description of DTC and DTC's book-entry system.

Optional Redemption

The Series A of 2014 Bonds maturing on and prior to January 1, 2024 are not subject to optional redemption prior to their stated maturities. The Series A of 2014 Bonds maturing on and after January 1, 2025 are subject to redemption at the option of the County prior to their stated maturities on or after January 1, 2024, in whole or in part at any time, at a redemption price equal to the principal amount thereof, together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof. **The Series B of 2014 Bonds are not subject to redemption prior to their stated maturities.**

Notice of Redemption

If any Bond (or any portion of the principal amount thereof in installments of $5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Bond, the date and place or places fixed for its redemption and if less than the entire principal amount of such Bond is to be redeemed, that such Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Bond or Bonds issued equalling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of such Bond at the address of such registered owner as it appears on the books of registry kept by the Registrar and Paying Agent for the Bonds as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of any Bond (or portion thereof in installments of $5,000) shall have been given as aforesaid, and payment of the principal amount of such Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest payable upon such redemption shall have been duly made or provided for, interest on such Bond shall cease to accrue from and after the date so specified for redemption thereof.

Any notice of the optional redemption of the Bonds may state that it is conditioned upon there being on deposit with the County on the date fixed for the redemption thereof an amount of money sufficient to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of such Bonds, together with the interest accrued thereon, is due and payable if any such condition so specified is not satisfied. If a redemption of any Bonds does not occur after a conditional notice is given due to there not being on deposit with the County a sufficient amount of money to pay the redemption price of such Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, the corresponding notice of redemption shall be deemed to be revoked.

So long as the Bonds are in book-entry only form, any notice of redemption shall be given only to DTC or to its nominee. The County shall not be responsible for providing any beneficial owner of the Bonds any notice of redemption. See "Appendix D — DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM" for a discussion of the notice of redemption to be given to beneficial owners of the Bonds when the Book-Entry System for the Bonds is in effect.

SECURITY FOR THE BONDS

The Bonds are general obligations of the County, and the full faith and credit of the County are irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, remain outstanding and unpaid, the Board of Supervisors of the County is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County are not lawfully available and appropriated for such purpose. The County has never defaulted in the payment of either principal of or interest on any indebtedness.

BONDHOLDERS' REMEDIES IN THE EVENT OF DEFAULT

Section 15.2-2659 of the Code of Virginia, 1950, provides that, upon the affidavit of any owner or any paying agent of any general obligation bonds of a political subdivision of the Commonwealth of Virginia (including the County) in default in the payment of principal of or interest on any of its outstanding general obligation bonds, the Governor shall immediately make a summary investigation and if the default is established to the Governor's satisfaction, the Governor shall immediately make an order directing the State Comptroller to withhold all further payment to the political subdivision of all funds, or any part of them, appropriated and payable by the Commonwealth to the political subdivision for any and all purposes, until the default is cured. The Governor shall, while the default continues, direct in writing the payment of all sums withheld by the State Comptroller, or as much of them as is necessary, to the owners of the bonds in default, or the paying agent for the bonds, so as to cure, or to cure insofar as possible, the default as to the bonds or interest on them. The Governor shall, as soon as practicable, give notice of the default and of the availability of funds with the paying agent or with the State Comptroller by publication one time in a daily newspaper of general circulation in the City of Richmond, Virginia, and in the case of registered bonds, by mail, to the registered owners of the bonds. The State Comptroller advises that to date no order to withhold funds pursuant to Section 15.2-2659 has ever been issued. Although the provisions of Section 15.2-2659 have never been tested in a Virginia court, the Attorney General of Virginia has ruled that appropriated funds may be withheld by the Commonwealth pursuant to such section. In the fiscal year ending June 30, 2013, total direct appropriations paid by the Commonwealth to the County amounted to approximately $369,722,103.

Neither the Bonds nor the proceedings with respect thereto specifically provide any remedies to Bondholders if the County defaults in the payment of principal of or interest on the Bonds, nor do they contain any provision for the appointment of a trustee to enforce the interests of the Bondholders upon the occurrence of such default. Upon any default in the payment of principal or interest on a Bond, a Bondholder could, among other things, seek to obtain a writ of mandamus from a court of competent jurisdiction requiring the Board of Supervisors to assess, levy and collect a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of and interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Although Virginia law currently does not authorize such action, future legislation may enable the County to file a petition for relief under the United States Bankruptcy Code (the "Bankruptcy Code") if it is insolvent or unable to pay its debts. Bankruptcy proceedings by the County could have adverse effects on the Bondholders, including (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings or (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation bonds, such creditors will have the benefit of their original claim or the "indubitable equivalent". The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretation.

AUTHORIZATION AND PURPOSES OF THE BONDS

A portion of the Series A of 2014 Bonds are being issued under resolutions adopted by the Board of Supervisors of the County (the "Board"), bond elections held in the County on November 2, 2004 and November 5, 2013, and pursuant to Article VII, Section 10(b) of the Constitution of Virginia, and the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia, 1950 (the "Public Finance Act of 1991"). The Series B of 2014 Bonds are being issued under a resolution adopted by the Board of Supervisors of the County and pursuant to Article VII, Section 10(b) of the Constitution of Virginia and the Public Finance Act of 1991.

The 2004 voter-approved bond election authorized $341,745,000 in five major project categories. The portion of the Series A of 2014 Bonds being issued pursuant to the 2004 bond election are the seventh issue of bonds to be issued pursuant to such authorization and are being issued to finance the costs of public safety and library improvement projects.

The 2013 voter-approved bond election authorized $353,000,000 in two major project categories. The portion of the Series A of 2014 Bonds being issued pursuant to the 2013 bond election are the first issue of bonds to be issued pursuant to such authorization. The following chart details categories approved by the 2013 bond election and the allocation of funds for the Series A of 2014 Bonds. Specific allocation of the projected amounts as specified herein is subject to change. However, in no event will the amount issued exceed the amounts authorized by the 2013 bond election.

Purposes	2013 Bond Election Authorization	Current Bond Issue*	Remaining Authorization*
Schools	$304,000,000	$7,500,000	$296,500,000
Public Safety	49,000,000	-0-	49,000,000
	$353,000,000	$7,500,000	$ 345,500,000

PLAN OF REFUNDING

The proceeds of sale of the Series B of 2014 Bonds, net of the costs of issuance thereof, will be applied to the refunding of (i) $20,395,000* outstanding principal amount of the County's General Obligation Public Improvement Refunding Bonds, Series of 2004, dated March 1, 2004 and maturing on January 1 in each of the years 2015 through 2020, which are subject to redemption and are to be redeemed on July 25, 2014; (ii) $910,000* outstanding principal amount of the County's General Obligation Public Improvement Bonds Series A of 2005, dated March 1, 2005 and maturing on January 1, 2016, which are subject to redemption and are to be redeemed on January 1, 2015; (iii) $16,075,000* outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series of 2006, dated March 8, 2006 and maturing on January 1 in each of the years 2017 and 2018 and 2023 through 2025, which are subject to redemption and are to be redeemed on January 1, 2016; and (iv) $10,890,000* outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series A of 2007, dated April 11, 2007 and maturing on January 1 in each of the years 2019 through 2021, which are subject to redemption and are to be redeemed on January 1, 2017 (collectively, the "Refunded Bonds").

Such proceeds will be deposited with U.S. Bank National Association, Richmond, Virginia, as Escrow Agent (the "Escrow Agent"), under an Escrow Deposit Agreement, dated June 25, 2014 (the "Escrow Deposit Agreement"), by and between the County and the Escrow Agent. Such proceeds will be invested in Government Securities. The Government Securities 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 principal of the Refunded Bonds on such dates. The County is undertaking the refunding of the Refunded Bonds described above in order to reduce its annual debt service expenditures.

* Preliminary, subject to change.

The Refunded Bonds are more fully described below:

General Obligation Public Improvement Refunding Bonds, Series of 2004, Dated March 1, 2004*

Year of Maturity (January 15)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Numbers
2015	$ 4,965,000	5.00%	July 25, 2014	100%	166393 E61
2016	4,970,000	5.00	July 25, 2014	100	166393 E79
2017	4,950,000	4.00	July 25, 2014	100	166393 E87
2018	1,875,000	4.00	July 25, 2014	100	166393 E95
2019	1,835,000	4.00	July 25, 2014	100	166393 F29
2020	1,800,000	4.00	July 25, 2014	100	166393 F37
	$20,395,000				

General Obligation Public Improvement Bonds, Series A of 2005, Dated March 1, 2005*

Year of Maturity (January 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Numbers
2016	$ 910,000	5.00 %	January 1, 2015	100%	166393 G93

General Obligation Public Improvement Bonds, Series of 2006, Dated March 8, 2006*

Year of Maturity (January 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Numbers
2017	$ 3,215,000	4.50 %	January 1, 2016	100%	166393 K56
2018	3,215,000	4.50	January 1, 2016	100	166393 K64
2023	3,215,000	4.00	January 1, 2016	100	166393 L30
2024	3,215,000	4.125	January 1, 2016	100	166393 L48
2025	3,215,000	4.125	January 1, 2016	100	166393 L55
	$16,075,000				

General Obligation Public Improvement Bonds, Series A of 2007, Dated April 11, 2007*

Year of Maturity (January 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP Numbers
2019	$ 3,630,000	5.00 %	January 1, 2017	100%	166393 P44
2020	3,630,000	5.00	January 1, 2017	100	166393 P51
2021	3,630,000	5.00	January 1, 2017	100	166393 P69
	$10,890,000				

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validity of the Bonds are subject to the approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County. The opinions of Bond Counsel approving the Bonds will be furnished at the expense of the County upon delivery of the Bonds and will be

* Preliminary, subject to change.

printed on or appended to the Bonds of each series. The proposed forms of the opinions of Bond Counsel are set forth as Appendix C to this Official Statement. Bond Counsel has not verified the accuracy, completeness or

fairness of the information (including financial and statistical information) relating to the County set forth in this Official Statement. Accordingly, Bond Counsel will express no opinion of any kind as to the Official Statement, and the opinions of Bond Counsel will be limited to matters relating to the authorization and validity of the Bonds and the exclusion of interest on the Bonds from gross income for purposes of federal and Commonwealth of Virginia income taxation.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinions, Bond Counsel has relied on certain representations, certifications of fact and statements of reasonable expectations made by the County in connection with the Bonds, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the County, under existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

Bond Counsel expresses no opinion regarding any other federal or State tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinions to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action thereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds, or under State and local tax law.

The proposed forms of the opinions of Bond Counsel are set forth as Appendix C to this Official Statement.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain significant ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, without regard to the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bonds houses, brokers or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis on a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange or other disposition of such Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the State and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and State and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or State level, may adversely affect the tax-exempt status of interest on the Bonds under federal or State law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014, by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest". The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Representative David Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income", defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

VERIFICATION

__________________________ will verify certain mathematical computations (a) as to the sufficiency of the moneys and investments deposited under the Escrow Deposit Agreement (i) to pay, when due, the interest on the Refunded Bonds from the date the Series B of 2014 Bonds are issued to the respective redemption dates for the Refunded Bonds and (ii) to pay the principal of the Refunded Bonds on such dates and (b) as to the yield on the Bonds and on the Government Securities to be purchased with the proceeds of sale of the Series B of 2014 Bonds and deposited in escrow pursuant to the terms of the Escrow Deposit Agreement. See "PLAN OF REFUNDING" above.

RATINGS

The County has applied to Fitch, One State Street Plaza, New York, New York, Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York, and Standard & Poor's Ratings Services, 55 Water Street, New York, New York, for credit ratings on the Bonds. The initial credit ratings are set forth on the cover of this Official Statement. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The County furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the County.

Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies and assumptions of rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of either or both, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the County. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Bonds.

LITIGATION

There are miscellaneous claims against the County including claims now in litigation. The County Attorney is of the opinion that there is no litigation pending or threatened in either federal or Virginia courts which would in any way affect the validity of the Bonds or the right of the County to levy and collect *ad valorem* taxes, without limitation as to rate or amount, for payment of the Bonds and interest thereon.

INDEPENDENT AUDITORS

The County's financial statements as of and for the fiscal year ended June 30, 2013 have been audited by KPMG LLP, Independent Auditors, as set forth in their report, dated November 25, 2013, which is included in Appendix B. The County's financial statements and the accountants' reports thereon are available for inspection at the Chesterfield County Accounting Department, 9901 Lori Road, Room 203, Chesterfield, Virginia 23832.

Sections of the Comprehensive Annual Financial Report of the County of Chesterfield, Virginia, for the fiscal year ended June 30, 2013 are presented herein as Appendix B. These financial statements, including the related Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the County's various funds and activities.

CONTINGENCIES

The County participates in a number of federal and State grants, entitlement and shared revenue programs. The programs are subject to program compliance audits by the applicable federal or State agency or its representatives. Furthermore, the *U.S. Office of Management and Budget Circular A-133 Compliance Supplement*, establishes audit requirements for an annual independent organization-wide audit for local governments receiving federal assistance. The amounts, if any, of expenditures which may be disallowed by these audits cannot be determined at this time although the County expects such amounts, if any, would not materially adversely affect the ability of the County to pay the principal of and interest on the Bonds.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated June 2, 2014, and the information contained therein were "deemed final" by the County with permitted omissions, subject to change without notice and to completion or amendment in a final Official Statement.

The County, at its expense, will make available to the successful bidder a reasonably sufficient supply of the final Official Statement within seven (7) business days of the award of the Bonds; *provided* that the successful bidder cooperates in providing the information required to complete the final Official Statement.

The successful bidder is obligated to conform to the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12") and the rules of the Municipal Securities Rulemaking Board, including an obligation, if any, to update the Official Statement.

CERTIFICATES CONCERNING OFFICIAL STATEMENT

The County will furnish to the successful bidder a certificate dated the date of delivery of the Bonds, signed by the County Administrator and the Director of Accounting and stating that, both as of the date of this Official Statement and the date of delivery of the Bonds, the descriptions and statements contained in this Official Statement (except in the section entitled "LITIGATION") were and are, to the best of their knowledge, true and correct in all material respects and did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and that no material adverse change has occurred in the financial condition of the County between the date of this Official Statement and the date of delivery other than as contemplated in this Official Statement. Such certificate will state, however, that the County Administrator and the Director of Accounting did not independently verify the information in this Official Statement indicated as having been obtained or derived from sources other than the County and its officers but that they have no reason to believe that such information is not accurate.

The County will furnish to the successful bidder a certificate dated the date of delivery of the Bonds, signed by the County Attorney and stating that, both as of the date of this Official Statement and the date of delivery of the Bonds, the statements in the section herein entitled "LITIGATION" did not and do not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE

The County will execute and deliver to the purchasers of the Bonds a Continuing Disclosure Certificate, the form of which as Appendix E to this Official Statement, pursuant to which the County will covenant and agree, for the benefit of the holders of the Bonds, consistent with the Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, to provide to the Municipal Securities Rulemaking Board annual financial information and operating data for the County, including audited financial statements of the County, within nine (9) months after the end of each fiscal year beginning on and after July 1, 2013, and, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notices of certain events with respect to the Bonds, whether relating to the County or otherwise, including (i) principal and interest payment delinquencies, (ii) non-payment related defaults, if material, (iii) unscheduled draws on debt service reserves reflecting financial difficulties, (iv) unscheduled draws on credit enhancements reflecting financial difficulties, (v) substitution of credit or liquidity providers, or their failure to perform, (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds, (vii) modifications to rights of Bondholders, if material, (viii) Bond calls, if material, and tender offers, (ix) defeasances, (x) release, substitution or sale of property securing repayment of the Bonds, if material, (xi) rating changes, (xii) bankruptcy, insolvency, receivership or similar event of the County, (xiii) the consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material, and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material; and, in a timely manner, notice to the Municipal Securities Rulemaking Board of any failure of the County to provide required annual financial information referred to above to the Municipal Securities Rulemaking Board. The continuing obligation of the County to provide annual financial information and notices referred to above will terminate with respect to the Bonds when the Bonds are no longer outstanding. Any failure by the County to comply with the foregoing will not constitute a default with respect to the Bonds.

In the Continuing Disclosure Certificate, the County represents that, in the five previous years, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

FINANCIAL ADVISOR

Public Resources Advisory Group, 40 Rector Street, Suite 1600, New York, New York 10006, serves as independent financial advisor to the County for debt management and capital financing matters.

DISCLOSURE GUIDELINES

In preparing this Official Statement, the County has followed the disclosure guidelines recommended by the Government Finance Officers Association as presented in its January 1991 edition of "Disclosure Guidelines for State and Local Government Securities", and the information presented in this Official Statement conforms to these guidelines to the best of the County's knowledge and belief.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. All quotations from and summaries and explanations of laws contained in this Official Statement do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Any questions concerning the contents of this Official Statement should be directed to the following: Allan M. Carmody, Director of Budget and Management, (804) 748-1548; William W. Cobbs, Public Resources Advisory Group, (212) 566-7800; or Donald G. Gurney, Hawkins Delafield & Wood LLP, (212) 820-9438.

COUNTY OF CHESTERFIELD, VIRGINIA

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JAMES J.L. STEGMAIER
COUNTY ADMINISTRATOR

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COUNTY OF CHESTERFIELD, VIRGINIA

SECTION ONE: COUNTY INDEBTEDNESS

ISSUANCE AND AUTHORIZATION OF BONDED INDEBTEDNESS

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, the County is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds, the governing body of the County is required to levy, if necessary, an *ad valorem* tax on all property in the County subject to local taxation. The County has never defaulted on a note or a bond. Although the issuance of bonds by the County is not subject to any limitation on amount, the County is prohibited from issuing general obligation bonds (other than refunding bonds and under certain other circumstances) unless the issuance of such bonds has been approved by public referendum. Revenue bonds, which are secured solely by the revenues generated by the system for which the bonds were issued, may be issued in any amount without public referendum.

Payment of County (primary government) general government and School Board (component unit) bonded indebtedness is provided for in the General Fund of the County. Water and Sewer Revenue Bonds, issued for water and wastewater treatment purposes, are revenue bonds of the County payable from the Utilities Enterprise Funds of the County. Utilities Enterprise Funds gross revenues of $86.2 million in fiscal year 2013 were sufficient to cover debt service on Utilities Enterprise Funds bonds by 586 percent. Mortgage Revenue Bonds, issued to convert the existing Lucy Corr Village nursing home facility to an assisted living facility and to construct a replacement senior health care complex, are payable solely from the Health Center Commission (non-major component unit).

TAX AND REVENUE ANTICIPATION NOTE BORROWING

Revenue and tax anticipation note borrowing was not necessary in fiscal years 2009-2013 and is not planned in fiscal year 2014. The County's debt issuance policies include a commitment to manage operations so that such borrowings will not be necessary.

OVERLAPPING DEBT

The County is autonomous from any city, town, or political subdivision of the Commonwealth of Virginia. There are no jurisdictions with overlapping general obligation debt incurring power.

Title 15.2 Chapter 51, Article 6, Section 15.2.5152 *et seq.*, of the Code of Virginia, 1950 Act, authorizes the County to create community development authorities (each a "CDA") as public bodies politic and corporate and political subdivisions of the Commonwealth of Virginia. A CDA is authorized to issue revenue or "special assessment" bonds to finance the costs of infrastructure improvements within its boundaries payable solely from the revenues received by the CDA and to request the County to levy and collect annually a special tax or "special assessment" on taxable property with its jurisdiction to finance the services and facilities provided by the CDA. Revenue bonds issued by a CDA shall not be deemed to constitute a debt, liability, or obligation of the County. For further information regarding County CDAs, see the No Commitment Debt section of this Appendix A.

To date, three CDAs have been created by the County. The Watkins Centre Community Development Authority was created by the County on August 23, 2006, and issued revenue bonds in the amount of $20,000,000 on November 6, 2007. The Lower Magnolia Green Community Development Authority was created by the County on August 22, 2007; to date no revenue bonds have been issued by the Lower Magnolia Green Community Development Authority. Nonetheless, the Magnolia Green development has become one of the region's most active residential developments and the County is actively working with the project developer, iStar, to stay abreast of sales and construction activity at the site with expectations of issuing bonds sometime during the second half of calendar year 2014. The Chippenham Place Community Development Authority was created by the County on June 25, 2008, to help facilitate the redevelopment of the Cloverleaf Mall property. In October 2011, the County completed the sale of phase one of the project which opened in December 2012, anchored by a 123,000 square foot Kroger Marketplace store. That activity was followed by the sale of a second CDA parcel in mid-calendar year 2013 that will allow for the construction of a high-end, 600-unit apartment complex that should begin in the spring of 2014.

DEBT STATEMENT

The following chart details the general obligation and revenue debt of the County as of June 30, 2013.

NET TAX-SUPPORTED DEBT

JUNE 30, 2013

General Obligation Bonds	$408,010,000
Water and Sewer Revenue Bonds	81,435,000
Certificates of Participation(1)	49,510,000
Development Agreement(2)	18,515,000
Taxable Redevelopment Facility Note (3)	16,596,199
Special Assessment Revenue Note - EDA(4)	6,510,000
Public Facility Lease(5)	5,785,000
Obligations under Capital Leases(6)	713,211
Gross Direct Debt	587,074,410
Less:	
Water and Sewer Revenue Bonds(7)	81,435,000
Special Assessment Revenue Note - EDA(4)	6,510,000
Certificates of Participation-Airport(8)	1,014,878
Net Tax-Supported Debt	$498,114,532

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(1) Issued to finance the acquisition, construction, installation, furnishing and equipping of the expansion and renovation of the County's existing Juvenile Detention Home and Information Systems Technology Building, the Smith Wagner Building, the Circuit County and General District Court Courthouse, the Lane B. Ramsey Building, the off-site Public Safety Training Center, an additional Airport Hangar at the County Airport, the renovation of the former Juvenile and Domestic Relations Courts Building, the acquisition and installation of a Financial/Human Resources System and construction, furnishing and equipping of a new County Jail, Community Development Building, Police Property and Evidence Storage Facility, and Chester House, a daytime rehabilitative service facility for individuals with serious mental illness. Secured by capital leases of the County and subject to annual appropriation by the Board of Supervisors.

(2) Includes support payments made on behalf of the Economic Development Authority (EDA) to finance the acquisition of real property and infrastructure improvements in the Meadowville Technology Park. Payments under the support agreement are subject to annual appropriation by the Board of Supervisors.

(3) Issued to lease the real property incorporating the former Cloverleaf Mall property. The County intends to transfer the property for long-term redevelopment to private sector interests and to retire the note with proceeds from the sale.

(4) In accordance with the Financing Agreement between the EDA and Chippenham Place Community Development Authority (CPCDA), the EDA issued a Tax-Exempt Revenue Note on behalf of CPCDA to finance the infrastructure improvements at the former Cloverleaf Mall site. CPCDA is responsible for payments on the note.

(5) Issued to finance the new Juvenile and Domestic Relations Courts Building. Secured by public facility lease revenue bonds and subject to annual appropriation by the Board of Supervisors.

(6) Includes lease commitments executed principally to finance the acquisition of miscellaneous equipment. Payments under these contracts are subject to annual appropriation by the Board of Supervisors.

(7) All outstanding Utilities bonds are revenue bonds of the County. The County pays such bonds from its Enterprise Funds, the revenues of which include Utilities system revenues.

(8) The County pays certificates of participation commitments for Enterprise purposes from the Enterprise Funds of the County.

Source: Chesterfield County Accounting Department.

DEBT INFORMATION

Information on the County's indebtedness is presented in the following tables. Included is information on key debt ratios, rapidity of principal retirement, debt service to expenditure ratios, and selected debt service schedules. The subsections "Debt Ratio Policies" and "Debt Issuance Policies" under "FISCAL AND CAPITAL FACILITIES FUNDING POLICIES – Debt Related Financial Policies" further describe debt matters of the County.

KEY DEBT RATIOS
FISCAL YEARS 2009 TO 2013

Fiscal Year	Estimated Population	Total Personal Income ($000)	Assessed Value of Taxable Property Fiscal Year Ended June 30	Net Tax-Supported Indebtedness at June 30[1]	Ratio of Net Tax-Supported Indebtedness		Net Tax-Supported Indebtedness As a Percent of Personal Income
					Per Capita	Assessed Value	
2009	314,000	$12,713,000	$37,692,387,587	$603,447,643	$1,922	1.60%	4.75%
2010	316,000	13,283,489	36,382,042,086	559,372,042	1,770	1.54	4.21
2011	318,000	14,155,553	35,509,056,212	537,833,744	1,691	1.51	3.80
2012	319,000	14,957,656	34,753,827,247	524,264,327	1,643	1.51	3.51
2013	323,000	N/A	35,169,044,819	498,114,532	1,542	1.42	N/A

(1) Includes general obligation bonds, State Literary Fund loans, certificates of participation, taxable redevelopment facility note, development agreements, public facility lease and obligations under capital leases. Excludes Utilities and Airport revenue bonds, EDA special assessment revenue notes, certificates of participation and obligations under capital leases paid for from the Enterprise Funds of the County.

Source: Assessed value: Chesterfield County Assessor's Office. Net tax-supported indebtedness: Chesterfield County Accounting Department. Population data: Chesterfield County Planning Department and U. S. Bureau of Census. Personal income data: U. S. Department of Commerce – Bureau of Economic Analysis.

RAPIDITY OF PRINCIPAL RETIREMENT
NET TAX-SUPPORTED DEBT
AS OF JUNE 30, 2013

Maturing Within	Cumulative Amount Maturing[1]	Percent of Total Debt Outstanding
5 years	$218,936,181	44.0%
10 years	377,032,506	75.7
15 years	475,049,532	95.4
21 years	498,114,532	100.0

(1) Includes general obligation bonds, certificates of participation, taxable redevelopment facility note, development agreements, public facility lease and obligations under capital leases. Excludes Utilities revenue bonds, certificates of participation, special assessment revenue notes, and obligations under capital leases paid for from the Enterprise Funds of the County.

Source: Chesterfield County Accounting Department.

RATIO OF ANNUAL DEBT SERVICE ON NET TAX-SUPPORTED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES FISCAL YEARS 2009 TO 2013

Fiscal Year	Principal	Interest	Total Debt Service[(1)]	Total General Governmental Expenditures[(2)]	Ratio of Debt Service to Expenditures
2009	$43,910,171	$23,992,255	$67,902,426	$955,567,482	7.1%
2010	44,075,601	23,841,263	67,916,864	927,930,955	7.3
2011	45,453,298	23,687,589	69,140,887	906,429,023	7.6
2012	43,650,523	22,493,861	66,144,384	913,468,916	7.2
2013	44,454,795	21,155,270	65,610,065	947,993,248	6.9

(1) Includes principal and interest on general obligation bonds, State Literary Fund loans, certificates of participation, taxable redevelopment facility note, development agreements, public facility lease and obligations under capital leases.

(2) Includes all governmental fund types of the primary government and component unit – School Board, excluding capital project funds and payments between primary government and component unit – School Board.

Source: Chesterfield County Accounting Department.

DEBT SERVICE REQUIREMENTS NET TAX-SUPPORTED DEBT AS OF JUNE 30, 2013[(1)(2)(3)(4)(5)]

	Outstanding General Obligation Bonds, Certificates of Participation, Capital Leases and Development Agreements[(5)] (Net of Debt Service on Refunded Bonds)			Current Issue			
Fiscal Year	Principal	Interest	Total	Principal	Interest	Total	Total Debt Service
2014	$ 42,463,409	$ 20,880,916	$ 63,344,325				
2015	58,649,673	19,179,414	77,829,087				
2016	39,512,350	17,381,342	56,893,692				
2017	39,270,413	15,660,522	54,930,935				
2018	39,040,336	13,907,703	52,948,039				
2019	35,824,347	12,134,101	47,958,448				
2020	34,348,782	10,449,062	44,797,844				
2021	31,787,842	8,913,155	40,700,997				
2022	28,872,090	7,432,014	36,304,104				
2023	27,263,264	6,163,497	33,426,761				
2024	25,904,815	4,998,655	30,903,470				
2025	25,017,211	3,892,603	28,909,814				
2026	19,055,000	2,925,795	21,980,795				
2027	15,835,000	2,083,195	17,918,195				
2028	12,205,000	1,387,221	13,592,221				
2029	7,505,000	860,008	8,365,008				
2030	5,765,000	552,896	6,317,896				
2031	3,520,000	323,259	3,843,259				
2032	3,520,000	188,071	3,708,071				
2033	1,840,000	69,768	1,909,768				
2034	915,000	16,241	931,241				
Total	$498,114,532	$149,399,438	$647,513,970				

(1) Excludes debt service on revenue bonds, special assessment revenue notes, certificates of participation and obligations under capital leases paid for from the Enterprise Funds of the County.

(2) Totals may not add due to rounding.

(3) The interest rate on the Taxable Redevelopment Facility Note will be the LIBOR Market Index Rate plus 0.60%, as that rate may change from day to day. "LIBOR Market Index Rate", for any day, is the rate for one month U.S. dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined from another recognized source or inter-bank quotation). At June 30, 2013, the one month LIBOR rate was 0.19465%.

(4) Assumed rate of 0.10 percent for Series 2005A (Tax-Exempt), and 0.35 percent for Series 2005B (Taxable) of the Economic Development Authority of the County of Chesterfield Variable Rate Revenue Bonds.

(5) Interest on the Taxable Recover Zone Economic Development Revenue Bonds, Series 2010B has not been adjusted for 45% U.S. Treasury cash subsidy payments.

Source: Chesterfield County Accounting Department.

LEASES AND CAPITAL OBLIGATIONS

At June 30, 2013, the County was a party to multiple real property lease/purchase agreements and equipment operating lease agreements, some of which involve purchase options. These agreements are summarized below.

Operating Leases

The County leases various types of equipment under operating lease agreements. The lease agreements are contingent on the Board of Supervisors appropriating funds for each year's payments. Future operating lease payments total $2,504 for the County as of the year ended June 30, 2013.

Capital Leases

The County is party to several Real Property Lease/Purchase Agreements. These agreements are structured with Public Facility Lease Revenue Bonds, Certificates of Participation and a Taxable Redevelopment Facility Note. Obligations under these leases are to be liquidated by the General Fund and the non-major Airport Fund.

In the public facility lease revenue bonds transaction dated April 1, 1999, the County leases a new Juvenile and Domestic Relations Courts Building from the lessor for a lease term ending November 1, 2019. Public Facility Lease Revenue bonds evidencing owners' interest in the lease payments were issued to finance the new building and were advance refunded with Public Facility Revenue Refunding Bonds, Series 2010A.

Under an agreement dated January 1, 2001, the County leases the Juvenile Detention Home, the old Juvenile and Domestic Relations Courts Building, the Information Systems Technology Building and an Airport Hangar Building. Certificates of Participation Series 2001, 2003A and 2006A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance construction and renovation of these buildings, as well as a new Financial/Human Resources Information System. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated March 1, 2003, the County leases the real property together with the new County Jail and all other buildings, structures, improvements and equipment located thereon. Certificates of Participation Series 2003B and 2004A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance acquisition, construction, installation, furnishing and equipping the new jail. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated March 1, 2004, the County leases real property incorporating a new Community Development Building, a replacement Chester House Rehabilitative Facility, and a new Airport Hangar. Certificates of Participation Series 2004B, 2005B and 2006B were issued to finance a portion of the cost of the acquisition, construction, installation, furnishing and equipping of these buildings, as well as an Emergency Systems Integration Project. In addition, Certificates of Participation Series 2005A and 2005B were used to finance the acquisition of a financial management system. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated April 15, 2005, the County leases real property incorporating a new Police Property and Evidence Storage Facility. Certificates of Participation Series 2005C were issued to finance a portion of the acquisition, construction, installation, furnishing and equipping of the building.

Under an agreement dated June 1, 2007, the County leases real property incorporating the Smith Wagner Building, the Circuit Court and General District Court Courthouse, the Lane B. Ramsey Building and the off-site Public Safety Training Center. Certificates of Participation Series 2007 were issued to finance a portion of the cost to expand, renovate, construct, furnish and equip various portions of these facilities.

In the Taxable Redevelopment Facility Note dated October 18, 2004, the County leases real property incorporating the Cloverleaf Mall property. The County is reporting a redevelopment asset in its government-wide statements.

In each of these leases, the County acts as the lessor's agent for the construction and furnishing of the capital acquisitions. The County is required, subject to annual appropriations by the Board of Supervisors, under the Real Property Lease/Purchase Agreements to make lease payments to a trustee, as assignee of the lessor. These payments will be sufficient for the trustee to pay debt service on the Public Facility Revenue Refunding Bonds, Series 2010A, the Certificates of Participation and the Taxable Redevelopment Facility Note as and when due. At the expiration of the lease terms, title to the assets will vest in the County if the County has made all lease payments required under the Agreements.

Development Agreements

The County is a party to two development agreements with the EDA. The first development agreement calls for the County to make payments, subject to annual appropriation, on behalf of the EDA on a periodic basis in an amount equal to the debt service on the Variable Rate Revenue Bonds, Series 2005A and the Variable Rate Revenue Bonds, Taxable Series 2005B which were issued to finance the acquisition of real property within the area encompassing the proposed Meadowville Technology Park and certain infrastructure improvements. On January 27, 2005, revenue bonds in the amount of $18,120,000 were issued for acquisition of the property and certain infrastructure improvements. As of June 30, 2013, $11,430,000 remained outstanding on these variable rate revenue bonds.

The second agreement calls for the County to make payments, subject to annual appropriations, on behalf of the EDA on a periodic basis in an amount equal to the debt service on the Taxable Recovery Zone Economic Development Revenue Bonds, Series 2010B. On October 14, 2010, the EDA issued $8,345,000 in Taxable Recovery Zone Economic Development Revenue Bonds, Series 2010B, to finance a portion of the costs of the acquisition of real property for an interchange with Interstate I-295 and the acquisition and construction of such interchange interconnecting with Meadowville Technology Park in the County with Interstate I-295. The Series 2010B Bonds were issued as Recovery Zone Economic Development Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, which was added by the provisions of the American Recovery and Reinvestment Act of 2009. Pursuant to the American Recovery and Reinvestment Act of 2009, the Authority will receive a cash subsidy payment from the United States Treasury equal to 45% of the interest payable on the Series 2010B Bonds on each interest payment date. The cash payment does not constitute a guarantee by the United States Treasury or a pledge of faith and credit of the United States of America, but is required to be paid by the United States Treasury under the American Recovery and Reinvestment Act of 2009. As of June 30, 2013, $7,085,000 remained outstanding on these development bonds.

The following is a summary of the County's future commitments as of June 30, 2013, under the agreements discussed above.

Fiscal Year	Development Agreements[(1)(2)]	Certificates of Participation and Taxable Redevelopment Facility Note[(3)(4)]	Public Facility Revenue Refunding Bonds	Total Leases
2014	$ 1,623,846	$ 7,092,237	$ 956,313	$ 9,672,396
2015	1,618,649	23,392,359	1,013,313	26,024,321
2016	1,621,779	5,406,913	973,625	8,002,317
2017	1,618,416	5,458,402	936,525	8,013,343
2018	1,618,464	5,305,817	895,650	7,819,931
2019	1,611,797	5,137,226	861,200	7,610,223
2020	1,599,257	4,959,320	824,000	7,382,577
2021	1,596,236	4,792,014	-	6,388,250
2022	1,592,345	4,615,639	-	6,207,984
2023	1,587,792	3,737,269	-	5,325,061
2024	1,572,389	3,394,473	-	4,966,862
2025	1,566,325	2,354,361	-	3,920,686
2026	524,249	1,068,750	-	1,592,999
2027	502,399	1,021,250	-	1,523,649
2028	480,549	973,750	-	1,454,299
2029	458,700	-	-	458,700
2030	436,850	-	-	436,850
Total minimum lease payments	21,630,042	78,709,780	6,460,626	106,800,448
Less amount representing imputed interest	3,115,042	13,618,459	675,626	17,409,127
Present value of minimum lease payments	$ 18,515,000	$ 65,091,321	$ 5,785,000	$ 89,391,321

(1) Interest on the Taxable Recovery Zone Economic Development Revenue Bonds, Series 2010B has not been adjusted for 45% U.S. Treasury cash subsidy payments.

(2) Assumed rate of 0.10 percent for Series 2005A (Tax-Exempt), and 0.35 percent for Series 2005B (Taxable) of the Economic Development Authority of the County of Chesterfield Variable Rate Revenue Bonds.

(3) Excludes debt service payable from Enterprise Funds.

(4) The interest on the Taxable Redevelopment Facility Note will be the LIBOR Market Index Rate plus 0.60%, as that rate may change from day to day. "LIBOR Market Index Rate", for any day, is the rate for one month U.S. dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined from another recognized source or inter-bank quotation). At June 30, 2013, the one month LIBOR rate was 0.19465%.

Long-Term Agreements

Capital Region Airport Commission

The County, together with the City of Richmond, the County of Henrico, and the County of Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (the "Commission"), which owns and operates the Richmond International Airport (the "Airport"). The Commission generates revenues from service charges to users of the Airport to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. If the Commission's budget contains estimated expenditures which exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their financial interest in the Commission. If, however, actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the localities may, at their discretion, appropriate funds necessary to fund the deficit. The financial interest is determined by the percentage that the total population of each jurisdiction is to the combined total population of all jurisdictions at January 1990. The County's percentage share is 30 percent. The County made no contribution in fiscal year 2013.

Diamond Stadium

The Counties of Chesterfield and Henrico and the City of Richmond agreed to a nonbinding moral obligation with the Richmond Metropolitan Authority (the "RMA") under which each would pay one-third of any annual net operating loss. The RMA had net operating income in fiscal year 2013 thus the County was not required to make a contribution.

Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning, and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

Each participating jurisdiction is authorized to levy an 8.0 percent transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of $4,202,868 for transient occupancy tax to the Convention Authority during the year ended June 30, 2013.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Inter-local Agreement. The County received $2,278,204 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2013.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of $106,200 to the County during the year ended June 30, 2013. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement.

Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50 percent share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

A Board of Directors, comprised of six members with three members each being appointed by the respective governing bodies, manages GRTC. The majority of the capital, operating, and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2013, there were two fixed GRTC routes in the County and a $260,172 contribution was made by the County in fiscal year 2013.

Riverside Regional Jail Authority

The Riverside Regional Jail Authority (Jail Authority) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Jail Authority is comprised of the Cities of Colonial Heights, Hopewell, and Petersburg and the Counties of Charles City, Chesterfield, Prince George, and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs the Jail Authority. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2013, were $10,231,560.

NO COMMITMENT DEBT

The Board of Supervisors of the County created the Economic Development Authority of the County of Chesterfield (Chesterfield EDA), previously known as the Industrial Development Authority, by adoption of an ordinance on December 2, 1968. The Chesterfield EDA is a political subdivision of the Commonwealth of Virginia governed by a seven-member Board of Directors appointed by the Board of Supervisors of the County. The Chesterfield EDA is empowered, among other things, to acquire, construct, maintain, equip, own, lease, and dispose of various types of facilities, including facilities for use by the County, and to finance same from time to time through the issuance of its revenue bonds. Bonds issued by the Chesterfield EDA are issued pursuant to the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49, Code of Virginia, 1950. Bonds and other debt issued by the Chesterfield EDA do not constitute a debt of the County. However, the County is party to lease purchase agreements with the Chesterfield EDA securing an issue of the Chesterfield EDA's lease revenue bonds and a redevelopment facility note, the proceeds of which financed a portion of the costs of the acquisition, construction, and equipping of a Juvenile and Domestic Relations Courts Building and the acquisition of real property encompassing the Cloverleaf Mall property, respectively, on behalf of the County. The lease payment commitments of the County under such lease purchase agreements, which are subject to annual appropriation by the Board of Supervisors of the County, are discussed under "LEASES AND CAPITAL OBLIGATIONS – Capital Leases" above. The County is also a party to development agreements with the Chesterfield EDA securing the issue of the Chesterfield EDA's revenue bonds, the proceeds of which financed the acquisition of real property within the area encompassing the Meadowville Technology Park and certain infrastructure improvements. The payments of the County under the development agreements, which are subject to annual appropriation by the Board of Supervisors of the County, are discussed under "LEASES AND CAPITAL OBLIGATIONS – Development Agreements" above.

During fiscal years 2007 and 2008, the Board of Supervisors adopted ordinances to create three Community Development Authorities (CDAs). The Watkins Centre Community Development Authority was created in August 2006, the Lower Magnolia Green Community Development Authority was created in August 2007, and the Chippenham Place Community Development Authority was created in June 2008. The creation of the three CDAs was a result of petitions filed with the Board of Supervisors by the owners of more than 51 percent of the land area within each CDA District. CDAs issue special assessment revenue bonds to finance certain infrastructure improvements located within the CDA district. The Board of Supervisors has adopted ordinances authorizing the levy of special assessments on real property within each CDA District. Each year, at the request of each CDA, the Board of Supervisors may levy and collect special assessments within each District and appropriate such sums to each CDA for use in paying administrative expenses and debt service in connection with the bonds.

While debt service on the bonds issued by the CDAs are the responsibility of the CDA, the County has chosen a conservative approach to debt capacity planning by including CDA debt as part of the overall County debt. However, the County does not budget debt service expenses for CDA bonds. For planning purposes, the County has included $72 million in debt issuance for the three CDAs in the calculation of key ratios. The County adheres to a guideline which recommends that total debt service from all CDAs may not exceed 10 percent of all County debt service (included in the calculation of the debt service expenditure ratio).

Watkins Centre Community Development Authority

The Watkins Centre Community Development Authority issued $20 million in revenue bonds in November 2007 for various road improvements. The 2007 bonds are limited obligations payable primarily from (1) special assessments imposed and collected, at the request of the Authority, by Chesterfield County, Virginia, against the taxable real property in the Watkins Centre Community Development Authority District pursuant to the terms of a Rate and Method of Apportionment of Special Assessments and (2) the incremental tax revenues collected by Chesterfield County pursuant to the terms of the Memorandum of Understanding dated as of September 15, 2007, between Chesterfield County, the Authority, the Major Landowners and other landowners.

Incremental Tax Revenues will consist of payments received by the Watkins Centre Community Development Authority from appropriations by the Board of Supervisors of Chesterfield County derived from (a) "Real Property Tax Incremental Revenues," which means 64 percent of Chesterfield County's *ad valorem* real property tax revenues (excluding any special tax revenues) collected each calendar year by Chesterfield County within the District that exceed the *ad valorem* real property tax revenues collected by Chesterfield County (including payments of any "roll back" taxes) within the District during the 2006 calendar year (which base amount is $82,000) and (b) "sales tax revenues," which term 34 percent of Chesterfield County's sales tax revenues consisting of the "local portion" of the sales tax collected by Chesterfield County from retail establishments located within the District. Real property tax incremental revenues are to be paid semiannually by Chesterfield County to the Trustee, as assignee of the Authority, in an amount equal to one-half of the real property tax incremental revenues for such calendar year (but not exceeding actual real property tax incremental revenues collected in such calendar year), on each August 1 and February 1, beginning August 1, 2008. Sales tax revenues are to be paid annually by Chesterfield County to the Trustee, as assignee of the Authority, on each August 1, beginning August 1, 2008, in an amount equal to sales tax revenues collected in the prior calendar year, as determined by Chesterfield County.

Chesterfield County's undertaking to make payments to the Watkins Centre Community Development Authority of Annual Installments of the Special Assessment or of Incremental Tax Revenues will not be deemed a general obligation of Chesterfield County, and will be subject to and dependent on appropriations being made from time to time by the Board of Supervisors of Chesterfield County for such purposes. In addition, payment of Incremental Tax Revenues to the Authority will be made by Chesterfield County only to the extent of available Incremental Tax Revenues.

Lower Magnolia Green Community Development Authority

The Lower Magnolia Green Community Development Authority is authorized to issue $35 million in special assessment bonds for road improvements within the development. The bonds are expected to be limited obligations payable from special assessments imposed and collected, at the request of the Authority, by Chesterfield County, against the taxable real property in the Lower Magnolia Green Development Authority District pursuant to the terms of a Rate and Method of Apportionment of Special Assessments. Unless prepaid, such special assessments are payable in installments at the same time general real property taxes are paid in Chesterfield County. Special assessments, when imposed, will be made a lien on parcels subject to taxation in the District, and Chesterfield County has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the special assessment annual installment.

The principal and interest on the bonds will not be deemed to constitute a pledge of the faith and credit of the Commonwealth or any political subdivision thereof, including Chesterfield County. Neither the faith and credit of the Commonwealth nor the faith and credit of the Lower Magnolia Green Community Development Authority, any county, city, town, or other subdivision of the Commonwealth, including Chesterfield County, are pledged to the payment of the principal or interest on the bonds. The issuance of the bonds shall not directly, indirectly or contingently obligate the Commonwealth, the Authority or any county, city, town or other subdivision of the Commonwealth, including Chesterfield County, to levy any taxes or to make any appropriation for their payment except from the revenues and receipts pledged therefore. Pursuant to the Act, the Commonwealth, and any county, city, town, or other subdivision of the Commonwealth, including Chesterfield County, are expressly precluded from paying the principal or interest on the bonds except from the special assessments.

The property is currently under the control of iStar Financial who is aggressively developing and marketing the community, which has quickly become one the region's most active neighborhoods, in terms of sales and construction activity. Accordingly, the County expects that the development should be able to support an issuance sometime in the middle of calendar year 2014 and is working closely with iStar to monitor progress on the ground.

Chippenham Place Community Development Authority

Similar to the Lower Magnolia and Watkins Centre CDAs, the Chippenham Place Community Development Authority intends to issue up to $17 million in revenue bonds for various infrastructure improvements within the development. The bonds are expected to be limited obligations payable from special assessments imposed and collected, at the request of the Authority, by Chesterfield County, against the taxable real property in the Chippenham Place Development Authority District pursuant to the terms of a Rate and Method of Apportionment of Special Assessments and the incremental tax revenues collected by Chesterfield County pursuant to the terms of the Memorandum of Understanding between Chesterfield County, the Authority, the Major Landowners, and other landowners.

In the interim, the CDA has secured short-term financing via a line-of-credit that has allowed for the construction of the needed public infrastructure and paved the way for the sale and development of phase one of the project. Phase one is highlighted by a 123,000 square foot Kroger Marketplace store – a prototype in the mid-Atlantic market – and 20,000 square feet of small shop space, that opened in December 2012. The completion of phase one was followed closely by the sale of 17 additional acres in August 2013 that will allow for the construction of 600 high-end apartments that is scheduled to begin in the spring of 2014. Neither the faith and credit of the Commonwealth nor the faith and credit of the Chippenham Place Community Development Authority, any county, city, town or other subdivision of the Commonwealth, including the County, are pledged to the payment of the principal or interest on the bonds. The Commonwealth, and any county, city, town or other subdivision of the Commonwealth, including the County, are expressly precluded from paying the principal or interest on the bonds except from the special assessments.

CAPITAL IMPROVEMENT PROGRAM

The County's Capital Improvement Program (CIP) is its primary planning tool for scheduling capital projects in response to the changing demands on the infrastructure brought about by residential and commercial growth and the changing needs of the community.

The CIP serves as a guide for the efficient and effective provision of capital facilities. It is a dynamic document revised annually to propose the acquisition, development, enhancement, or replacement of the County's public facilities. The CIP, a reflection of the physical development policies of the County, typically encompasses a minimum five-year period and typically includes projects in excess of $100,000. The CIP depicts the arrangement of selected projects in priority order and establishes cost estimates and anticipated funding sources. The CIP reflects difficult decisions in the allocation of resources among competing demands. Development of the CIP occurs in conjunction with the County's budget process. Availability of funds is driven by the County's adherence to established financial and debt management policies.

The County's CIP is funded by two major sources: annual "pay-as-you-go" capital appropriations or funds reserved from County operating revenues, and long-term financing consisting of general obligation bonds and lease purchase transactions.

The County's CIP is, in part, based on the County's Public Facilities Plan (the Plan). The Plan is a form of "needs assessment" which precedes the preparation of the CIP and supports the establishment of specific project priorities in the CIP. The Plan is an element of the County Comprehensive Plan and was last revised and adopted by the Board of Supervisors in October 2012. The Plan comprehensively assesses County public facility needs in relation to existing and future growth patterns. Its principal goal is to forecast where existing facilities should be expanded and new facilities located to best serve the County's growing population. The Plan considers population growth, projected density, economic development, and service levels in the evaluation of the need for public facilities. The Plan does not specify exact locations for future facilities but rather designates general locations which allows for flexibility when fundamental conditions change or analysis based on new data reaches differing conclusions.

On an annual basis the County Administrator recommends a CIP which is then adopted by the Board of Supervisors. The fiscal year 2015-2019 CIP totals $848,053,100 million for County, Schools, and Utilities, and was adopted by the Board of Supervisors on April 23, 2014.

On November 5, 2013, County voters approved a $353.0 million general obligation bond referendum for School and Public Safety projects. Approval ratings for the two referendum questions were 71.7 percent and 70.2 percent respectively. The first series of general obligation bonds will be sold in June 2014, and the remaining bonds are planned to be sold in various increments through FY2022.

FISCAL AND CAPITAL FACILITIES FUNDING POLICIES

The County has established fiscal and capital facilities funding policies in order to meet its fiduciary responsibilities to manage the community's development and the delivery of governmental services. These policies have been developed and amended to reflect changing community needs and the fiscal condition of the County.

Fiscal Policies

Specific County policies and practices have been established in key fiscal areas. These range from the approval of annual budgets with multi-year projections and tax rates to the establishment of long-range fiscal goals and objectives. In April 2011 the Board of Supervisors comprehensively reviewed and affirmed the County's key financial, revenue, operating, capital planning, and debt management policies. The intent of this review was to validate the County's commitment to be "exemplary stewards of the public trust."

The County maintains a self-insurance program for the County and Public Schools. The County accounts for property, casualty and liability claims, other than workers' compensation in the Risk Management Fund, an Internal Service Fund. At June 30, 2013, assets of approximately $16 million were available to fund an estimated liability recorded for property, casualty and liability claims of $4.4 million. Revenues are generated by charges to departments for management's estimate of losses, the cost for administering these losses, a pro rata share of insurance premiums and the Fund's administrative cost. The County and Public Schools are self-insured for workers' compensation, automobile liability, automobile physical damage, general, professional, medical, public officials and law enforcement liability risks. The self-insured retention for workers' compensation for Public Schools and non-public safety County employees is $750,000 per occurrence and for public safety employees is $1,000,000 per occurrence. For automobile liability and other liability, the County has maintained a specific self-insured retention of $2,000,000 per occurrence since the program's inception. Excess liability coverage of $10,000,000 over the $2,000,000 self-insured retention is maintained through States Self-Insurers Risk Retention Group, Inc. Third party insurance policies are maintained for property losses with a $250,000 self- insured retention. Environmental liability to county property is self-insured and not recorded or funded in the Risk Management Fund. Commercial insurance policies are maintained on the Fire Department for real, personal property and certain liability risks. Workers' compensation expenses are paid as incurred through direct charges to the departments and other funds. At June 30, 2013, the recorded estimated workers' compensation liability for the County and Public Schools was approximately $27.7 million. The workers' compensation outstanding liabilities are reported in the annual financial report but are not funded. Beginning in January 1, 2014, the County is self-insured for employee healthcare coverage. A new healthcare fund was established and houses both the employer and employee contributions as well as claims expense. The County maintains an excess risk insurance agreement that will protect the County and Schools from single large claims greater than $200,000 per member covering both medical and pharmacy claims, and total annual payments greater than 125 percent of actuarially projected claims.

The County annually prepares an Annual Financial Plan with four-year revenue projections and expenditure forecasts. These forecasts use ten years of historical County revenue data as well as regional and national economic and demographic information. The techniques used in preparation of the computer-based revenue projections include trend analysis and multiple regression techniques. In addition, on an annual basis the County seeks input from a group of economists and business executives on the state of the economy in Chesterfield County and the surrounding region. The information is then incorporated into the three-year revenue projections. This program has won state and national awards.

As part of its fiscal policies, the County has approved land use policies and procedures for new development which have resulted in developers offering to pay for some public improvements in connection with proposed new developments through cash proffers. As of June 30, 2013, residential rezoning applicants had pledged cash proffers of approximately $576.4 million. While cash proffers are pledged during the zoning process, the payment of cash proffers is not accepted until after final inspection and prior to the issuance of certificate of occupancy. As of June 30, 2013, approximately $77.2 million of the $576.4 million in cash proffers had been received. Current land use policies also encourage balanced County development through the use of planned unit developments and overlay zoning districts. In addition, developers pay "cost-based" utility connection fees for each new commercial or residential project.

In the development of the CIP, the County establishes its long-range plan for the financing of its entire CIP. In determining the level of capital projects to be financed and the method of financing the projects, the County considers its financial capability to undertake these projects. The financial capability analysis includes a review of debt capacity factors and the impact of the proposed CIP on the debt capacity factors. The County has attained the goal of at least 20 percent of general government improvement projects and at least ten percent of school projects financed with current revenues over the five-year planning period. This policy was reinforced by an *ad hoc* committee of residents and community leaders formed in the early 1990's to study revenue resources and infrastructure needs. The Committee, called the Revenue Resources and Infrastructure Committee, recommended increasing funds for pay-as-you-go funding to reach a goal of setting aside 5 percent of the County's revenue each year for this purpose. Beginning in fiscal year 1993, the Board of Supervisors adopted guidelines consistent with this recommendation. By fiscal year 1999, 5.0 percent of General Fund revenues were designated for County capital projects and five percent of the General Fund transfer to the Schools was set aside as a County designation for School Board capital projects. For fiscal year 2014, 4.7 percent of General Fund revenues were designated for County capital projects. While less than policy level, the County has a reserve for capital projects with a balance believed to be sufficient to address unplanned capital needs. In recent years, the School division has relied on existing project balances to address its capital project needs; however, beginning in FY2015, the Board of Supervisors has identified revenues to begin the phased restoration of capital funding levels for schools.

Debt-Related Financial Policies

In order to continue a strategy of maintaining the County's creditworthiness, the County has enhanced and reaffirmed its financial policies related to debt issuance and key debt-related ratios. By using these debt-related financial policies, the County is able to develop the framework for establishing a realistic, usable, and financially achievable CIP.

Financial Management Policies Impacting Debt Issuance: As part of its policy, the County has established planning caps and ceiling or floor numbers for certain ratios. The planning cap is the ratio the County intends to achieve through a prudent program of debt management, while the ceiling establishes an upper limit.

Below is a listing of the County's key debt ratios:

	Actual June 30, 2013	**Planning Cap**	**Ceiling**
Debt as a Percentage of Assessed Value.................................	1.5%	3.0%	3.5%
Debt Per Capita...	$1,607	$1,767	$1,987
Debt Service as a Percentage of General Governmental Expenditures...	6.9%	10.0%	11.0%
Unassigned General Fund Balance as a Percentage of General Fund Expenditures	8.3%	8.0%	6.0%(floor)

Debt Issuance Policies: The guidelines listed below are prudent financial management policies used to guide debt issuance and operations. Adherence to these guidelines allows the County to plan for the necessary financing of capital projects while maintaining creditworthiness. The County's financial polices set forth guidelines for the County's overall fiscal planning and management. These broad policies set forth guidelines against which current budgetary performance can be measured and proposals for future programs can be evaluated. Below are the financial management policies and guidelines most directly tied to the development and management of the County's Capital Improvement Program (CIP).

The County does not intend to issue tax or revenue anticipation notes to fund governmental operations. Chesterfield County intends to manage its cash in a fashion that will prevent any borrowing to meet working capital needs.

The County does not intend to issue bond anticipation notes for a period of longer than two years. If the County issues a Bond Anticipation Note (BAN) for a capital project, the BAN will be converted to a long-term bond or redeemed at its expiration.

The County does not intend to establish a trend of using General Fund equity (Unassigned Fund Balance) to finance current operations. The County's General Fund equity balance has been built over the years to provide the County with sufficient working capital to enable it to finance unforeseen emergencies without borrowing. To conserve the General Fund equity and to avoid reliance on this balance, the County will not finance operations from the General Fund equity balance for periods longer than two years.

The County each year will prepare a minimum five-year capital improvement program. In accordance with the County Charter and in order to meet the debt ratio targets, to schedule debt issuance and to systematically improve the County's capital infrastructure the County will prepare and adopt a minimum five-year capital improvement program.

The County each year will prepare a four-year projection of revenues and expenditures. In order to improve financial planning and decisions, the County will prepare an annual budget with four-year projection of General Fund revenues and expenditures for a total of five years of information. The projections will assume that the percentage of capital improvements financed with current revenues is maintained at the County's goal of approximately 20 percent over the multi-year capital improvement program.

The County will increase its reliance on current revenue to finance its capital improvements. The County is committed to funding a significant portion of capital improvements with current revenues and now funds at least 20 percent of general government improvement projects and ten percent of school projects with current revenue over the term of the plan. In support of this, the Board of Supervisors has established and adheres to a policy of annually allocating an amount equal to five percent of General Fund departmental expenditures (excluding transfers, grants, fund balance, debt service, and respective flow-through expenditures) and the School Board has established a policy of annually allocating an amount equal to five percent of the General Fund transfer to Schools, to pay-as-you-go capital improvements.

SECTION TWO: FINANCIAL INFORMATION

REPORTING ENTITY

The financial statements of Chesterfield County present the County (primary government) and its component units. The Chesterfield County School Board (School Board), the Chesterfield Health Center Commission (Health Center Commission), the Economic Development Authority (EDA), and the Watkins Centre Community Development Authority are component units of the County and are included in the County's reporting entity because of the significance of their operational or financial relationship with the County. See "Notes to Financial Statements" in Appendix B for a more detailed discussion of the County's reporting entity and component units.

AWARDS

In 2004, the Board of Directors of the U. S. Senate Productivity and Quality Award for Virginia (SPQA) awarded Chesterfield County a second Award for Continuing Excellence, or ACE. Chesterfield County is a past recipient of the SPQA Senate Medallion of Excellence, as well as an earlier ACE. The ACE is presented to past medallion recipients that demonstrate exemplary trends in performance excellence.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Chesterfield County for its Comprehensive Annual Financial Report for fiscal years 1981 through 2013. The Certificate of Achievement is the highest form of recognition for excellence in State and local government financial reporting.

The Budget and Management Department received an award for Distinguished Budget Presentation from GFOA for its biennial budget for the fiscal year beginning July 1, 2012, and ending June 30, 2014. To achieve this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a communications medium and as a financial plan. Chesterfield County is one of four localities in Virginia to have earned the award for 27 years. This is the highest form of recognition for excellence in local government budgeting.

The National Institute of Governmental Purchasing (NIGP) of the United States, Canada, Ireland, and England established an agency accreditation program that recognizes excellence in public purchasing. In fiscal year 2012, NIGP reaccredited the Chesterfield County Purchasing Department with the Outstanding Agency Accreditation Award. When accreditation was first awarded in 1999, Chesterfield County's Purchasing Department was the eighth agency overall and the first locality or state agency in Virginia to receive this recognition. Currently, out of the 2,769 NIGP governmental agency members, Chesterfield is one of only 56 in the nation and Canada to have attained this distinction.

Chesterfield County received nine National Association of Counties (NACO) Achievement Awards in 2013 that promote responsible, responsive, and effective government. The awards are given to county governments in recognition for innovative programs. These programs support a campaign to modernize and streamline county governments and increase services to its citizens. Awards in 2013 were received for programs in such areas as human resource management, management services, human services, and community development. The Public Affairs Department also received eight National Association of County Information Officers (NACIO) awards in 2013 in recognition of excellence in internal publications, writing, and graphic design. Each NACIO award represented an effort or product that advanced the public's understanding of a Chesterfield County department, program, event, issue, or County strategic goal. Other awards include the County's sixth award by The America's Promise Alliance as "One of the 100 Best Communities in America for Young People" and number 22 of the Top 125 employers in America for employee training by <u>Training Magazine</u>. The County's employee wellness program received "Active RVA" certification from the Richmond Spots Backers in January 2014 and the Information Systems Technology Department earned several awards, including first place from the National Digital Survey award which recognizes leading examples of counties using information and communications technology. The Ash Center for Democratic Governance and Innovation at the John F. Kennedy School of Government, Harvard University, also recognized the County with two Bright Ideas Awards.

FUND ACCOUNTING

The accounts of the County are organized on the basis of funds, each of which constitutes a separate entity for accounting purposes. For fund reporting, the County's Comprehensive Annual Financial Report organizes the various County funds into three major types: governmental funds, proprietary funds, and fiduciary funds. For government-wide reporting, the activities of the County are reported as governmental activities or business-type activities with component unit information being reported in separate rows/columns.

Governmental Funds

The County maintains six individual governmental funds. Information for the General Fund, County Capital Projects Fund and School Capital Projects Fund, all reported as major funds, is presented separately in the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. Data for the three non-major governmental funds are combined in a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information section of the annual financial report.

General Fund

The General Fund is the primary operating fund of the County and receives most of the revenue derived by the County from local sources, including general real estate and personal property taxes, other local taxes, licenses, permits, and privilege fees. Other sources of revenue to the General Fund include monies from the State representing the County's share of State-derived non-school revenue and reimbursement of County expenses shared by the State. In addition, revenue is received by the General Fund from the federal government to pay a portion of the costs of County programs.

Major General Fund expenditures include the costs of general County government (administration, police, fire, community development, housing, economic development, parks and recreation, public works, human services, public safety, etc.), payments for the debt service on County general obligation bonds, payments to component units, and transfers to other funds.

County Capital Projects Fund

This fund accounts for the resources used for the acquisition or construction of major capital facilities used for County operations which are not financed by proprietary funds. These projects are financed primarily through capital appropriations from the General Fund and long-term financing consisting of general obligation bonds and lease purchase transactions.

School Capital Projects Fund

This fund accounts for the resources used for the acquisition or construction of major school capital facilities, which are financed primarily through capital appropriations from the General Fund and long-term financing consisting of general obligation bonds and school literary loans.

Grants Fund-Special Revenue Fund

This fund primarily reflects revenues and expenditures related to various federal and state award programs such as the Department of Housing and Urban Development grants, Fire and EMS Revenue Recovery Program, and the Virginia Juvenile Community Crime Control Act grant.

Comprehensive Services Fund-Special Revenue Fund

This fund reflects revenues and expenditures related to providing child centered, family focused, and locally based services for at-risk youth.

T. F. Jeffress Memorial Fund–Permanent Fund

This fund reflects activity related to trust assets designated to assist in the maintenance of Camp Baker, a camp located in the County for mentally disabled individuals.

Proprietary Funds

Water and Wastewater Funds-Enterprise Funds

The Water and Wastewater Funds account for the operation, maintenance, and construction of the County's water and wastewater systems. Revenues of the system consist principally of charges for services. Debt service on revenue bonds issued to construct water and wastewater facilities is accounted for through the Water and Wastewater Funds.

Airport Fund-Enterprise Fund

The Airport Fund accounts for the operations of the County Airport. Revenues of the Airport consist primarily of rental fees and fees from the Fixed Base Operator who provides aviation services to the public. Debt service on the capital leases issued to construct the airport hangar buildings is accounted for through the Airport Fund.

Internal Service Funds

The Internal Service Funds of the County account for the operations of fleet management, radio shop, general self-insurance services, capital projects management services and self-insured healthcare. Resources to meet the cost of operations are derived from interfund charges on a cost-reimbursement basis. These funds are reported in a separate aggregated column on the proprietary fund statements but are consolidated with governmental funds on the government-wide statements.

Fiduciary Funds

Trust and Agency Funds

Agency Funds account for monies received and disbursed by the County on behalf of various individuals and other governmental units. The Pension Trust Fund accounts for financial transactions of the County's pension plan. The Other Postemployment Benefits (OPEB) Trust Funds account for financial transactions of the County and School's OPEB plans.

Component Units

School Board

The School Board is responsible for elementary and secondary education within the County's jurisdiction. Complete financial statements of the School Board are included as a discretely presented component unit on the government-wide financial statements as well as individual fund statements in the supplementary information section.

Economic Development Authority – Enterprise Fund

The Economic Development Authority of the County of Chesterfield is a legally separate political subdivision established to issue tax exempt bonds to acquire, improve, maintain, equip, own, lease, or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the County. The Economic Development Authority is accounted for as a non-major enterprise fund and reported as a blended component unit of the County. The Economic Development Authority publishes complete financial statements in a separate report.

Watkins Centre Community Development Authority

The Watkins Centre Community Development Authority is a legally separate political subdivision established to finance a portion of the transportation infrastructure improvements within the Watkins Centre District, a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County. The Watkins Centre Community Development Authority is accounted for as an enterprise fund and reported as a discretely presented component unit of the County. The Watkins Centre Community Development Authority publishes complete financial statements in a separate report. For additional information on the Watkins Centre Community Development Authority, see "SECTION ONE: COUNTY INDEBTEDNESS – NO COMMITMENT DEBT" above.

Chippenham Place Community Development Authority

The Chippenham Place Community Development Authority is a legally separate political subdivision established to finance public infrastructure improvements at the former Cloverleaf Mall site owned by the County. The improvements are part of a mixed-use development project that will provide residential, retail and commercial office components. The Chippenham Place Community Development Authority is accounted for as an enterprise fund and reported as a discretely presented component unit of the County. The Chippenham Place Community Development Authority publishes complete financial statements in a separate report. For additional information on the Chippenham Place Community Development Authority, see "SECTION ONE: COUNTY INDEBTEDNESS – NO COMMITMENT DEBT" above.

Lower Magnolia Green Community Development Authority

The Lower Magnolia Green Community Development Authority had not issued any debt as of June 30, 2013, and therefore was not subject to treatment as a component unit of the County in fiscal year 2013. For additional information on the Lower Magnolia Green Community Development Authority, see "SECTION ONE: COUNTY INDEBTEDNESS – NO COMMITMENT DEBT" above.

Health Center Commission

The Health Center Commission is responsible for operating a long-term care facility in a professional and cost-effective manner providing high quality nursing home care for its residents. The Health Center Commission is accounted for as an enterprise fund and reported as a discretely presented component unit of the County. The Health Center Commission publishes complete financial statements in a separate report.

BASIS OF ACCOUNTING AND ACCOUNTING STRUCTURE

The accounting records of the County are maintained on the modified accrual basis of accounting for the General Fund, Special Revenue Funds, Capital Projects Funds, Permanent Funds, and Agency Funds and on the accrual basis of accounting for the Enterprise Funds, the Internal Service Funds, the Pension Trust Fund, and the OPEB Trust Funds. Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e. both measurable and available. Generally, revenues are considered available only if the monies are received within 45 days after the end of the accounting period and are due on or before the last day of the accounting period. Expenditures are recorded in the periods in which the liability is incurred. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when liabilities are incurred without regard to receipts or disbursements of cash. For the government-wide financial statements all the funds are converted to the accrual basis of accounting. See "Notes to Financial Statements" in Appendix B for a more detailed discussion of the County's accounting policies.

FIVE-YEAR SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES

The financial data shown below present a summary of revenues and expenditures of the County's General Fund for the last five fiscal years ended June 30.

General Fund
Comparative Statements of Revenues, Expenditures
and Changes in Fund Balance - Budgetary Basis
Fiscal Years 2009 to 2013
($ in 000's)

	2009	2010	2011	2012	2013
Revenues:					
Taxes	$471,470	$461,930	$465,921	$456,000	$461,310
Licenses and Permits	4,886	4,365	4,032	4,329	5,733
Fines and Forfeitures	2,097	2,120	2,296	2,302	2,279
Use of Money and Property	4,128	1,301	1,123	1,005	1,069
Charges for Services	29,262	29,550	32,659	30,430	30,896
Other	17,170	15,675	15,603	19,702	15,357
From the Commonwealth	123,497	120,175	122,653	126,670	130,062
From the Federal Government	11,718	10,570	10,505	10,301	7,681
Total Revenues	664,228	645,686	654,792	650,739	654,387
Other Financing Sources:					
Operating Transfers In	4,708	3,894	1,636	3,074	5,047
Proceeds from Bonds and Refunding Bonds	6,869	-	7,399	10,529	-
Refunding Certificates of Participation	-	-	-	19,012	-
Total Other Financing Sources	11,577	3,894	9,035	32,615	5,047
Total Revenues and Other Financing Sources	675,805	649,580	663,827	683,354	659,434
Expenditures:					
General Government	45,815	43,209	42,624	46,315	44,647
Administration of Justice	8,180	8,121	8,387	8,615	8,690
Public Safety	141,565	140,213	144,470	145,364	160,130
Public Works	19,784	18,303	16,994	17,560	18,603
Health and Welfare	63,992	62,771	64,897	66,144	63,073
Parks, Recreation and Cultural	21,396	19,611	22,296	17,868	17,969
Community Development	15,285	13,800	14,744	23,524	18,858
Non-departmental	18	7	12	-	-
Debt Service	22,208	21,541	21,977	21,613	21,258
Total Expenditures	338,243	327,576	336,401	347,003	353,228
Other Financing Uses:					
Operating Transfers Out:					
County Capital Projects Fund	17,192	15,721	12,793	12,030	13,074
Other	5,948	4,883	4,884	2,610	2,625
Total Operating Transfers Out	23,140	20,604	17,677	14,640	15,699
Transfers to School Board Component Unit	299,831	286,134	284,653	282,813	294,314
Payments to Refunded Bond Escrow Agent	6,793	-	7,463	28,982	-
Total Other Financing Uses	329,764	306,738	309,793	326,435	310,013
Total Expenditures and Other Financing Uses	668,007	634,314	646,194	673,438	663,241
xcess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	7,798	15,266	17,633	9,916	(3,807)
Fund Balance, Beginning of Year	207,349	215,147	230,413	248,046	257,962
Fund Balance, End of Year	$215,147	$230,413	$248,046	$257,962	$254,155
General Fund Balance to General Fund Expenditures and Other Uses	32.2%	36.3%	38.4%	38.3%	38.3%

Source: Fiscal years 2009 to 2013 Comprehensive Financial Reports.

CURRENT OPERATING BUDGET

On April 23, 2014, the Board of Supervisors adopted a general fund budget for fiscal year 2015 of $766.7 million, a $30.1 million, or 4.2 percent increase over fiscal year 2014. The balanced plan continues the County's focus on promoting a high quality of life for residents and businesses, while maintaining Chesterfield's longstanding reputation for excellent fiscal stewardship. The operating plan is headlined by further investments in public safety – including six additional police officers and the opening of a new fire station – and education – highlighted by the addition of more than 100 teachers to aid in reducing class sizes and restoring elective course offerings. On the capital side, the FY2015 plan makes considerable progress on the upkeep of County facilities with the adoption of the school revitalization plan that will replace or renovate ten of Chesterfield's oldest schools. In addition, the adopted budget provides additional, recurring pay-as-you-go funding for the school division that will help with maintenance needs at other school facilities. In order to accomplish those goals, the FY2015 financial plan relies on a healthy mix of expenditure reductions and new revenue. More specifically, the adopted budget includes a $0.01 increase in the real estate tax rate that will be used to fund the additional teachers and the increased pay-go funding levels. Moreover, the FY2015 plan also includes a $20 increase in the local vehicle registration fee that will be used – along with dollar for dollar matching funds from the state – to address local transportation needs. Even so, the adopted budget remains cognizant of the cost of County services as the typical homeowner's real estate bill will remain on par with amounts paid in the 2006 – 2007, despite the rate increase.

The following table shows County General Fund budgeted revenues and expenditures for fiscal years 2014 and 2015 as reported in the County's Annual Financial Plan.

GENERAL FUND
BUDGETED REVENUES AND EXPENDITURES

	Fiscal Year		
	2015	**2014**	**% Change**
Revenues			
Local Sources	$544,511,100	$516,772,500	5.4%
Other Agencies	141,873,600	141,538,000	0.2
Reserves and Fund Balance	80,377,400	77,828,000	3.3
Total	$766,762,100	$736,138,500	4.2%
Expenditures			
Administration of Government	$42,205,100	$ 42,932,900	(1.7)%
Assessment and Collection of Taxes	10,153,200	10,251,800	(1.0)
Administration of Justice	8,656,500	8,587,600	0.2
Public Safety	152,896,300	146,913,700	4.1
Human Services	87,305,700	87,839,800	(0.6)
Community Development	17,804,100	17,434,700	2.1
Other	45,613,200	45,638,900	(0.1)
Transfers Out	341,523,700	320,144,600	6.7
Reserves and Fund Balance	60,604,300	56,394,500	7.5
Total	$766,762,100	$736,138,500	4.2%

Source: Chesterfield County FY2015 Financial Plans.

FIVE-YEAR SUMMARY OF GENERAL FUND BALANCE

At the end of fiscal year 2013, the General Fund balance was $254,155,151, or 38.3 percent of General Fund expenditures and other financing uses on a budgetary basis. General Fund's unassigned balance was $53,495,000 at June 30, 2013, or 8.1 percent of General Fund expenditures and other financing uses on a budgetary basis. The floor and the planning cap for this ratio, set out in the County's financial policies, are 6.0 percent and 8.0 percent, respectively. As a part of the Board of Supervisor's review and affirmation of the County's financial policies in April 2011, the floor and planning cap for this ratio was raised from 5.0 percent and 7.5 percent respectively beginning with fiscal year 2012.

The following table presents a comparison of the County's General Fund balance for fiscal years 2009 to 2013.

GENERAL FUND BALANCE
FISCAL YEARS 2009-2013

	Fiscal Year Ending June 30				
	2009	2010	2011[1]	2012	2013
Reserved for:					
Encumbrances	$ 2,504,985	$ 1,768,355	$ -	$ -	$ -
Construction	51,238,051	51,156,043	-	-	-
Advance to Health Center Commission	193,638	93,638	-	-	-
Other	13,067,643	15,039,808	-	-	-
Unreserved:					
Designated for:					
Debt Service	16,689,465	15,529,365	-	-	-
County Future Capital Projects	6,278,855	5,612,856	-	-	-
Future Expenditures	60,684,161	69,019,870	-	-	-
Other	10,995,327	18,697,925	-	-	-
Undesignated	53,495,000	53,495,000	-	-	-
Restricted	-	-	11,486,173	13,461,857	13,554,070
Committed	-	-	690,074	736,367	755,493
Assigned, reported in:					
School Capital Projects Fund	-	-	215,000	215,000	215,671
Special Revenue Funds	-	-	6,086,966	5,989,380	6,332,718
Other	-	-	176,072,716	184,064,888	179,802,199
Unassigned	-	-	53,495,000	53,495,000	53,495,000
Total General Fund Balance	$215,147,125	$230,412,860	$248,045,929	$257,962,492	$254,155,151
Undesignated/Unassigned General Fund Balance as a Percent of General Fund Expenditures and Other Uses	8.0%	8.4%	8.3%	8.4%	8.1%

Source: Summaries for fiscal years 2009 to 2013 are compiled from the Comprehensive Annual Financial Report prepared by the Accounting Department from County records. These summaries use the budgetary basis statements and should be read in conjunction with other related financial statements and notes. Certain reclassifications have been made in order to conform to current departmental functions. Payments for debt refundings are excluded from other financing uses for these summaries.

(1) The County prospectively implemented Governmental Accounting Standards Board Statement 54 for the fiscal year ended June 30, 2011. Historical fund balance data was not restated.

FIVE-YEAR SUMMARY OF GENERAL FUND BUDGET AND ACTUAL RESULTS

The following table presents a comparison of budget versus actual revenues, expenditures and transfers in the County's General Fund as well as changes in fund balance for fiscal years 2009 to 2013.

GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis)
FISCAL YEARS 2009 TO 2013
($ in 000's)

	2009		2010		2011		2012		2013	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:										
Taxes	$476,699	$471,470	$454,711	$461,930	$449,379	$465,921	$447,268	$456,000	$454,946	$461,310
Licenses and Permits	8,469	4,886	4,791	4,365	3,842	4,032	3,906	4,329	4,063	5,733
Fines and Forfeitures	1,505	2,097	1,252	2,119	1,641	2,296	1,728	2,302	1,887	2,279
Use of Money and Property	4,987	4,128	4,161	1,301	1,994	1,123	1,777	1,005	1,434	1,069
Charges for Services	29,353	29,262	30,186	29,550	31,954	32,659	31,286	30,430	32,427	30,896
Other	14,586	17,170	14,830	15,676	13,594	15,603	12,243	19,702	14,059	15,357
From the Commonwealth	125,399	123,497	121,090	120,175	115,719	122,653	125,818	126,670	130,410	130,062
From the Federal Government	11,883	11,718	11,307	10,570	10,103	10,505	9,264	10,301	7,876	7,681
Total Revenues	672,881	664,228	642,328	645,686	628,226	654,792	633,290	650,739	647,102	654,387
Other Financing Sources:										
Operating Transfers In	4,932	4,708	4,087	3,894	1,636	1,636	3,324	3,074	5,358	5,047
Proceeds from Bonds and Refunding Bonds	6,800	6,869	-	-	7,399	7,399	10,529	10,529	-	-
Refunding Certificates of Participation Issued	-	-	-	-	-	-	19,012	19,012	-	-
Total Other Financing Sources	11,732	11,577	4,087	3,894	9,035	9,035	32,865	32,615	5,358	5,047
Total Revenues and Other Financing Sources	684,613	675,805	646,415	649,580	637,261	663,827	666,155	683,354	652,460	659,434
Expenditures:										
General Government	52,628	45,815	48,618	43,209	47,442	42,624	49,414	46,315	46,997	44,647
Administration of Justice	8,790	8,180	8,640	8,121	8,669	8,387	8,779	8,615	8,868	8,690
Public Safety	147,829	141,565	144,112	140,213	148,058	144,469	149,492	145,364	162,395	160,130
Public Works	20,466	19,784	19,097	18,303	17,529	16,994	18,031	17,560	19,103	18,603
Health and Welfare	68,236	63,992	67,315	62,771	68,283	64,898	70,099	66,144	65,332	63,073
Parks, Recreation and Cultural	22,255	21,396	20,903	19,611	22,697	22,296	18,167	17,868	18,548	17,969
Community Development	16,789	15,285	15,231	13,800	15,564	14,743	23,674	23,524	19,100	18,858
Non-departmental	2,513	18	436	7	1,796	12	700	-	706	-
Debt Service	24,905	22,208	25,333	21,541	25,510	21,978	23,725	21,613	21,624	21258
Total Expenditures	364,411	338,243	349,685	327,576	355,548	336,401	362,081	347,002	362,673	353,228
Other Financing Uses:										
Operating Transfers Out:										
County Capital Projects Fund	61,027	17,192	59,558	15,721	58,126	12,793	64,146	12,030	71,834	13,074
Other	15,109	5,948	13,496	4,883	13,695	4,884	9,832	2,610	10,431	2,625
Total Operating Transfers Out	76,136	23,140	73,054	20,604	71,821	17,677	73,978	14,640	82,265	15,699
Transfers to School Board Component Unit	307,916	299,831	295,661	286,134	291,601	284,653	289,232	282,813	299,835	294,314
Payments to Refunded Bond Escrow Agent	-	6,793	-	-	7,463	7,463	29,335	28,982	-	-
Total Other Financing Uses	384,052	329,764	368,715	306,738	370,885	309,793	392,545	326,435	382,100	310,013
Total Expenditures and Other Financing Uses	748,463	668,007	718,400	634,314	726,433	646,194	754,626	673,438	744,773	663,241
Excess of Revenues & Other Financing Sources Over (Under)										
Expenditures and Other Financing Uses	(63,850)	7,798	(71,985)	15,266	(89,172)	17631	(88,471)	9,916	(92,313)	(3,807)
Fund Balance, Beginning of Year	207,349	207,349	215,147	215,147	230,413	230,413	248,046	248,046	257,963	257,960
Fund Balance, End of Year	$143,499	$215,147	$143,162	$230,413	$141,241	$248,046	$159,575	$257,962	$165,650	$254,155

Source: Fiscal year 2009 to 2013 Comprehensive Annual Financial Reports.

GENERAL FUND REVENUES AND EXPENDITURES

The General Fund is the primary operating fund maintained by the County to account for revenue derived from County-wide *ad valorem* taxes, other local taxes, licenses, fees, permits and certain revenue from the federal and State governments. General Fund expenditures include the cost of general County government, payments to the School Board to pay the local share of operating Chesterfield County public schools, and transfers to the County Capital Projects Fund. The following is a discussion of the General Fund revenue structure and major classifications of General Fund expenditures.

REVENUES

The following table shows the County's principal tax revenues by source for each of the last five fiscal years.

PRINCIPAL TAX REVENUES BY SOURCE
FISCAL YEARS 2009 TO 2013

Source	2009	2010	2011	2012	2013
Real Property Taxes	$310,906,883	$303,351,142	$295,381,760	$285,653,410	$282,586,919
Personal Property Taxes[1]	87,280,037	86,882,112	93,145,764	90,652,518	95,133,946
Real and Personal Public Service Corporation Taxes	11,462,397	12,475,064	12,646,051	12,612,667	13,243,578
Machinery and Tools	4,333,848	4,339,276	4,281,381	4,725,416	4,769,060
Local Sales and Use Tax	38,465,858	37,918,258	40,138,121	40,604,124	42,688,309
Business License Taxes	16,949,861	15,163,683	16,139,258	17,332,709	17,250,726
Other Taxes[2][3]	27,570,344	27,871,121	29,853,080	30,940,441	31,741,627
Total	$494,783,543	$488,000,656	$491,585,415	$482,521,285	$487,414,165

(1) Includes reimbursement to the County by the Commonwealth for personal property as defined in the Personal Property Tax Relief Act of 1998 for consistency and comparative purposes. Amount is recorded as non-categorical aid from the Commonwealth in financial statement presentation.

(2) Includes special purpose taxes and penalties and interest on delinquent property taxes.

(3) Restated to exclude cable franchise fees and telecommunications tax.

Source: Chesterfield County Accounting Department.

Real Estate and Personal Property Taxes

An annual *ad valorem* tax is levied by the County on the assessed value of real and tangible personal property located within the County. State property assessment law requires real property assessments throughout the State to be made at a ratio of 100 percent of fair market value. Real property is assessed as of January 1 of the calendar year and the taxes are due on June 5 and December 5 of the same year. In cases of real estate on which delinquent taxes are not paid after two years, the County may sell the property at public auction to pay the amounts due. The assessment ratio of personal property is 100 percent of fair market value except for certain classes of public service corporation and business property. Personal property taxes are due on June 5 of the calendar year in which the tax is levied. The penalty for late payment is 10 percent of the tax due. Interest charges on unpaid balances commence on the first day of the following month at a rate of 10 percent per annum.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first $20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. Effective for the tax year 2006 and future tax years, the bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at $950 million in total for all localities with the County's share capped at $41,092,048. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

In the fiscal year ended June 30, 2013, general property taxes (excluding penalties and interest for late payment of taxes) represented $357,611,706, or 55 percent, of total General Fund revenues on a budgetary basis.

The personal property tax rate varies for property such as airplanes, motor vehicles that use special fuels, motor vehicles of voluntary personnel, and for wild or exotic animals; however, the majority of personal property is taxed at the rate of $3.60 per $100 assessed value. The machinery and tools tax rate is $1.00 per $100 assessed value.

The following table sets forth information concerning the County's property tax collection rate for fiscal years 2009 to 2013.

PROPERTY TAX LEVIES AND COLLECTIONS
FISCAL YEARS 2009 TO 2013

Fiscal Year	Taxes levied for the fiscal year (original levy)	Adjustments	Total adjusted levy
2009	$418,267,041	$(2,454,296)	$415,812,745
2010	413,886,463	(2,533,721)	411,352,742
2011	405,337,481	(2,423,666)	402,913,815
2012	399,214,675	(1,935,352)	397,279,323
2013	401,085,271	-	401,085,271

	Collected within the fiscal year of the levy			Total collections to date	
Fiscal Year	Amount	Percentage of original levy	Collections in subsequent years	Amount	Percentage of adjusted levy
2009	$400,440,812	95.74%	$13,467,740	$413,908,552	99.54%
2010	395,328,026	95.52	13,601,703	408,929,729	99.41
2011	386,437,915	95.34	11,860,243	398,298,158	98.85
2012	380,070,635	95.20	10,552,059	390,622,694	98.32
2013	381,522,800	95.12	-	381,522,800	95.12

Source: Chesterfield County Treasurer's Office

The following table lists the delinquent real estate taxes as of June 30 for each of the last five years. Under Virginia law, an automatic lien is attached to the property when real estate taxes become delinquent. Accordingly, the amount of delinquent real estate taxes presented below corresponds to the value of the County's liens against such properties. The County has several collection procedures available to collect delinquent real estate taxes. For example, the County may attach wages and bank accounts and if real estate taxes are delinquent for more than two years, the property may be sold through a bill in equity (Code of Virginia, 1950, Title 58.1, Section 58.1-3965 *et seq.*). If property has been abandoned, a special jury may find that the property has escheated to the State. Finally, any property against which a judgment has been rendered may be sold by court order.

DELINQUENT REAL ESTATE TAXES
2009 TO 2013
As of June 30

Fiscal Year	Delinquent Real Estate Taxes
2009	$4,314,888
2010	5,639,182
2011	6,016,307
2012	5,578,007
2013	4,975,705

Source: Chesterfield County Treasurer's Office.

Unpaid personal property taxes do not constitute a lien on taxed personal property. Prior to 2006, County vehicle license decals were required by law for all vehicles with a situs in the County and could not be issued to any individual having outstanding personal property taxes. Beginning in 2006, citizens are no longer required to purchase and display a vehicle license decal, but are still required to register their vehicle and pay a registration fee. Collection procedures such as the attachment of wages and bank accounts, State vehicle registration withholding, etc., are available under Virginia law and are commonly used by the County to collect delinquent personal property taxes.

Largest Taxpayers

The following table sets forth the ten largest taxpayers of property taxes and the assessed value of property owned by each such taxpayer.

TEN LARGEST TAXPAYERS
June 30, 2013

	Taxpayer	Type of Business	Tax Year 2013 Assessed Value[(1)]
1.	Dominion Virginia Power	Public Utility	$ 858,938,056
2.	Verizon – Virginia, Incorporated	Telecommunications	262,962,370
3.	E.I. DuPont De Nemours and Company, Incorporated	Plastic Films, Synthetic Fibers	250,178,330
4.	Bon Secours St. Francis Medical Center	Health-Care	123,993,700
5.	Macerich Partnership	Mall/Shopping Center	118,722,900
6.	Philip Morris, USA, Incorporated	Refined Tobacco Leaf	112,917,110
7.	Brandywine Operating Partnership	Office Buildings	92,683,700
8.	Cole Real Estate Investors	Retail and Office Rental	80,536,500
9.	Zaremba Metropolitan Mid LLC	Mall/Shopping Center	78,907,700
10.	Columbia Gas of Virginia, Incorporated	Gas	65,541,640
	Total Value of Property Held by Ten Largest Taxpayers		$2,045,382,006

(1) Includes real estate, personal property, and machinery and tools.

Source: Chesterfield County Assessor and Commissioner of Revenue.

The aggregate assessed value of the ten largest taxpayers set forth above represents 5.81 percent of the $35,169,044,819 total taxable property at June 30, 2013.

For calendar year 2013, the estimated value of tax-exempt property in Chesterfield County was $2,019,592,100. The table below presents a breakout of tax-exempt property by category. The County does not require a payment in lieu of taxes from the entities listed below. However, these entities pay for locally provided services such as water and wastewater treatment services.

ESTIMATED VALUE OF TAX-EXEMPT PROPERTY
CALENDAR YEAR 2013

Federal	$ 56,487,000
State and Regional	140,234,900
Local	1,352,840,700
Religious, Charitable, Educational and Other	470,029,500
Total Tax-Exempt Property	$ 2,019,592,100

Source: Chesterfield County Assessor's Office.

The following table sets forth the assessed value of all taxable property in the County for each of its five most recent fiscal years. Tax-exempt properties as set out above are not included in the table.

HISTORICAL ASSESSED VALUATION
FISCAL YEARS 2009 TO 2013

Fiscal Year	Real Property[1]	% Change	Tax Rate[2] (per $100)	Revenues
2009	$34,177,426,668	0.9%	$0.95	$322,369,280
2010	32,895,198,665	(3.8)	0.95	317,184,957
2011	31,901,536,925	(3.0)	0.95	310,224,051
2012	30,987,310,382	(2.9)	0.95	300,898,299
2013	31,205,250,672	0.7	0.95	298,800,748

Fiscal Year	Personal Property[3]	% Change	Tax Rate[4]	Machinery and Tools	% Change	Tax Rate[4]	Total Revenues[5]
2009	$3,076,151,499	(10.5)%	$3.60	$438,809,420	0.8%	$1.00	$91,613,885
2010	3,051,414,931	(0.8)	3.60	435,428,490	(0.8)	1.00	91,221,388
2011	3,171,027,397	3.9	3.60	436,491,890	0.2	1.00	97,427,145
2012	3,294,932,855	3.9	3.60	471,584,010	8.0	1.00	95,377,934
2013	3,486,415,027	5.8	3.60	477,379,120	1.2	1.00	99,903,006

(1) Includes real property and public service corporation real property. Real property is assessed at 100 percent of fair market value as of January 1 of each fiscal year.

(2) Tax rates shown for each fiscal year reflect the rates applicable to those taxes which became due during the fiscal year. Real property rates apply to amounts due in June of the current calendar (tax) year and December of the prior calendar (tax) year.

(3) Includes personal property and public service corporation personal property. Personal property is assessed at average loan value as of January 1 of the fiscal year.

(4) Tax rates shown for each fiscal year reflect the rates applicable to those taxes which become due during the fiscal year. Personal property rates in any fiscal year reflect the rate applicable to amounts which become due on June of the current calendar (tax) year. The personal property tax rate varies for property such as airplanes, motor vehicles that use special fuels, motor vehicles of voluntary personnel, and for wild or exotic animals; however, the majority of personal property is taxed at the rate presented in the table.

(5) Includes Commonwealth reimbursement to the County for a portion of the tangible personal property tax levied on personal use cars, motorcycles and trucks. Recorded as non-categorical aid from the Commonwealth for financial statement presentation; however, presented in this table as a portion of total tax collections for consistency and comparative purposes.

Source: Chesterfield County Accounting Department.

Local Sales Tax

A 1.0 percent County retail sales tax is collected with the 4.3 percent State sales tax. The tax monies for the local portion are remitted to the County by the Commonwealth after receipt. These receipts amounted to $42,688,309, or 6.5 percent of General Fund revenues on a budgetary basis, for the fiscal year ended June 30, 2013. The table below shows revenue from the local sales tax for the past five fiscal years.

LOCAL SALES TAX REVENUES
FISCAL YEARS 2009 TO 2013

Fiscal Year	Revenues	% Change
2009	$38,465,858	(5.6)%
2010	37,918,258	(1.4)
2011	40,138,121	5.9
2012	40,604,124	1.2
2013	42,688,309	5.1

Source: Chesterfield County Accounting Department.

Business Professional and Occupational License Taxes

Business professional and occupational taxes are levied for the privilege of conducting business and engaging in certain professions, trades, and occupations within the County. Both flat license fees and rates established as a percent of gross receipts are used. The calendar year is the tax year. License taxes are due on March 1 of each year. Persons liable for the payment of the license tax make application for the license to the Commissioner of the Revenue, and, in cases where the tax is based on gross receipts, the applicant must furnish to the Commissioner of the Revenue a sworn statement of the amount of gross receipts from the previous year. In the fiscal year ended June 30, 2013, business licenses represented 2.6 percent of total General Fund revenues. The County in fiscal year 1997 undertook an initiative to enhance its business tax policy through a combination of exemption threshold and rate adjustments. For tax year 2000, the County began allowing businesses to exempt $100,000 of their gross receipts from the calculation of the gross receipts tax. In 2002, this exemption was raised to its current level of $200,000. The last rate reduction for certain categories of businesses was made in 2006.

BUSINESS AND PROFESSIONAL LICENSE TAX REVENUES
FISCAL YEARS 2009 TO 2013

Fiscal Year	Revenues	% Change
2009	$16,949,861	(3.1)%
2010	15,163,683	(10.5)
2011	16,139,259	6.4
2012	17,332,709	7.4
2013	17,250,726	(0.5)

Source: Chesterfield County Accounting Department.

Other Taxes

Revenue received from various other local taxes includes motor vehicle licenses, consumer utility taxes, recordation tax, transient occupancy tax, and penalties and interest on property taxes. Beginning January 1, 2007, revenue from the telephone and cellular phone utility taxes, as well as the Emergency 911 land line tax, the state's Emergency 911 wireless fee and the cable franchise fee were impacted by legislative action at the state level.

Action taken by the 2006 General Assembly repealed state and local taxes associated with the telecommunications industry. These taxes were replaced with a uniform 5 percent tax per month on telecommunications services. Also, the tax on landline 911 services was replaced with a uniform $0.75 rate. Satellite television and voice over internet telephone service are also subject to the new 5 percent tax.

The transient occupancy tax increased from 2 percent to 6 percent in August 1996 and from 6 percent to 8 percent in August 1998. The revenue from the additional tax levied in this category is designated for contribution to the Greater Richmond Convention Center Authority for the expansion of the Richmond Centre. For the fiscal year ended June 30, 2013, other taxes represented 4.0 percent of total General Fund revenues.

OTHER TAXES
FISCAL YEARS 2009 TO 2013

Fiscal Year	Motor Vehicle Licenses	Consumer Utility Taxes	Other	Total Revenues	% Change From Prior Year
2009	$7,386,980	$7,499,495	$12,683,869	$27,570,344	(4.8)%
2010	6,698,408	7,510,925	13,661,788	27,871,121	1.1
2011	6,813,084	7,676,851	15,363,145	29,853,080	7.1
2012	6,872,589	7,513,492	16,554,360	30,940,441	3.6
2013	7,097,823	7,692,460	16,951,344	31,741,627	2.6

Source: Chesterfield County Accounting Department.

Revenue from the Commonwealth

The County is reimbursed by the Commonwealth of Virginia for a portion of certain shared office and employee expenses involving the Commonwealth's Attorney, Sheriff, Clerk of Circuit Court, Treasurer, and Commissioner of Revenue. The State provides the County with revenue from the collection of State sales taxes and a share of the net profits of the State Alcoholic Beverage Control Board derived from liquor sales. Revenue received from the Commonwealth, including $41,092,048 of the Commonwealth's reimbursement for the County for personal property tax relief for the fiscal year ended June 30, 2013, represented 19.9 percent of total General Fund revenues on a budgetary basis.

Revenue from the Federal Government

The County receives grants for the administration of social service programs from the federal government for distribution to welfare recipients. These programs comprise the bulk of the General Fund revenue received from the federal government. Revenue received by the General Fund from the federal government during the fiscal year ended June 30, 2013, equaled approximately 1.2 percent of total General Fund revenues on a budgetary basis.

Licenses and Permits, Use of Money and Property, Charges for Services, Fines and Forfeitures and Other Revenues

Licenses and Permits include revenues from building permits, landfill fees and other fees charged by the County. Use of money and property revenues include rental income, interest and dividends earned from the investment of idle funds, and unrealized gain on investments. Charges for services encompass all revenue derived from service or user charges levied by the County. Fines and forfeitures encompass moving traffic violations, parking violations. and a variety of court costs. Other revenues encompass income from a variety of small revenue producing sources.

EXPENDITURES

Costs of General County Government

The County pays the costs of general County government from the General Fund. These costs include those of public works, public safety, a portion of the judicial system, health and welfare, community development, parks and recreation, libraries, and governmental administration, as well as General Fund debt service of the general government.

In fiscal year 2013, these expenditures represented 61.2 percent of total disbursements from the General Fund. General County government expenditures for fiscal year 2013 increased by 1.8 percent over those in fiscal year 2012.

Transfers to Other Funds and Component Units

The County transferred $13,073,879 to the Capital Projects Funds from the General Fund which was 2.0 percent of the total General Fund expenditures and other financing uses in fiscal year 2013. The General Fund also recorded operating transfers to the Grants Fund and the Comprehensive Services Fund to match federal or state funding in fiscal year 2013.

The County transfers monies from the General Fund to the School Board to pay the County's share of the costs of operating public schools in Chesterfield County. This transfer represented 44.4 percent of total expenditures and other financing uses from the General Fund in fiscal year 2013, and 51.3 percent of total revenues and other financing sources of the School Board. The principal sources of other revenues credited directly to the School Board are revenue from the federal and state governments and revenue derived locally from charges to students.

BUDGETARY PROCEDURE

The County's Annual Budget (Budget) is based on a fiscal year of July 1 to the following June 30. Under Virginia law and the County Charter, the County Board must adopt an appropriations resolution for the subsequent fiscal year no later than May 1. The appropriations resolution is based on a balanced budget of all fiscal year operating expenditures to be financed from current fiscal year revenues and balances available from prior years.

The County Administrator's proposed Budget for the following fiscal year is presented to the County Board no later than March 15. The proposed Budget includes recommended funding levels for all County programs. The proposed Budget also includes a recommended program of capital expenditures to be financed from current revenues and a four-year projection of revenues and expenditures. A separate multi-year Capital Improvement Program is also prepared each year. Estimated revenues are detailed in the proposed Budget, along with any recommended new taxes or changes in tax rates or service charges that may be proposed by the County Administrator.

The Board of Supervisors holds Budget work sessions and public hearings on the proposed Budget, proposed CIP, and tax rates in late winter. The Board of Supervisors adopts tax rates, the Budget, the Capital Improvement Program, and the appropriations resolution in April.

During the fiscal year, the Department of Budget and Management conducts detailed reviews of both expenditures and revenues. Adjustments in appropriations or expenditure rates, if necessary, are implemented at these times so that total General Fund expenditures and revenues will remain in balance throughout the fiscal year.

The County Charter requires the Superintendent of Schools to submit to the County Administrator an estimate of projected revenues and expenditures for the next fiscal year in a form requested by the County Administrator as well as a multi-year Capital Improvement Program by March 1. The Board of Supervisors appropriates funds for the School Board Component Unit in certain major categories. The School Board then determines the exact use of the appropriated funds.

EMPLOYEE RETIREMENT PLANS

County and School Board employees are participants in the federal Social Security System and the Virginia Retirement System. Certain qualified County employees are also members of the County Supplemental Retirement System. Certain qualified School Board employees participate in the School Board Supplemental Retirement Program. Further information regarding County retirement plans is provided in the "Notes to Financial Statements" in Appendix B.

Contributions to the Virginia Retirement System (VRS) are comprised of an employee and employer share. Plan 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. In the past, the County and Schools elected to pay the plan members' contributions. Beginning, July 1, 2012, the County and Schools were required to begin making the employee pay the 5 percent member contribution. The County elected to require the full 5 percent employee funding beginning fiscal year 2013 and provide salary increases equal to the amount of the increase in the employee-paid member contribution. The School Board elected to phase in the 5 percent member contribution requirement over 5 years at a rate of 1 percent per year beginning in fiscal year 2013 and is providing the required salary increases equal to the amount of the increase in the employee-paid member contribution. However, with the adoption of the FY2014 budget, the School Board accelerated its conversion and approved a 4 percent salary increase, equal to the remaining 4 percent employee-paid member contributions to VRS. In addition, the County and School Board 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.

OTHER EMPLOYEE BENEFITS

County and School Board employees accrue leave at varying rates based upon leave type and length of employment. Employees may accumulate, subject to certain limitations, unused annual leave or paid time off leave earned and, upon retirement, termination, or death, may be compensated for certain amounts at their current rates of pay. The County and School Board do not place a maximum limitation on the amount of sick or sick leave reserve leave which may be carried over from one year to the next; however, any earned but unused sick leave or sick leave reserve benefit is forfeited upon separation from service, except when separation is caused by the retirement of employees. Upon retirement, general County employees', sick leave is paid out at a rate of $2 per hour, with no limit on the number of hours or the dollar amount of the benefit being paid out. Sick leave reserve balances are paid at a rate of $4 per hour at retirement. Upon retirement of School Board employees, compensation for unused sick days is based on years of consecutive employment with Chesterfield County Schools and ranges from $30 per day and a maximum of $4,000 to $50 per day with no maximum payable to the employee. Schools employees do not have a sick leave reserve benefit. As of June 30, 2013, the total compensated absences liability of the County and School Board was $43,964,704.

In fiscal year ended June 30, 2008, the County implemented Statement No. 45 of the Governmental Accounting Standard Board (GASB 45) – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. Other postemployment benefits (OPEB) include medical and dental coverage extended to retirees by the County. Current retirees who qualify for health benefits may receive an amount up to the amount provided for active employees. GASB 45 required the County to report an actuarially determined liability for the present value of projected future other postemployment benefits for retired and active employees on the financial statements. The County actuarially determined the value of these benefits and now recognizes the costs of OPEB as they are incurred. The value of OPEB earned in periods prior to fiscal year 2008 are amortized over a period of 30 years. In 2013, the County made a contribution to an irrevocable trust which was greater than the annual required contribution determined in accordance with the parameters of GASB 45. The School Board component unit also contributed an amount greater than its annual required contribution. These amounts are recorded as prepaid assets in fiduciary funds of the primary government.

Expenses associated with unemployment compensation and workers' compensation are funded annually on a cash basis. The long-term workers' compensation liability for County and School Board employees as of June 30, 2013, was estimated at $27,740,366, which includes an estimate of $11,356,883 of claims incurred but not reported.

PUBLISHED FINANCIAL INFORMATION

The County issues and distributes the Comprehensive Annual Financial report on its financial operations for each fiscal year. The report covers the fiscal year ending the prior June 30.

Sections of the Comprehensive Annual Financial Report of Chesterfield County for the fiscal year ended June 30, 2013, including financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund, are presented herein as Appendix B. These financial statements, including the related Notes to Financial Statements, are intended to provide a broad overview of the financial position and operating results of the County's various activities and funds.

The financial statements and notes of the County of Chesterfield as of and for the year ended June 30, 2013, included in this Official Statement have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein. KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement. The County's financial statements and the independent auditors' reports thereon are available for inspection at the Chesterfield County Accounting Department, 9901 Lori Road, Room 203, Chesterfield, Virginia 23832.

In addition to the Comprehensive Annual Financial Report, the County also annually publishes a comprehensive Biennial Financial Plan and a multi-year Capital Improvement Program. These documents are available through Chesterfield County's Department of Budget and Management, 9901 Lori Road, Room 401, Chesterfield, Virginia 23832.

SECTION THREE: DEMOGRAPHIC AND ECONOMIC FACTORS

LOCATION AND SIZE

Chesterfield County, Virginia is located in east-central Virginia and encompasses a land area of approximately 446 square miles. Adjacent to the County are the cities of Richmond, Colonial Heights, Hopewell, and Petersburg and the counties of Dinwiddie, Amelia, Powhatan, Charles City, Prince George, Henrico, and Goochland. Because of its proximity to the City of Richmond, the County is an integral part of the Richmond/Petersburg Metropolitan Statistical Area ("MSA"). Chesterfield County is a growing suburban, residential area, with concurrent commercial growth and industrial development. A large portion of land in the County, especially in the southwestern area, remains rural.

POPULATION

After population growth rates that averaged four percent in the 1980s, the County experienced slower growth rates of around two percent during the 1990s and into the early 2000s. These growth trends have modified in the last few years and are expected to continue in the next few years. Historically Chesterfield's average annual growth rates have exceeded that of the Richmond/Petersburg MSA and the Commonwealth. Additionally, the County population as a percentage of the Richmond/Petersburg MSA has trended slightly upward from 24.2 percent in 2003 to 25.3 percent in 2012. According to the County's Planning Department, projected County population as of January 2014 is 328,000.

Year	Chesterfield County	% Change	Richmond/ Petersburg MSA[(1)]	% Change	Commonwealth of Virginia	% Change
2003	276,300	2.1%	1,142,272	1.5%	7,366,977	1.1%
2004	283,030	2.4	1,160,444	1.6	7,475,575	1.5
2005	289,998	2.5	1,181,166	1.8	7,577,105	1.4
2006	298,496	2.9	1,204,743	2.0	7,673,725	1.3
2007	304,636	2.1	1,222,770	1.5	7,751,000	1.0
2008	309,837	1.7	1,238,353	1.3	7,833,496	1.1
2009	313,096	1.1	1,250,458	1.0	7,925,937	1.2
2010	317,210	1.3	1,260,443	0.8	8,023,953	1.2
2011	320,475	1.0	1,269,459	0.7	8,104,384	1.0
2012	323,856	1.1	1,282,305	1.0	8,185,867	1.0

(1) Includes the cities of Richmond, Petersburg, Colonial Heights, and Hopewell and the counties of Amelia, Caroline, Charles City, Chesterfield, Cumberland, Dinwiddie, Goochland, Hanover, Henrico, King & Queen, King William, Louisa, New Kent, Powhatan, Prince George, and Sussex.

Source: Virginia Employment Commission/Labor Market Information Services

2012 SELECTED POPULATION CHARACTERISTICS

	Chesterfield County	Commonwealth of Virginia	United States
Median Age	37.5	37.4	37.2
Percent School Age	22.6%	19.6%	20.4%
Percent in Labor Force	69.7%	67.1%	64.7%
Percent Home Ownership	77.8%	67.8%	65.5%
Percent Persons Below Poverty	6.4%	11.1%	14.9%

Source: U.S. Bureau of the Census.

INCOME LEVELS

Personal Income

Per capita personal income for County residents has historically been in excess of that of the Commonwealth of Virginia and the United States, however, the trend has modified in the last few years when compared to the Commonwealth. Median Household income however continues to significantly trend above state and federal levels at $72,363 versus $63,636 and $53,046, respectively, in 2012.

PER CAPITA PERSONAL INCOME

Year	Chesterfield County	Commonwealth of Virginia	United States
2003	36,572	35,910	32,676
2004	37,838	37,742	34,300
2005	39,612	39,825	35,888
2006	41,207	42,075	38,127
2007	42,746	43,921	39,804
2008	43,198	44,900	40,873
2009	42,074	44,063	39,357
2010	42,740	44,854	40,163
2011	44,257	47,126	42,298
2012	46,186	48,377	43,735

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

Wealth

The 2006 and 2011 Adjusted Gross Income data indicate that in 2011, 43.7 percent of persons filing a tax return in Chesterfield County had an annual income of $50,000 and over. This compares to 39.1 percent and 34.6 percent, respectively, in the Commonwealth of Virginia and in the United States.

ADJUSTED GROSS INCOME

	2011 – Percent of Filers			2006– Percent of Filers		
Size of Adjusted Gross Income	Chesterfield County(1)	Commonwealth of Virginia(1)	United States(2)	Chesterfield County(1)	Commonwealth of Virginia(1)	United States(2)
Under $15,000	21.1%	25.0%	26.5%	20.6%	25.0%	27.3%
$15,000 – 29,999	17.1	18.8	21.3	17.0	19.9	21.4
$30,000 – 49,999	18.1	17.1	17.6	18.8	18.1	18.0
$50,000 and over	43.7	39.1	34.6	43.6	37.0	33.3
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

(1) Virginia Department of Taxation.
(2) Internal Revenue Service.

EMPLOYMENT CHARACTERISTICS

Economic activity in the County is closely associated with that of the Richmond metropolitan area. Because of its land area, availability of quality labor, enterprise zones, moderate tax structure, and favorable business climate, Chesterfield has become a desirable location in recent years for new businesses locating in the metropolitan region. Commercial and industrial activity, therefore, has kept pace with the once rapid population growth which the County experienced. Although manufacturing and wholesale and retail trade establishments are the major employers in Chesterfield, there is considerable diversification of employment opportunities. An important step in the diversification of commercial activity in the County is the projected growth of corporate office parks in conjunction with the completion of the Meadowville Interstate 295 Interchange as well as increased activity as a result of the Watkins Centre. The County promotes the development of commercial and industrial enterprises. In addition to its Department of Economic Development, the County is active in attracting industry through state and regional economic development organizations.

Employment

Employment growth in the County decreased between 2007 and 2012 by 3.3 percent, after a previously strong increase of 11.2 percent between 2002 to 2007. The County's 2007 to 2012 change is comparable to the MSA but not as favorable as that experienced within the Commonwealth.

WAGE AND SALARY EMPLOYMENT
BY PLACE OF WORK

	2002	2007	% Change	2012	% Change
Chesterfield County	108,924	121,121	11.2%	117,110	(3.3)%
Richmond/Petersburg MSA	568,755	606,419	6.6	591,198	(2.5)
Commonwealth of Virginia	3,391,381	3,658,940	7.9	3,605,109	(1.5)

Nonagricultural employment by number of persons employed.
Source: Virginia Employment Commission, Labor Market Information Services.

Employment by Sector

For the year ending December 31, 2012, non-agricultural employment in Chesterfield County totaled 117,110. Chesterfield continues to maintain a diverse employment base. The most significant growth over the five-year period occurred in the Health Care sector and the most significant decrease occurred in Construction.

NONAGRICULTURAL EMPLOYMENT BY SECTOR

	2007				2012			
	Chesterfield County		Commonwealth of Virginia		Chesterfield County		Commonwealth of Virginia	
	Annual Average	% of Total	Annual Average	% of Total	Annual Average	% of Total	Annual Average	% of Total
Mining	51	0.1%	9,209	0.2	0*	0.0%	9,017	0.3%
Utilities	498	0.4	11,141	0.3	659	0.6	10,609	0.3
Construction	11,035	9.1	239,695	6.6	7,784	6.6	176,155	4.9
Manufacturing	9,171	7.6	278,192	7.6	8,279	7.1	230,886	6.4
Trade	23,004	19.0	548,993	15.0	21,888	18.7	516,598	14.3
Transportation	4,602	3.8	102,540	2.8	4,704	4.0	98,047	2.7
Information	2,231	1.8	91,023	2.5	1,567	1.3	71,531	2.0
Finance, Insurance and Real Estate	7,159	5.9	190,396	5.2	6,546	5.6	177,194	4.9
Professional/Tech Services	5,956	4.9	358,434	9.8	6,509	5.6	395,080	11.0
Management of Company	1,218	1.0	76,618	2.1	1,346	1.1	76,206	2.1
Administrative/Waste Services	7,488	6.2	212,686	5.8	7,465	6.4	205,028	5.7
Educational Services	1,160	1.0	54,880	1.5	1,217	1.0	62,053	1.7
Health Care	9,968	8.2	336,585	9.2	12,176	10.4	391,581	10.9
Arts/Entertainment/Recreation	2,202	1.8	46,405	1.3	2,265	1.9	48,391	1.3
Accommodation/Food	10,388	8.6	298,048	8.1	10,283	8.8	309,787	8.6
Other Services	4,684	3.9	128,329	3.5	4,057	3.5	130,359	3.6
Government (Federal, State, Local)	20,306	16.7	670,147	18.3	20,341	17.4	692,052	19.2
Unclassified and Disclosure Suppression	0	0.0	5,619	0.2	24	0.0	4,535	0.1
	121,121	100%	3,658,940	100%	117,110	100%	3,605,109	100%

*Not reported due to confidentially

Source: Virginia Employment Commission, Labor Market Information Services and Bureau of Labor Statistics – North American Industrial Classification System (NAICS).

The unemployment rate in the County has consistently been below the average unemployment rate of the Richmond/Petersburg MSA, the Commonwealth of Virginia, and the United States. The most recent monthly County unemployment rate of 5.2 percent continues to be below regional, state and United States unemployment rates.

LABOR MARKET CHARACTERISTICS

			Percentage Unemployed			
Year	Civilian Labor Force	Total Employment	Chesterfield County	Richmond/ Petersburg MSA	Commonwealth of Virginia	United States
2004	156,178	151,071	3.3	3.9	3.7	5.5
2005	159,633	154,634	3.1	3.7	3.5	5.1
2006	164,385	159,854	2.8	3.2	3.0	4.6
2007	166,183	161,825	2.6	3.1	3.1	4.6
2008	169,320	163,080	3.7	4.2	4.0	5.8
2009	169,835	158,366	6.8	7.8	6.9	9.3
2010	170,142	158,147	7.0	8.0	7.1	9.6
2011	173,646	162,681	6.3	7.1	6.4	8.9
2012	175,379	165,429	5.7	6.4	5.9	8.1
2013	178,188	186,301	5.5	5.9	5.5	7.4
2014 (March)	183,896	174,338	5.2	5.5	5.3	6.7

Source: Virginia Employment Commission, Labor Market Information Services, Bureau of Labor Statistics

Largest Employers

Chesterfield County has traditionally been the home of established manufacturing companies such as DuPont. Listed below are the County's fifteen largest private employers.

Fifteen Largest Private Employers
(Manufacturing, Services, Utilities)
January 2014

	Company	Product or Business	Employees
1.	E.I. DuPont De Nemours & Company	Plastic Films, Synthetic Fibers Manufacturing	2,486
2.	United Parcel Service	Express Delivery Services	1,967
3.	Wal-Mart Stores, Incorporated	Retail Trade	1,555
4.	Hill PHOENIX	Refrigeration Equipment Manufacturing	1,250
5.	Capital One	Financial Services	1,230
6.	C.J.W. Medical Center	Health Care	1,182
7.	St. Francis Medical Center	Health Care	1,150
8.	The Kroger Company	Retail Food Distribution	1,126
9.	Amazon.com	Internet Retail Fulfillment Center	1,100
10.	Martin's Supermarkets, Incorporated	Retail Food Distribution	1,005
11.	Vangent / General Dynamics IT	Call Center	1,000
12.	Food Lion, Incorporated	Retail Food Distribution	869
13.	Honeywell International, Incorporated	Synthetic Fibers Manufacturing	675
14.	Alstom Power, Incorporated	Generation Equipment Manufacturing	601
15.	DuPont Teijin Films	Polyester Film Manufacturing	576

Source: Chesterfield County Economic Development Department.

Public Sector Employment

Government sector employment in the County increased a modest .17 percent from 2007 to 2012. The trend indicates that while federal and state employment rolls have increased, the number of local government employees has decreased.

Major Government Employers

	Average Number of Employees 2007	Average Number of Employees 2012
Chesterfield County and Schools ..	13,026	12,940
Federal Government	3,026	3,038
Commonwealth of Virginia...........	4,254	4,363
Total	20,306	20,341

Source: Virginia Employment Commission, Labor Market Information Services.

NEW BUSINESS FORMATION

The County enjoyed steady growth in the number of businesses operating in the County through the mid-2000s. The total number of total business licenses declined by 2.5 percent from 2012 to 2013, a trend that seems to be moving away from the deeper decreases experienced during the later 2000s.

BUSINESS LICENSES

Calendar Year	Wholesale and Retail Licenses Issued	Total Business Licenses Issued
2002	4,381	18,644
2003	4,624	19,673
2004	4,646	21,054
2005	4,752	21,820
2006	4,840	23,075
2007	4,652	22,397
2008	4,552	22,258
2009	4,320	20,513
2010	4,306	22,321
2011	4,322	21,367
2012	4,478	19,972
2013	4,379	19,482

Source: Chesterfield County Commissioner of the Revenue.

Retail Trade

Taxable retail sales in the County historically have increased at rates greater than the increase in both the Richmond/Petersburg MSA and the Commonwealth of Virginia. During the current economic contraction, retail sales have declined in all three areas, however the County has begun to experience an encouraging turn around, outpacing both the Commonwealth and MSA in 2012 outcomes.

TAXABLE RETAIL SALES
($ in 000s)

Year	Chesterfield County	% Change	Richmond/ Petersburg MSA	% Change	Commonwealth of Virginia	% Change
2003	$2,946,806	8.6%	$12,070,640	6.0%	$74,973,562	6.1%
2004	3,083,206	4.6	13,146,796	8.9	81,291,117	8.4
2005[1]	N/A	N/A	N/A	N/A	N/A	N/A
2006	3,419,399	N/A	14,516,521	N/A	89,478,625	N/A
2007	3,593,576	5.1	15,198,975	4.7	92,043,249	2.9
2008	3,563,713	(0.8)	14,932,705	(1.8)	90,106,122	(2.1)
2009	3,345,048	(6.1)	14,150,214	(5.2)	85,869,132	(4.7)
2010	3,363,333	0.6	13,967,670	(1.3)	86,420,964	0.6
2011	3,502,240	4.1	14,472,427	3.6	89,070,341	3.1
2012	3,712,873	6.0	15,234,455	5.3	93,335,660	4.8

(1) Due to a data base system change at the State, taxable retail sales information for 2005 is not available.

Source: Weldon Cooper Center for Public Service/University of Virginia.

Construction

The following data shows trends in new construction for the County over the past ten years. Residential permits have averaged 80 percent of the permit activity representing approximately 65 percent of the value of the permits. Commercial and Industrial permits have averaged 20 percent of the activity, representing approximately 35 percent of the total value of permits. However, over the same ten year period, the percentage of commercial permit activity to total activity has gradually increased from 13 percent to 23 percent.

BUILDING PERMITS

Calendar	Residential		Commercial and Industrial		Total	
Year	No.	Value	No.	Value	No.	Value
2004	4,186	458,010,525	622	87,976,134	4,808	545,986,659
2005	4,727	512,054,169	719	118,190,612	5,446	630,244,781
2006	4,214	457,017,020	683	123,719,716	4,897	580,736,736
2007	3,824	327,865,032	957	276,742,509	4,781	604,607,541
2008	3,779	206,949,912	908	218,756,371	4,687	425,706,283
2009	3,121	180,132,728	763	102,271,398	3,884	282,404,126
2010	3,261	143,245,176	1,099	110,762,785	4,360	254,007,961
2011	3,257	174,702,181	988	95,837,929	4,245	270,540,110
2012	2,849	188,647,550	987	225,202,645	3,836	413,850,195
2013	3,027	235,552,772	884	97,210,916	3,911	332,763,688

Source: Chesterfield County Building Inspection Department.

TRANSPORTATION FACILITIES

The transportation system in the County includes interstate, primary and secondary highways, a local airport, and three railroads. The majority of the highways are owned and maintained by the Commonwealth.

In 1988, a 13-mile four-lane limited access extension of the existing Powhite Parkway opened. This extension provides a limited access highway from the western part of the County to downtown Richmond. Route 288 from the Powhite Parkway extension to Interstate 95, south of Richmond was completed in 1990. Interstate 295, the eastern beltway around the Richmond metropolitan area, was completed in 1992. Route 895, which provides a direct link between the County and the Richmond International Airport, was completed in 2002. The northern extension of Route 288 from the Powhite Parkway across the James River to Interstate 64 west of Richmond was completed in 2004.

Although the state funds some construction and all maintenance of highways in the County, the County has supplemented state funding to ensure construction of major projects. General Fund appropriations, bond referenda, cash proffers, and a state matching program are examples of previous transportation funding sources. A bond referendum approved in 2004 identified $40 million towards transportation improvements. In addition the County has found innovative methods to fund needed transportation projects by creating the Powhite Parkway-Charter Colony Parkway Interchange Service District, the Watkins Centre Community Development Authority, and the Lower Magnolia Green Community Development Authority. More recently, in September 2010, through a support agreement with the Economic Development Authority of Chesterfield County, and in conjunction with funding received from the state and federal government, the County issued Recovery Zone Economic Development Bonds to construct an interchange interconnecting the Meadowville Technology Park with Interstate I-295. The completion of this interchange in December of 2011 was instrumental in attracting a 1 million square foot, $85 million investment by Amazon at the Technology Park and subsequently, the Capital One data center.

Commercial air transportation is provided through Richmond International Airport which serves the metropolitan area with major commercial carriers. The Chesterfield County Airport serves as a general aviation and reliever airport for Richmond International Airport.

COMMERCIAL AND INDUSTRIAL GROWTH

Chesterfield County recognizes the importance of expanding its business tax base to provide revenues for needed services and has made a commitment to promoting economic development within the County. Regardless of the recent economic backdrop, Chesterfield has remained a very popular destination for new and expanding businesses with the County's new investment total, since the onset of the recession, cresting the $1 billion mark. New economic activity for the calendar year 2013 included both industrial and commercial projects. The County's Department of Economic Development assisted both existing company expansions and new company locations. In total, Chesterfield's Economic Development Office announced more than $218.9 million in new business investment in the calendar year 2013, highlighted by a major expansion by Sabra Dipping Company and Medline's new 400,000 square foot distribution facility in Meadowville Technology Park.

Chesterfield continues to invest in the Meadowville Technology Park (MTP). The master plan allows a variety of uses including technology/R&D, corporate/general office, data centers, life sciences, micro-electronics, manufacturing and assembly, and biotech/pharmaceutical operations. An adjacent village center is planned to provide retail, food service, business service, and multi-family housing to MTP tenants. Nearly 400 acres of open space has been set aside in MTP to allow for walking trails and natural buffers. Design guidelines and architectural standards have been put in place to ensure first-class development. MTP is designated as a satellite location for the Virginia Bio-Technology Research Park to facilitate research and partnerships with Virginia Commonwealth University.

Construction of the long-awaited Interstate 295/Meadowville interchange project was completed in December of 2011. As expected, this interchange has positioned Meadowville Technology Park as one of Chesterfield's premier employment centers and created jobs and investments in the County. This foresight has begun to pay back, as evidenced by Amazon's one million square foot, $85 million distribution center which employs 1,600, as well as Capital One's $150 million state-of-the-art data center which opened in October of 2013.

Chesterfield County is redeveloping the site where Cloverleaf Mall once sat and is now realizing the project will continue to be a catalyst to revitalize the eastern Midlothian Turnpike Corridor. Through a series of negotiated transactions, the Chesterfield EDA now owns complete interest in the Mall, financed through use of a line of credit, backed by a support agreement under which the County is obligated, subject to annual appropriations, to pay the debt service. In the fall of 2011, the Chesterfield EDA and the Chesterfield County Board of Supervisors approved the sale of the Mall to Charlotte, North Carolina-based Crosland LLC, to redevelop it into a mixed use project with commercial, office, and residential uses. The project has already attracted the construction of a 123,000 square foot flagship Kroger in 2012, an accompanying fuel station, and 20,000 square foot small shop space occupied by a mix of restaurants and service retailers such as Subway and AT&T. Development plans continue for the area with the January 2013 announcement of 600 high-end apartments, with construction scheduled to begin in the spring of 2014.

The Watkins Centre, the County's newest high-end, mixed use center, opened for business in 2009 and continues to be a key component in the commercial development of western Chesterfield County. The Watkins Centre is a major employment center for the County. The complex includes retail stores, numerous restaurants, a cinema, a fitness center, an office park and an emergency and outpatient medical center.

The County has a growing sports tourism initiative aimed at bringing visitors to the area and promoting physical fitness in the region. In fiscal year 2013, the County was host to several youth athletic tournaments which were of local, regional and national significance, including the Jefferson Cup soccer tournament, the USA Field Hockey National Club Championships, CBC Bronco – 11 World Series, and the IWLCA Capital Cup Lacrosse Tournament. These events brought more than 67,000 out-of-town visitors and approximately $21.9 million of economic impact to the area.

Additionally, the base realignment efforts at Fort Lee, completed in 2011, continue to provide economic benefits. Fort Lee is known generally as the base for all U.S. Army logistics, and is home to the Army's quartermaster, transportation, and ordinance schools, hosting nearly 70,000 students each year. In sum, Fort Lee will train approximately 40 percent of the entire U.S. Army. Given the size and timing of the investment (the expansion totals approximately $1.2B and nearly doubles the bases' square footage), Fort Lee is viewed as a very stable operation with the capacity and infrastructure to absorb additional defense consolidations. The anticipated impacts include bringing approximately 800 households and more than 4,100 jobs to the Chesterfield, Prince George, and Dinwiddie region.

New investment announcements since July 2011 have totaled more than $625 million. Selected announcements during the period, as well as select industrial parks in the County are set forth below:

Chesterfield County, Virginia
Selected Investment Announcements
for the period July 2011 – March 2014

Date	Firm	Investment ($ Millions)	Number of New Employees	New or Expansion	Square Footage
2011 (Aug)	Cuore Telemarketing	$ N/A	400	Expansion	0
2011 (Oct)	Kroger	18.000	250	New	123,000
2011 (Nov)	Equustock	5.500	50	Expansion	40,000
2011 (Dec)	Amazon.com	85.000	1,100	New	1,000,000
2012 (Mar)	Honeywell	27.500	50	Expansion	0
2012 (Mar)	Marten Transport	7.000	50	New	20,000
2012 (Jun)	Sabra Dipping	28.000	90	Expansion	20,000
2012 (Jun)	Capital One	175.000	50	New	230,000
2012 (Nov)	Marchan	30.000	50	Expansion	0
2013 (Jan)	Medline Industries	5.600	23	New	116,000
2013 (Jan)	MGC Advanced Polymers	3.600	8	Expansion	0
2013 (Jan)	Stonebridge Apartments	70.000	0	New	0
2013 (Mar)	Integrated Global Services	3.500	90	Expansion	70,000
2013 (May)	Sabra Dipping	86.000	140	Expansion	117,000
2013 (Aug)	NCI Group, Inc./ Metl-Span	16.100	25	New	0
2013 (Oct)	Harnett Manufacturing	5.000	74	New	0
2013 (Nov)	Medline Industries	20.000	27	New	0
2014 (Jan)	Evonic Industries	15.000	50	New	93,500
2014 (Mar)	Walmart	3.000	70	New	41,983
	TOTAL	**$603.800**	**2,497**		**1,871,483**

Source: Chesterfield County Economic Development Department.

SELECT CHESTERFIELD COUNTY INDUSTRIAL PARKS

Industrial Park	Year Started	Total Acreage of Project	Acreage Available for Development	Use of Property
Bermuda Industrial Park	1975	60	2	Medium industrial
Sommerville	1984	161	0	Light industrial
Appomattox Industrial Center	1987	250	0	Medium industrial
Cloverhill Industrial Park	1989	120	69	Light industrial
Midlantic Business Center	1989	160	93	Light industrial
Oak Lake Business Center	1989	188	0	Light industrial
Old Stage Corporate Center	1989	40	0	Heavy industrial
River's Bend Center	1989	214	54	Light industrial
Ruffin Mill Industrial Park	1989	340	17	Medium industrial
Meadowville Technology Park	1996	1,300	955	Medium/light industrial
Ashton Creek Business Center	1998	382	346	Medium industrial
James River Industrial Center	1998	650	506	Heavy industrial
TOTALS		**3,865**	**2,042**	

Source: Chesterfield County Economic Development Department.

SECTION FOUR: THE COUNTY

GOVERNMENTAL STRUCTURE AND SERVICES

Effective January 1, 1988, the County began operating pursuant to a County Charter approved by the citizens of the County in a referendum election and subsequently enacted by the Virginia General Assembly. The County is an independent political subdivision of the Commonwealth of Virginia with no subordinate political entities within its borders and the County is absolutely immune from annexation by adjacent localities. The governing body of the County is the Board of Supervisors (the "Board") which establishes policies for the administration of the County. The Board is composed of five members, one member elected from each of five magisterial districts. A member must be a resident of the district which he serves. Members are elected for four-year terms. Four incumbent board members were re-elected on November 8, 2011. The Board appoints a chief executive officer known as a County Administrator who serves at the pleasure of the Board and carries out the policies established by the Board. The School Board members are elected from each of the same five magisterial districts as the members of the Board.

EMPLOYEE RELATIONS

As of December 2012, the County and the County School Board employ approximately 12,900 full and part-time employees. The County enjoys favorable employer-employee relations. By state law, the County is not permitted to enter into collective bargaining agreements. Public employees of the state or of any county, city or town in the state do not have a legal right to strike. Any such employee who engages in any organized strike or willfully refuses to perform his duties, according to state law, shall be deemed to have terminated his employment. Re-employment of any such employee during the next 12 months requires court approval. The County has never experienced an employee job action of any kind.

EXECUTIVE OFFICERS

JAMES J.L. STEGMAIER was appointed County Administrator in August 2007 having previously been appointed Deputy County Administrator, Management Services, in July 1997. Prior to that Mr. Stegmaier held the position of Director of Budget and Management and has been employed with the County since 1979. He received a Bachelor's degree in Psychology from The Catholic University and a Master's degree in Public Administration from the University of Virginia.

SARAH C. SNEAD was appointed Deputy County Administrator for Human Services in July 2010. Prior to being appointed Deputy, she served as Director of Chesterfield/Colonial Heights Department of Social Services. Prior to coming to Chesterfield County in 1995, Ms. Snead served as Director of King George County Department of Social Services. Ms. Snead received her Masters of Social Work-Administration from Virginia Commonwealth University in 1983.

WILLIAM D. DUPLER was appointed to serve as Deputy County Administrator for Community Development in April 2011. He received a Bachelor's degree in Engineering from the University of Maryland and a certificate in Public Administration from Virginia Commonwealth University. Prior to Mr. Dupler's current appointment, he served the County as its Interim Deputy County Administrator, its Director of Building Inspection, and its deputy building official since 1991. Mr. Dupler served as president of the International Code Council, a 50,000 member association that develops, promotes, and supports building codes and standards, from November 2011 through October 2012.

SHERYL D. BAILEY, Ph.D. was appointed Deputy County Administrator for Management Services effective September 7, 2010. Prior to being appointed Deputy, she served as Executive Director of the Virginia Resources Authority (VRA), the state's independent municipal bond bank. She received her Bachelor's degree in Economics from Norfolk State University and Masters and Doctorate of Philosophy degrees in Economics from Harvard University. Dr. Bailey served on the Board of Directors of the Municipal Securities Rulemaking Board (MSRB) from October 2010 to September 2013.

JEFFREY L. MINCKS was appointed County Attorney in May 2010. He received a Bachelor's degree and a Juris Doctor degree from the College of William and Mary. Mr. Mincks has been with the County Attorney's office since 1980 and was appointed deputy County attorney in 1988. Prior to coming to the County he served as the special assistant attorney general for the Virginia Department of Highways and Transportation.

PATSY J. BROWN was appointed Director of Accounting August 1, 2010, after serving as Assistant Director of Accounting for the County since December 1986. Ms. Brown holds a Bachelor's degree in Business Administration from West Virginia University and is a Certified Public Accountant. Prior to working for the County, Ms. Brown served as a Controller and Internal Auditor in the banking industry and as a Staff Accountant for regional public accounting firm.

ALLAN M. CARMODY was appointed Director of Budget and Management in June 2006. Mr. Carmody has been employed with the County since 1993 and in the Budget and Management department since 1996. During that time he has worked in the areas of capital improvement, debt management, operations, and growth management initiatives. He received a Bachelor's degree in Engineering Technology from Old Dominion University and has completed the core course requirements for a Master's degree in Engineering from Virginia Tech.

RICHARD A. CORDLE was elected County Treasurer in 1991 after serving as Chief Deputy Treasurer for four years. Mr. Cordle has a Bachelor's degree in Accounting from Virginia Commonwealth University. Prior to working for the County, he served as Director of Administrative Services for the commercial division of the Computer Company, and as Regional Credit Representative and Accountant for Reynolds Metals Company and the Commonwealth of Virginia, respectively. Mr. Cordle currently serves as chairman of the trustee board for the Virginia Municipal League – Virginia Association of Counties Pooled Other Postemployment Benefits Trust Fund.

MARCUS J. NEWSOME, Ed.D. was appointed as Superintendent of Chesterfield County Public Schools in October 2006. An experienced Virginia school superintendent, he came to the County from the Newport News Public Schools. He also has served in the Prince George's County (Maryland) Public Schools in numerous capacities, including regional executive director, director of student support, an elementary school principal and a middle school assistant principal. He received his doctorate in educational leadership from Bowie State.

GOVERNMENTAL SERVICES AND FACILITIES

Community Development

The Division of Community Development provides a wide range of programs to enhance the physical environment of the County. The Division is responsible for comprehensive planning functions with respect to land use, environmental improvement and community conservation. The Economic Development Department and Planning Department devote a great deal of effort to promoting and guiding the development of the County. Building Inspection services ensure the compliance with building code requirements of new residential and commercial construction through the review and inspection of structural, mechanical, electrical and plumbing systems. The Division is also responsible for the development of a transportation program, a water quality program, and drainage and watershed management strategies. Rezoning requests, tentative subdivision plans, site plan and variance requests are analyzed to assess the impact that proposed development will have on the existing and proposed road network.

The Department of Utilities is responsible for the administration and operation of the County's water and wastewater systems. Both systems have always been self-supporting. The water system draws water from the Swift Creek Reservoir and processes it through the Addison-Evans Water Production Laboratory Facility for delivery into the distribution system. The County also purchases water from the Appomattox River Water Authority and the City of Richmond. The wastewater system treats and processes the County's wastewater through Falling Creek and Proctors Creek Treatment Plants. In addition, some of the County's wastewater is treated and processed at facilities operated by the South Central Wastewater Authority and the City of Richmond.

Human Services

The County provides human services which are designed to protect and promote the health, welfare and self-sufficiency of Chesterfield citizens. The County operates a public health program which stresses preventive health care through diagnostic and treatment services and epidemiological control of communicable diseases. The public health program provides prenatal care, family planning, school-based health care, and education programs designed to reduce the incidence of lifestyle-related disease and decrease the chronic disease mortality rate. The environmental health of the general public is further protected through rabies control programs and the permitting and regulation of on site sewage systems, private wells and food service establishments.

The County's mental health, intellectual disabilities and substance abuse programs include emergency response to mental health crises, day programs (vocational and rehabilitative), residential services, outpatient services, intensive home based support services, case management, and prevention and early intervention for children and adults. In addition, the County administers a broad range of social services and financial assistance programs that are legislated by the federal and State governments. Services include child and adult protective services, home-based services for the elderly, adoptive services, foster care, employment services, and financial assistance payments provided through the Aid to Dependent Children program and other medical and general financial relief programs. The County has increased efforts to recruit bilingual staff in order to improve services to the growing Hispanic community.

The Human Services Division is also responsible for programs to serve the leisure, cultural, and recreational needs of the community. The County provides comprehensive library services through a central library, eight branch libraries, an outreach program, and a law library. The library provided public computers and wireless service for in-library users totaling 449,030 in 2013. The library's information network provides public access to an online catalog, electronic resources, and the Internet. Total customer usage of library material resources, including digital resources, was 4.0 million during fiscal year 2013 and the number of visitors to the library system was 4.6 million, including digital visitors.

The County provides a comprehensive system of leisure programs, educational opportunities, and recreational facilities while conserving and protecting environmental, historical, and cultural resources. The number of park visitors was 4.7 million in fiscal year 2013. The Parks and Recreation Department is also assisted by an eleven member Parks and Recreation Advisory Commission which meets on a monthly basis and is voluntarily staffed by persons interested in ensuring that the cultural, athletic, and recreational opportunities in Chesterfield County continue to improve.

Management Services

The Division of Management Services provides a wide range of services directly to citizens. Comprehensive aviation services are provided to the public by the County's general aviation airport. The department of real estate assessments maintains accurate and up-to-date records on each locally assessed property in the County. The County maintains a waste and resource recovery program that provides solid waste management services including refuse and leaf collection for residents qualifying for tax relief, bulky waste collection, operation of convenience centers for household refuse disposal, curbside recycling, and stationary drop-off recycling.

The Division of Management Services also provides centralized accounting services; management services for County capital projects; fleet management services which includes maintenance of public safety vehicles and buses used to transport the citizen's school aged children to and from school; communications and electronics services; general services including County building facilities maintenance; internal auditing services; centralized purchasing services; risk management services; and information systems technology. In addition, the Division provides coordination between County Administration and constitutional officers, the courts, and the registrar.

County Attorney

The County Attorney's office provides legal representation and advice to the Board of Supervisors, County Administrator, Constitutional Officers, County departments, and boards and commissions of the County. The County Attorney also defends all claims against the County's Risk Management Fund. The litigation caseload of the office has grown as the County experiences population growth and because citizens increasingly seek legal approaches to resolving disputes.

Police

The Police Department is responsible for the protection of persons and property from criminal activity, for criminal investigation and apprehension, for traffic regulation and control, and for the provision of emergency and other services as required. The Department's Support Services Division provides special emphasis on reducing crime by coordinating activities such as the Crime Prevention Program and increasing community awareness of commercial and residential security methods and personal protection techniques. STEPP (Success through Education and Proactive Policing) programs in all County elementary, middle, and high schools provide a positive interaction between law enforcement officers and school children, while teaching the children about the harmful effects of drug use and how to resist peer pressure in making personal decisions. The Police Department has 601 full-time authorized positions.

Fire & Emergency Medical Services (EMS)

The Fire and EMS Department provides fire suppression services, emergency medical services, technical rescue response, fire and injury prevention programs and training, and virtually any other emergency service where there is not a clearly defined County agency to handle the situation. The Department is also responsible for coordinating emergency preparedness and response in natural disasters, hazardous materials incidents, or terrorist events.

During fiscal year 2013, emergency services are being provided through twenty-one fire and rescue stations and four volunteer rescue squads working out of seven locations throughout the County. The department staffs thirteen 24-hour ambulances and four daytime ambulances with fire station personnel. All career firefighters are state-certified emergency medical technicians and 212 are advanced life support providers.

The department staffs a locally based helicopter for regional emergency medical evacuation. Seven flight paramedics are solely dedicated to the Med-Flight program, which provides the Central Virginia Region with a rapid means of transporting critically injured patients to trauma centers. The helicopter is staffed with two critical care flight paramedics 24 hours a day, seven days a week. There are cooperative agreements with Henrico County and the City of Colonial Heights to provide supplemental staffing to cover leave for the helicopter crew. The Med-Flight helicopter and crew provide search and rescue missions in conjunction with the Virginia State Police.

Sheriff

The Sheriff's office is responsible for security of all courtrooms, service of civil process, inmate booking, detention and transportation of inmates awaiting court appearances, the care and housing of inmates in the jail, and operation of the Sheriff's Office Training Academy. The County currently operates a 250-bed jail and participates in a regional jail. The department's approved staffing level is 268.

The Riverside Regional Jail is a cooperative agreement with seven area localities to jointly operate a jail facility that meets the confinement needs of participating jurisdictions. The regional facility is located in Prince George County, Virginia. The facility has a rated capacity of 1,396 beds. Chesterfield and the other participating localities pay a *per diem* for each inmate housed in the regional jail. It is also the responsibility of the Sheriff's office to provide transportation of inmates to the regional jail facilities.

Human Resource Management

The Department of Human Resource Management (HRM) administers comprehensive programs aimed to attract, motivate, and retain an efficient and productive workforce. HRM provides programs and services to the workforce primarily responsible for providing government services to County residents. Human Resource Management staff serves in a consultative role with County departments, employees and residents to meet the changing needs of the organization and population.

The department's services include providing employment and volunteer opportunities; promoting a diversified workforce and advising managers, employees, applicants, and residents on HR matters; providing employee relations counseling to County employees to improve work relationships and the work environment; administering the grievance procedure; developing human resources policies to meet the needs of the organization while ensuring legal compliance; administering a total compensation program which attracts applicants, maintains internal equity, competes in relevant labor markets, and retains high performers; administering a comprehensive wellness program and overseeing the employee medical center; and developing and maintaining a human resource information system to provide managers with useful automated information and management reports.

Budget and Management

The Department of Budget and Management provides financial and management information and guidance to the Board of Supervisors, the County Administrator, and County Departments. Serving on the County's Leadership Group, Budget and Audit Committee, and Finance Committee, the department participates in key strategic issues and is able to help position the County for solid financial results. The department also interacts with the public through attendance at community and association meetings, televised broadcasts, written media, and public hearings furthering the exchange of information with citizens.

The Budget and Management Department is instrumental in the County's strategic planning process and evaluation. Budget staff facilitates the process for performance planning, budgeting, performance measurements, and budget execution. Key responsibilities of the Budget and Management staff include strategic planning; formulation of financial management policies; budget preparation and monitoring; capital improvement planning and project budget monitoring; revenue forecasting; debt management activities including capacity planning and the issuance and refinancing of debt; and management analysis and program evaluations. The Department also annually reviews proposed State legislation and budget plans to assess any potential impact on the County's financial plan.

The department is also involved in growth management issues and land use activities, particularly focused on the impacts residential development has on capital facilities. The department administers the County's cash proffer program that is used to analyze those impacts and the development community's measures to address such impacts. The department also has recently begun administering Community Development Block Grant funding. These grant funds are utilized to encourage revitalization and enhancement of older neighborhoods.

Public Schools

The Chesterfield County public school system is directed by a five-member School Board elected by the citizens of the County. The School Board appoints a superintendent to administer the operations of the County's public schools. The School Board functions independently of the Board of Supervisors and County administration but is required to prepare and submit an annual budget to the Board for approval. Because the School Board can neither levy taxes nor incur indebtedness under Virginia law, the local costs of the school system are provided in part by appropriation from the General Fund of the County. The costs of constructing school facilities are provided by capital appropriations from the General Fund of the County or by bonds issued as County general obligations, and use of cash proffers allocated for schools.

The County's public school system provides a comprehensive career development program and special programs for gifted and disabled students. In addition, an extensive adult education curriculum has been developed offering basic education courses, vocational training, and general interest programs. The fiscal year 2014 budget continues funding for an international baccalaureate program at two high schools and the dual enrollment program with John Tyler Community College.

The School Board currently operates 38 elementary schools, 13 middle schools, and 11 high schools. A technical center provides career development training. The School Board employs approximately 5,821 instructional staff and 2,059 support and food service personnel. The school system staffs at an average pupil to teacher ratio of 25 to 1 in elementary schools, 27 to 1 in middle schools and 26 to 1 in high schools.

County school enrollment is measured and evaluated under two approaches. The County school system uses annual September 30 membership figures for long range planning. The enrollment of the schools grew 212 students between the fiscal year 2013 and 2014. Change in enrollment between 2005 and 2014 under this approach was 5.5 percent, reflecting moderate enrollment increases beginning in 2008.

STUDENT POPULATION
SCHOOL YEARS 2005 to 2014

School Year	September 30 Enrollment	Average Daily Membership (March)
2004-2005	55,646	55,570
2005-2006	56,750	56,663
2006-2007	57,930	57,749
2007-2008	58,415	58,226
2008-2009	58,571	58,273
2009-2010	58,926	58,667
2010-2011	58,691	58,442
2011-2012	58,707	58,438
2012-2013	58,505	58,248
2013-2014	58,717	58,458

The second approach, average daily membership (ADM), is used for state funding formulas and is calculated as of March 31 in each respective year. Membership, as measured by this approach, is expected to increase 5.2 percent between fiscal years 2005 and 2014.

APPENDIX B

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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Economic Development Authority of the County of Chesterfield (the Authority), a blended component unit of the County included within the non-major enterprise fund in the business-type activities of the County, which statements reflect total assets constituting 2% and 14% of total assets and total net position/fund balance constituting 2% and 14% of total net position/fund balance of the County's business-type activities and aggregate remaining fund information, respectively, as of June 30, 2013, and total revenues constituting 1% and 2% of total revenues and total expenses constituting 8% and 9% of total expenses of the County's business-type activities and aggregate remaining fund information, respectively, for the year then ended. We also did not audit the Chippenham Place Community Development Authority (Chippenham Place CDA) and the Health Center Commission for the County of Chesterfield (the Health Center Commission), discretely presented component units of the County, which statements reflect total assets constituting 0.2% and 36%, respectively, of total assets and total net (deficit) position constituting (28)% and 3%, respectively, of total net position of the County's aggregate discretely presented component units as of June 30, 3013, and total revenues constituting 0% and 4%, respectively, of total revenues and total expenses constituting 0.1% and 4%, respectively, of the County's aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the Authority, Chippenham Place CDA, and the Health Center Commission are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 19 through 30, and the Schedules of Funding Progress and Schedules of Employer Contributions on pages 108 and 109, 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.

KPMG LLP

November 25, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

As management of Chesterfield County (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

FINANCIAL HIGHLIGHTS

- The County's total net position increased approximately $29.2 million (1.6%). Net position of the governmental-type activities increased $15.6 million (1.8%) and net position of the business-type activities increased $13.6 million (1.4%).
- The County's unrestricted net position increased approximately $15.4 million (4.6%). Unrestricted net position of the governmental-type activities decreased $1.6 million (0.8%) and unrestricted net position of the business-type activities increased $17.0 million (11.9%).
- The County's program and general revenues (including taxes) of $718.9 million for governmental-type activities (excluding transfers) exceeded expenses of $701.1 million by $17.8 million.
- In the County's business-type activities, revenues increased 11.0% to $102.8 million while expenses decreased 5.8% to $91.4 million (excluding transfers and special item).
- The total cost of the primary government's programs increased approximately $20.5 million (2.7%) to $792.5 million.
- The General Fund reported an ending fund balance amount of $254.2 million, a decrease of $3.8 million (1.5%) in comparison with the prior year. Of the ending fund balance amount, $53.5 million was unassigned.
- The County's outstanding debt decreased by $29.9 million (4.7%). The County issued $18.3 million in Virginia Public School Authority debt during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's Comprehensive Annual Financial Report (CAFR) consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of five components – the independent auditors' report, management's discussion and analysis (this component), the financial statements, required supplementary information, and supplementary information. The financial statements include three categories of statements that present different views of the County:

- The first two statements, Exhibits I and II, are government-wide financial statements that provide a broad overview of both long-term and short-term information regarding the County's financial status.
- Exhibits III through X are fund financial statements. The fund financial statements focus on individual parts of the County government and report the County's operations in more detail than the government-wide financial statements:

  - Governmental fund statements tell how general government services, such as public safety, are financed in the short-term as well as what resources remain for future spending.
  - Proprietary fund statements offer both short-term and long-term financial information about activities the government operates that are similar to private-sector businesses, such as the airport and the water and wastewater systems.
  - Fiduciary fund statements provide information about the financial relationships, such as the supplemental retirement, other post employment benefits (OPEB) plans for certain qualified employees, and agency funds in which the County acts solely as a trustee or agent for resources belonging to others.

- The remaining statements, Exhibits XI and XII, are combining statements that provide a broad overview of both long-term and short-term information on the County's discretely presented component units.

The notes to the financial statements provide additional details for understanding the information presented in the CAFR. The notes are followed by a section of required supplementary information that further explains and supports the pension and OPEB plan information reported in the financial statements. The CAFR also includes a supplementary section containing combining schedules for the non-major governmental funds, enterprise funds, internal service funds and agency funds; capital assets schedules; School Board component unit fund statements and schedules; and the schedule of expenditures of federal awards and the notes thereto.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting principles similar to those used by private-sector businesses. The Statement of Net Position includes all of the government's assets and liabilities, both short-term and long-term. The Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows. The government-wide financial statements report the three categories of the County's net position and how total net position has changed during the fiscal year. Net position, the difference between the County's assets and liabilities, is a measure of the County's financial position:

- Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the overall financial condition of the County, CAFR users should consider additional non-financial factors such as changes in the County's property tax base and condition of the County's infrastructure.

The government-wide financial statements of the County are divided into three categories:

- Governmental activities – Most of the County's basic services, such as police, fire, social services, parks and recreation, and general administration, are included in governmental activities. Property taxes and state and federal funding finance the majority of these activities' expenses.
- Business-type activities – Activities that are intended to recover all or a significant portion of their costs through user fee charges to external parties for goods or services are included in the business-type activities.
- Component units – The County includes four other entities in its report as discretely presented component units: Chesterfield County Public School System (School Board), Watkins Centre Community Development Authority (Watkins Centre CDA), Chippenham Place Community Development Authority and Health Center Commission for the County of Chesterfield (HCC). Although legally separate, each of these entities, with the exception of the HCC, are discretely presented component units because the County demonstrates financial accountability for them by providing operating, capital or tax increment financing. The HCC is presented as a component unit because, according to the Code of Virginia (State Code), the County Board of Supervisors (County Board) may remove appointed members of the HCC at will. The School Board is the only discretely presented component unit included in this management's discussion and analysis because it does not issue separately audited financial statements. As a result of the County's implementation of GASB Statement No. 61 in the current year, the Economic Development Authority of the County of Chesterfield (EDA) is a blended component unit reported in the business-type activities because the County uses its general revenues to repay the EDA's debt. This presentation is a change from the prior year when the EDA was discretely presented and, as such, certain reclassifications have been made to the presentation of prior year amounts to enhance comparability.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's major funds and not the County as a whole. Funds are accounting devices that the County uses to track resources that are segregated for specific activities or objectives. Some funds are required by State Code or by bond covenants. Other funds are established to control and manage funds for particular purposes or to show that the County is using specific revenue sources such as taxes and grants for their intended purposes.

The County has three kinds of funds:

- Governmental funds – Most of the County's basic services are included in governmental funds which focus on (1) how cash and other financial assets that are readily convertible to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the statements for governmental funds provide a detailed short-term view that assists the CAFR reader in determining the status of financial resources available for financing the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide financial statements, the County provides additional information either at the bottom of the governmental funds statements or on the following page that explains the differences between the short-term and long-term focus.
- Proprietary funds – Services that are intended to recover all or a significant portion of their costs through user fees are reported in proprietary funds. Proprietary fund financial statements, like the government-wide

financial statements, provide both long-term and short-term financial information and they also provide additional details and information, such as the Statement of Cash Flows. The County's enterprise funds are reported in the business-type activities of the government-wide financial statements because these funds generally provide services to customers external to the County. The internal service funds are reported in the governmental activities of the government-wide financial statements because those funds provide supplies and services internally to the County's other programs and activities.

- Fiduciary funds – The County is responsible, as trustee, for the assets of various trust and agency funds that can be used only for the fiduciary beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's trust fund activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Trust and agency fund activities are excluded from the County's government-wide financial statements because the County cannot use fiduciary assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's assets exceeded liabilities by $1.8 billion at the close of the most recent fiscal year. This represents a 1.6% increase over the prior year.

TABLE 1
Chesterfield County's Net Position
June 30, 2013 and 2012
(in millions of dollars)

	Governmental Activities		Business-type Activities[1]		Total Primary Government		School Board Component Unit	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets								
Current and other assets	$ 648.4	$ 686.5	$ 208.3	$ 191.9	$ 856.7	$ 878.4	$ 101.2	$ 127.3
Capital assets	1,014.0	996.0	866.1	869.0	1,880.1	1,865.0	13.2	10.1
Total assets	1,662.4	1,682.5	1,074.4	1,060.9	2,736.8	2,743.4	114.4	137.4
Liabilities								
Long-term liabilities	563.8	586.9	93.7	96.3	657.5	683.2	35.2	30.9
Other liabilities	232.7	245.3	18.9	16.4	251.6	261.7	36.6	39.6
Total liabilities	796.5	832.2	112.6	112.7	909.1	944.9	71.8	70.5
Net position								
Net investment in capital assets	627.4	599.8	785.1	784.1	1,412.5	1,383.9	13.2	10.1
Restricted	51.1	61.5	16.6	21.0	67.7	82.5	5.6	5.1
Unrestricted	187.4	189.0	160.1	143.1	347.5	332.1	23.8	51.7
Total net position	$ 865.9	$ 850.3	$ 961.8	$ 948.2	$ 1,827.7	$ 1,798.5	$ 42.6	$ 66.9

[1] Reclasses were made to fiscal year 2012 for comparability to fiscal year 2013

At the end of both the current and prior fiscal years, the County reported positive balances in all three categories of net position, both for the primary government as a whole, as well as for its separate governmental and business-type activities. The largest portion (77.3%) of the County's net position at June 30, 2013, is its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangible assets), less accumulated depreciation and any debt used to acquire those assets that remains outstanding at year-end. The County uses these capital assets to provide services to residents; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources required to repay the debt must be provided from other sources because capital assets are not generally liquidated for the purpose of retiring debt. An additional portion of the County's net position (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is referred to as unrestricted net position (19.0%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

School Board component unit assets exceeded liabilities by $42.6 million at the end of the current fiscal year. This represents a decrease of $24.3 million (36.3%) compared to the prior year. Net investment in capital assets increased $3.1 million because capital outlay for machinery and equipment was greater than depreciation expense during the year. At June 30, 2013, the School Board reported unrestricted net position of $23.8 million, a decrease of $27.9 million (54.0%) from the prior year. This change is due in part to a decrease of $8.0 million in the net pension asset associated with the School Board's supplemental retirement plan; a decrease of $10.9 million in funds set aside for future technology, new construction, maintenance and textbook expenses; and a $4.3 million increase in unfunded workers' compensation liabilities. Note 12 of the notes to the financial statements provides additional information regarding the School Board's supplemental retirement plan.

Changes in net position. The County's total revenues (excluding transfers and special item) increased over the prior year by $24.2 million (3.0%) to $821.7 million. The total cost of all programs increased $20.5 million (2.7%) to $792.5 million.

TABLE 2
Changes in Chesterfield County's Net Position
For the Years Ended June 30, 2013 and 2012
(in millions of dollars)

	Governmental Activities[1]		Business-type Activities[1]		Total Primary Government		School Board Component Unit	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenues:								
Program revenues:								
Charges for services	$ 79.9	$ 75.8	$ 77.7	$ 71.6	$ 157.6	$ 147.4	$ 15.3	$ 15.6
Operating grants and contributions	96.1	95.1	-	1.0	96.1	96.1	104.1	103.1
Capital grants and contributions	23.4	19.1	24.8	19.4	48.2	38.5	-	-
General revenues:								
Property taxes	359.2	354.7	-	-	359.2	354.7	-	-
Other taxes	85.0	82.6	-	-	85.0	82.6	-	-
Payment from School Board	8.0	10.2	-	-	8.0	10.2	-	-
Payment from County	-	-	-	-	-	-	253.3	238.6
Grants and contributions not restricted to specific programs	65.9	65.4	-	-	65.9	65.4	153.4	155.2
Other	1.4	2.0	0.3	0.6	1.7	2.6	2.0	3.5
Total revenues	718.9	704.9	102.8	92.6	821.7	797.5	528.1	516.0
Expenses:								
General government	61.6	63.8	-	-	61.6	63.8	-	-
Administration of justice	9.6	10.1	-	-	9.6	10.1	-	-
Public safety	176.8	164.3	-	-	176.8	164.3	-	-
Public works	41.8	38.7	-	-	41.8	38.7	-	-
Health and welfare	73.1	72.4	-	-	73.1	72.4	-	-
Parks, recreation and cultural	23.0	25.0	-	-	23.0	25.0	-	-
Education - School Board	277.1	262.6	-	-	277.1	262.6	552.4	520.7
Community development	18.8	18.3	-	-	18.8	18.3	-	-
Interest on long-term debt	19.3	19.8	-	-	19.3	19.8	-	-
Water	-	-	40.5	37.9	40.5	37.9	-	-
Wastewater	-	-	41.5	36.2	41.5	36.2	-	-
Non-major business activities	-	-	9.4	22.9	9.4	22.9	-	-
Total expenses	701.1	675.0	91.4	97.0	792.5	772.0	552.4	520.7
Increase (decrease) in net position before special item and transfers	17.8	29.9	11.4	(4.4)	29.2	25.5	(24.3)	(4.7)
Special item	-	-	-	12.6	-	12.6	-	-
Transfers	(2.2)	(1.3)	2.2	1.3	-	-	-	-
Increase (decrease) in net position	15.6	28.6	13.6	9.5	29.2	38.1	(24.3)	(4.7)
Net position - beginning of year	850.3	821.7	948.2	938.7	1,798.5	1,760.4	66.9	71.6
Net position - end of year	$ 865.9	$ 850.3	$ 961.8	$ 948.2	$ 1,827.7	$ 1,798.5	$ 42.6	$ 66.9

[1] Reclasses were made to fiscal year 2012 for comparability to fiscal year 2013

Approximately 44% of the County's revenues came from property taxes and approximately 10% came from other taxes. Another 26% of the total revenues came from grants and contributions. The remaining revenues are charges for services, payment from School Board, investment earnings and miscellaneous. The County's expenses cover a range of services with 66% related to public safety, health and welfare and education. Program revenues of the County's governmental activities covered 28% of its expenses.

Figure A-1
Chesterfield County
Sources of Revenue for Fiscal Year 2013

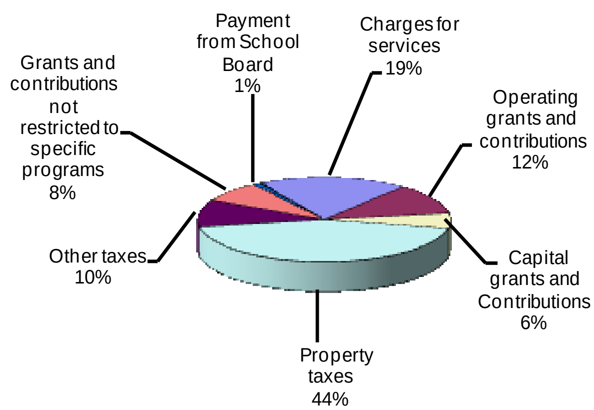
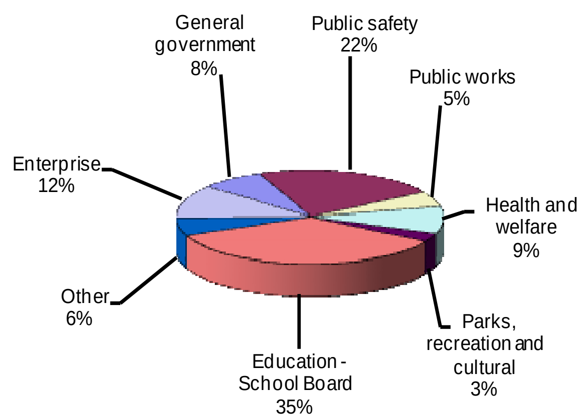


Figure A-2
Chesterfield County
Expenses by Function for Fiscal Year 2013



The School Board's total revenues increased compared to the prior year by $12.1 million (2.3%) to $528.1 million. The total expenses of all School programs and services increased over the prior year by 6.1% to $552.4 million. Program revenues of School Board activities covered 22% of its expenses.

Governmental Activities

Governmental activities increased the County's net position by $15.6 million and accounted for 53.4% of the total growth in the total net position of the County. Revenues (excluding transfers) for governmental activities increased $14.0 million (2.0%) and total expenses increased $26.1 million (3.9%) when compared to the prior year. Key elements of these changes are as follows:

- Charges for services increased $4.1 million (5.4%). Charges related to residential and commercial building construction increased approximately $1.3 million due to increased residential and commercial construction activity driven by local economic development activity that generated several large commercial permit fees. Charges for services to the School Board increased approximately $0.8 million due to providing additional school nurse services and internal audit functions. The remaining increase is primarily due to improved billing processes for emergency medical transports by Fire/EMS and to increased revenue from Mental Health Support Service's early intervention and infant programs.
- Capital grants and contributions increased $4.3 million (22.5%) primarily due to receiving approximately $2.6 million in additional funding from the Commonwealth of Virginia (Commonwealth) for road construction which included funding for widening a section of Route 288 to Watermill Parkway. In addition, the County received additional capital assets contributions of approximately $1.8 million, which included donated easements and drainage infrastructure from property owners that allows the County access to conduct the installation and/or repair of infrastructure as needed.
- Property tax revenues increased $4.5 million (1.3%) primarily due to a 1.2% increase in the assessed valuation of taxable property over the preceding year. The assessed valuation for real property increased 0.5% while the real estate tax rate was $0.95 per $100 of assessed value for both fiscal years. Residential property assessed valuations decreased slightly while commercial and industrial property assessed valuations increased 2.7%. Commercial and industrial property comprised 22.0% of the assessed value of taxable real property. Calendar year 2013 (CY2013) assessments were developed from data as recent as December 2012. State Code mandates that "annual assessments shall be made at 100% of fair market value." The County's median assessment to sales ratio for CY2013 was 97.9%.

Overall, expenses of governmental activities increased $26.1 million (3.9%). This result reflects management's on-going commitment to contain the cost of providing services while continuing to advance several Board priorities which included providing additional funding for: education; the restoration of four police officer positions; an additional animal control officer; replacement fire apparatus and police cruisers; and the next phase of career development funding for the police, fire and sheriff programs. The County also funded a 1.0% merit-based increase for eligible employees. In addition to the merit-based increase, the County provided an increase to Virginia Retirement System (VRS) Plan 1 employees in lieu of paying their 5.0% required contribution to VRS as mandated by State Code. Actual pay increases for employees also included an amount to offset higher payroll taxes and the corresponding reduction in take-home pay for most Plan 1 employees caused by the change in State Code. Note 12 of the notes to the financial statements provides additional information regarding the benefit plans administered by the VRS.

Public safety expenses increased $12.5 million (7.6%) primarily due to the increase in VRS expense. VRS requires localities to pay a rate that blends the higher law enforcement officers' (LEOS) contribution rate with the lower general government employee rate. As a part of its initiative to capture the true costs of its programs and considering the growing differential between LEOS and general employee VRS rates and benefits, County management elected to allocate VRS expenses to LEOS and general government employees based on actuarial rates determined before blending. In FY2013, the LEOS rate charged, including employees' contributions funded through salary increases, was 27.2%. In FY2012, the fully blended rate, including the employees' contributions, charged to public safety was 16.6%. This change, along with the merit increase and the revisions to offset the reduction in take-home pay discussed earlier, accounted for a significant portion of the increase in public safety expenses.

Public works expenses increased $3.1 million (8.0%) due to several major road projects funded by the County as the Board continued to demonstrate its commitment to improve road infrastructure. Two major road improvements, either underway or completed in the current fiscal year, include the Route 10 widening project and the widening of Route 288 to Watermill Parkway project.

Education expenses increased $14.5 million (5.5%). FY2011 pay decreases of 3% for upper management and 2% for all other employees were restored in the current year. In addition, the General Assembly increased VRS contribution rates nearly 5% for both the agent plan and the cost-sharing teachers' pool. Note 12 of the notes to the financial statements provides additional information regarding the benefit plans administered by the VRS.

Business-type Activities

Business-type activities increased the County's total net position by $13.6 million, accounting for 46.6% of the overall growth. Revenues for business-type activities increased $9.1 million (9.8%) and expenses decreased $6.7 million (6.9%) when compared to the prior year.

Charges for services in the Water and Wastewater Funds (Utilities) increased $5.0 million (7.0%) due to a combined water and wastewater rate increase of 4.5% in conjunction with a slight increase in water consumption and increased flows attributed to manufacturing plant expansions. As part of the Strong Waste Cost Recovery Program, Utilities added a cost recovery rate for "total nitrogen" and "total phosphorous" to recover the cost of removing these nutrients when treating wastewater.

Capital grants and contributions for business-type activities increased $5.4 million (27.8%). An increase of $4.6 million in developer contributions of water and wastewater pipeline assets show the beginning signs of economic recovery, especially in the areas of Magnolia Green, Meadowville Technology Park and Stonebridge. Similarly, Utilities collected an additional $0.8 million in connection fees. Utilities also received approximately $1.4 million in pipeline assets due to the completion of several unusually large road projects. Proctor's Creek Wastewater Treatment plant improvements addressing the initiatives related to reducing nutrients (nitrogen and phosphorous) going into the Chesapeake Bay and its tributaries, which were required by the Virginia Department of Environmental Quality (DEQ), are now complete and in service. The improvements in this multi-year project include new digesters, screening facilities, chemical tanks and feed systems and the installation of new biological nutrient removal technologies. Final Commonwealth funding received for this project was $1.8 million less than in the prior year.

In the prior year, the EDA sold land in the Meadowville Technology Park for a gain of $12.6 million which was recorded as a special item. $5.0 million of the gain was credited to the buyer as an economic development incentive. The remainder of the gain was used to fund infrastructure development projects in the Meadowville Technology Park.

Expenses for business-type activities decreased $5.6 million (5.8%). As in governmental activities, the County funded a 1.0% merit based increase for eligible employees and provided an increase to offset a reduction in take-home pay for Plan 1 employees as a result of changes in VRS contribution requirements. The completion of construction and the full functionality of the Proctor's Creek Wastewater Treatment plant improvements replaced or eliminated existing assets yielding $3.6 million in losses on disposal of assets for wastewater. In addition, depreciation expense for wastewater capital assets increased $1.4 million. These changes were offset by a reduction of approximately $13.3 million in EDA expenses. The EDA spent approximately $5.9 million less in infrastructure development because a majority of the work for three road construction projects was performed in the prior year. In addition, the EDA paid out approximately $7.4 million less in economic development incentives in the current year due to the timing of several unusually large development projects in the prior year.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

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

As of June 30, 2013, the County's governmental funds reported a combined fund balance of $373.6 million, a decrease of $27.8 million from the previous year. Of this combined fund balance amount, $126.4 million (33.8%) constitutes restricted fund balance; $0.8 million (0.2%) represents committed fund balance; $192.9 million (51.7%) represents assigned fund balance; and $53.5 million (14.3%) is unassigned fund balance. Assigned fund balance includes funding earmarked by the County Board for various items including funding for: capital projects; the fiscal year 2014 (FY2014) budget; critical capital and one-time needs; and revenue shortfalls in future fiscal years' budgets that may occur as the recovery period from the ongoing economic challenge continues. Note 2 of the notes to the financial statements provides additional fund balance details and a discussion of the criteria used by the County to classify categories of fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the combined assigned and unassigned fund balances of the General Fund were $239.8 million and total fund balances were $254.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balances to total fund expenditures. Combined assigned and unassigned fund balances represent 37.2% of total General Fund expenditures. Unassigned fund balance of $53.5 million represents 8.3% of total General Fund expenditures. Maintaining a ratio that exceeds the target ratio of 8.0% is an indicator of the County's ability to cope with unexpected or unusual financial scenarios including fluctuations in revenue cycles. Combined fund balances of the General Fund represent 39.4% of General Fund expenditures.

Fund balance of the General Fund decreased by $3.8 million (1.5%) during the current fiscal year. Revenue categories not already discussed that factor into this change are as follows:

- Collections of other local taxes increased $2.6 million (3.1%) primarily due to increases of $1.9 million in local sales and use taxes and $0.6 million in recordation taxes. Increases in these areas indicate modest growth in the local economy.

- Revenue from other governments increased $1.2 million (0.8%) which is primarily attributable to an increase of $4.8 million in state sales tax collected from the Commonwealth to fund education. This increase reflects a modest rebound in retail sales. This increase was offset by a general reduction of federal funding for County Social services programs. The Commonwealth's Social Services' Child Care Program implemented a new state automation system which allows eligible low-income working parents to use an electronic swipe card at day care facilities to access day care subsidy benefits. Use of the automated system eliminated the need for federal funding of these benefits to flow through the County.

Overall, functional expenditures of the General Fund (including education and debt service) increased $14.7 million (2.3%) with the most significant increases in the public safety (8.1%) and education (5.3%) functions. The more significant changes in expenditures were discussed in the governmental activities section.

At fiscal year-end, the County's Capital Projects Fund had a total fund balance of $71.7 million that consisted primarily of bond proceeds and cash proffers which are restricted for use on specific County projects and functions. The School Capital Projects Fund had a total fund balance of $39.7 million that consisted primarily of bond proceeds restricted for use on School projects.

General Fund Budgetary Highlights

The overall difference between the original budget and the amended budget for revenues and other financing sources reflected an increase of $6.9 million (1.1%). The final amended budget for expenditures and other financing uses was greater than the original budget by $73.9 million (11.0%). Some of the key budget adjustments are summarized as follows:

- The original budget for revenues was increased by $3.6 million. The budget was amended by:
  - $0.7 million for additional School Board reimbursements for providing additional school nurse resources.
  - $0.6 million for reimbursements from the City of Richmond for holding up to ten of their detainees on a daily basis due to the closure of the City of Richmond detention facility.
  - $0.4 million to appropriate greater than expected sales and use tax receipts earmarked for education purposes received from the Commonwealth.
  - $0.3 million for public, education and government fees which are not included in the original budget because these fees are considered "one-time" fees for budgeting purposes and, as such, are not generally used to fund normal operations.
  - $0.2 million because more court fines were received than anticipated in the original budget.

- The original budget for other financing sources was amended by $3.2 million primarily to appropriate a transfer of accumulated interest earned on unspent bond proceeds from the County Capital Projects Fund which was used to fund debt service payments.

- Expenditures in the original budget were increased by $6.9 million. $1.8 million in unspent appropriations from FY2012 for infrastructure improvements in the Meadowville Technology Park were re-appropriated in the current year. Fund balance of $1.3 million was appropriated for the purchase of the building and land that has been occupied by Community Corrections Services department since 1996. The budget was amended by $0.7 million to meet new state requirements regarding additional spending on school health nurses. The budget was amended by $0.6 million for economic development incentives approved for Sabra Dipping Company to expand their manufacturing facilities in the County.

- The budget for transfers out increased by $66.9 million. This increase included transfers to the County Capital Projects, the School Capital Projects and the County Grants Funds which increased $58.8 million, $5.9 million and $1.4 million, respectively. Primarily, these amendments are due to the re-appropriation, in accordance with the appropriation resolution, of General Fund budgeted transfers that were not spent in the prior year due to timing of expenditures.

Actual revenues and other financing sources were $7.0 million (1.1%) greater than the amended budget. A summary of some key variances includes the following:

- The collection of general property taxes was $6.0 million higher than the amended budget. This surplus is largely the result of an increase in the collection of delinquent real estate taxes as the housing market continues to work through a backlog of foreclosures and short sales.

- Permits, privilege fees and regulatory licenses revenue was $1.7 million higher than the amended budget. This surplus is the result of residential and commercial construction activity that was stronger than anticipated, driven in particular by continued strength in local economic development activity that generated several unusually large commercial permit fees.

- Charges for services revenue was $1.5 million less than expected. This revenue shortfall was generally attributable to receiving less in Medicaid funding than was expected when the original budget was developed.

- Miscellaneous revenue was $1.0 million greater than budgeted due to receiving public, education and government fees, whose use is externally restricted, and gain-sharing revenue, whose use is internally restricted. These revenues are typically not appropriated in the budget until the County allocates specific expenditures that meet the legal or internal restrictions to actual revenues.

Actual expenditures and other financing uses were $81.5 million (10.9%) less than the amended budget amount. A summary of several key differences is as follows:

- General government expenditures resulted in a $2.4 million positive variance with the amended budget. Every general government department contributed to this savings reflecting the County's continued initiative to control the cost of providing support services.

- Public safety expenditures resulted in a $2.3 million positive variance with the amended budget with the Police Department contributing the largest savings of $1.4 million; however, most of this amount was encumbered at year-end for the purchase of police cruisers.

- Health and welfare expenditures resulted in a $2.3 million positive variance with the amended budget, most of which was attributable to Mental Health Support Services and Social Services. Both of these departments were under budget for personnel costs primarily due to understaffing caused by employee turnover. In addition, the original budget did not reflect the impact of changes made to Social Service's Child Care program when the Commonwealth instituted an automated system.

- Transfers to other funds resulted in a $72.1 million positive variance. Transfers to the County and School Capital Projects Funds were $58.8 million and $5.9 million, respectively, less than the amended budget due to the timing of expenditures for long-term capital projects. Unspent capital projects transfers were assigned at year-end and re-appropriated as a part of the amended budget for fiscal year 2014. A positive $5.5 million variance in the transfer to School Board operations was assigned at year-end and earmarked, as directed by the County Board, as an offset to anticipated future revenue shortfalls.

CAPITAL/INTANGIBLE ASSETS AND DEBT ADMINISTRATION

Overview

Governmental Accounting Standards Board (GASB) Statement No. 34 requires the issuing entity to report "on behalf" debt and debt service. The operational relationship between the County and School Board component unit related to capital assets and debt involves several transactions between the two entities that are presented in the financial statements to meet reporting requirements. The School Board can neither levy taxes nor incur debt under Virginia law. The County issues debt "on behalf" of the School Board, which is recorded as a liability of the County's governmental activities. The County's charter states that "title to all real property of the school system shall be vested in the County of Chesterfield." The County provides the School Capital Projects Fund with funding to purchase and/or construct real property (land, buildings, improvements other than buildings, and construction in progress) for use in school operations. Due to the charter, the value associated with the purchase and/or construction of School Board real property is reported as capital assets in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property is reported in the County's governmental activities within the appropriate government-wide financial statements.

Capital and Intangible Assets

At the end of the fiscal year, the County had a net investment of $1.9 billion in a broad range of capital and intangible assets, including public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net increase of $15.1 million over the prior year. More detailed information about the County's capital and intangible assets is presented in Note 8 of the notes to the financial statements. The net investment in capital assets of governmental activities includes $627.7 million of capital assets used by the School Board in its operations.

Major projects either completed this year or with significant additions to construction in progress included:

- Completed major County projects:
  - E911 Phone System Replacement – $1.4 million
  - Restoration of 1917 Courthouse - $1.0 million
  - Stratton Park and Synthetic Fields - $3.9 million
- Additions to major School construction in progress:
  - Midlothian Middle School Addition – $3.5 million
  - J. B. Watkins Elementary School Renovations – $2.4 million
  - 21st Century Academy - $1.7 million
  - Midlothian High School Renovation - $9.3 million
  - Thomas Dale High School Major Maintenance - $2.7 million
- Completed major Water and Wastewater projects:
  - Wastewater Treatment Plant Upgrades – $49.1 million
  - Cosby Road Tank - $3.6 million

TABLE 3
Chesterfield County's Capital and Intangible Assets
June 30, 2013 and 2012
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities[1]		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
Non-depreciable assets:							
Land	$ 59.5	$ 56.4	$ 19.8	$ 19.1	$ 79.3	$ 75.5	5.0%
Redevelopment asset	15.7	11.4	-	-	15.7	11.4	37.7%
Construction in progress	27.4	25.8	7.8	51.7	35.2	77.5	-54.6%
Depreciable assets:							
Capacity rights	-	-	72.1	72.6	72.1	72.6	-0.7%
Buildings	791.9	786.5	138.9	116.8	930.8	903.3	3.0%
Improvements other than buildings	32.8	26.9	29.8	31.1	62.6	58.0	7.9%
Machinery and equipment	59.4	61.9	596.7	576.7	656.1	638.6	2.7%
Infrastructure	27.3	27.1	1.0	1.0	28.3	28.1	0.7%
Total	$ 1,014.0	$ 996.0	$ 866.1	$ 869.0	$ 1,880.1	$ 1,865.0	0.8%

[1] Reclasses were made to fiscal year 2012 for comparability to fiscal year 2013

The County's FY2014 capital improvement program budget added $120.7 million in planned funding for capital projects, which includes $66.4 million for the primary government and $54.3 million for the School Board. Principal projects for the primary government include major facilities maintenance and repair; Central Library space completion and office consolidation; Chester Library Community Arts Center; self-contained breathing apparatus replacement; two and three-story police building renovation; Matoaca tank and pump station; and River Road waterline improvements. School projects are principally for school building improvements with major projects planned at Beulah Elementary School, Monacan High School, and Providence Middle School. The County intends to issue new debt to finance portions of these and future projects as identified in the fiscal years 2014-2018 Capital Improvement Program.

Long-term Debt

At fiscal year-end, the County had $609.2 million in bonds, leases and other long-term debt outstanding, a decrease of $29.9 million (4.7%) compared to the prior year. More detailed information about the County's long-term liabilities is presented in Note 9 of the notes to the financial statements. Outstanding debt of the governmental activities includes $322.7 million in debt outstanding related to School Board activities and $18.5 million in outstanding debt for the EDA's development of infrastructure in the Meadowville Technology Park.

A key debt policy established by the County Board is the ratio of debt service (principal and interest) costs to governmental fund expenditures, which was 7.0% for the current year comparing favorably to the policy target of 10.0%. Governmental fund expenditures for purposes of this calculation include expenditures for all governmental fund types of both the primary government and the School Board, excluding capital project funds and payments between the primary government and the School Board.

The County's fiscally responsible financial policies, solid financial results and sound management were reaffirmed in fiscal year 2013. Both Standard and Poor's and Fitch Ratings affirmed the County's Water and Sewer Revenue Bonds as "AAA". Utilities' strong financial profile, low debt burden, manageable capital plan, leadership and affordable rates were cited as the basis for these rating affirmations. The County's Utilities division is one of only a few water and wastewater utilities in the nation to have achieved AAA ratings on its revenue bonds from each of the three top rating services.

TABLE 4
Chesterfield County's Outstanding Debt
June 30, 2013 and 2012
(in millions of dollars)

	Governmental Activities		Business-type Activities[1]		Total		Total Percentage Change
	2013	2012	2013	2012	2013	2012	2013-2012
General obligation bonds, net (backed by the County)	$ 427.2	$ 445.8	$ -	$ -	$ 427.2	$ 445.8	-4.2%
Revenue bonds, net (backed by user fee revenues)	-	-	82.4	86.2	82.4	86.2	-4.4%
Revenue note payable	-	-	6.5	6.4	6.5	6.4	0.0%
Certificates of participation	50.4	55.8	1.1	1.2	51.5	57.0	-9.6%
Support agreement	18.5	19.8	-	-	18.5	19.8	-6.6%
Taxable redevelopment facility note	16.6	16.6	-	-	16.6	16.6	0.0%
Public facility revenue refunding bonds, net	5.8	6.5	-	-	5.8	6.5	-10.8%
Capital lease obligations	0.7	0.8	-	-	0.7	0.8	-12.5%
Total	$ 519.2	$ 545.3	$ 90.0	$ 93.8	$ 609.2	$ 639.1	-4.7%

[1] Reclasses were made to fiscal year 2012 for comparability to fiscal year 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's annual unemployment rate for calendar year 2012 (CY2012) averaged 5.7% and was a decrease from the previous calendar year's rate of 6.3%. The County's annual unemployment for CY2012 was comparable to the Commonwealth's 5.9% annual unemployment rate for the same period. The County's unemployment rate for August 2013 was 5.4% compared to the Commonwealth's rate of 5.6%. Improvements in unemployment are expected to remain gradual and somewhat volatile as the economy rebuilds job growth lost during the recession.

MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

During fiscal year 2010, the Commonwealth initiated certain responsive actions to the economic downturn that continue to impact the County. Through changes in certain actuarial assumptions for VRS sponsored retirement plans, which were impacted by legislation passed by the General Assembly, the Commonwealth deferred rate increases requested by the VRS Trustees and an increase in the local employer share of these pension contributions was similarly deferred. The impact of these deferrals reduced pension related costs of the County in FY2011. The legislation requires that this deferral of costs be replenished starting in FY2012 and continue until fully replenished in fiscal year 2021. Ultimately, County and School Board budgets will have significant increases going forward for local employer costs in order for the VRS to meet its future payment obligations.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), will be effective for the County in fiscal year 2015. Under GASB 68, both the County and the School Board will be required to report net pension liabilities, or unfunded liabilities, in the government-wide financial statements. GASB 68 reporting requirements will apply to all pension plans offered by the County and School Board as disclosed in Note 12 of the notes to the financial statements and will also include the County's proportionate share of the VRS cost-sharing multiple-employer teachers' pool (Teachers' Pool). The County's decision to participate in VRS is irrevocable although there have been opportunities to choose whether or not to participate in certain benefit options over the years. However, it is important to note that all school systems are required by State Code to participate in the Teachers' Pool whose benefit decisions are made by the Commonwealth. The Commonwealth designates the minimum number of teachers allowed for classroom size purposes and the benefits offered under the plan. VRS controls the assumptions used to calculate plan liabilities and the contributions required to adequately fund the plan. The General Assembly determines the actual contribution amount the Commonwealth will provide to each locality through Basic Aid and the amount each locality must, in turn, fund. As such, local governments and school divisions within the Commonwealth have no ability to improve the funding position for their respective share of the Teachers' Pool. GASB 68 requires that Virginia localities report their proportionate share of the net unfunded liability for the Teachers' Pool on their statements of net position with no offset for the Commonwealth's share of funding. Initial information provided by VRS indicates the County's proportionate share of the Teachers' Pool liability is approximately $543.9 million at June 30, 2012. Management continues to evaluate the impacts of the future adoption of GASB 68 on the County and the School Board component unit.

The County developed a Biennial Financial Plan for fiscal years 2013 and 2014 that was adopted on March 28, 2012, whereby the resolution for the first year of the biennium contained appropriated first-year expenditures and approved second-year expenditures. For the second year of the biennium, necessary amendments were made to the approved budget and the Board adopted and appropriated the second-year spending plan on April 10, 2013. The FY2014 adopted budget, totaling $1.2 billion, represents an increase of 2.6% over the FY2013 adopted budget. For FY2014, education and public safety remain the focus. New resources for the School Board comprise more than a third, or approximately $4.9 million, of the overall increase in the General Fund budget. $3.9 million of the increase in new resources for the School Board is entirely locally funded. As a result, the School Board budget is scheduled to include a 2.0% salary increase (beginning in January 2014), funding for the full conversion to the VRS shared contribution model and the delivery of the third consecutive year of no classroom impacts. The General Fund budget also sets aside a $1.0 million reserve to partially mitigate the impact of significant increases in the VRS Teachers' Pool rates scheduled for FY2015. For the public safety function, the FY2014 budget includes resources for four additional police officers, increased funding for the maintenance of fire apparatus, required matching funds for a federal grant to secure nearly $1.0 million of protective gear for firefighters and the funding for improving the competiveness of public safety pay by providing resources to increase the starting salaries of police officers, firefighters, sheriff deputies and 911 call operators. The FY2014 budget is balanced within the existing tax structure with a real estate tax rate of $0.95 per $100 of assessed value.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chesterfield County Accounting Department, 9901 Lori Road Room 203, Chesterfield, Virginia 23832.

County of Chesterfield, Virginia
Statement of Net Position
June 30, 2013

Exhibit I

	Primary Government				
	Governmental Activities	Business-type Activities	Total	Component Units	Total Reporting Entity
ASSETS					
Cash and cash equivalents	$ 268,350,339	$ 75,083,134	$ 343,433,473	$ 39,687,169	$ 383,120,642
Investments	143,121,405	109,905,380	253,026,785	7,323,075	260,349,860
Receivables,					
net of allowance for uncollectibles	225,362,501	15,509,324	240,871,825	9,924,134	250,795,959
Due from component unit	-	6,536,820	6,536,820	-	6,536,820
Due from primary government	-	-	-	50,735,088	50,735,088
Internal balances	14,924	(14,924)	-	-	-
Inventories	663,628	873,643	1,537,271	1,066,495	2,603,766
Prepaids	8,591,161	-	8,591,161	11,111,540	19,702,701
Bond issuance costs,					
net of amortization	2,274,224	441,196	2,715,420	1,668,810	4,384,230
Capital assets, not being depreciated	102,648,526	27,673,511	130,322,037	192,290	130,514,327
Other capital and intangible assets,					
net of depreciation	911,361,292	838,371,047	1,749,732,339	62,015,381	1,811,747,720
Total assets	1,662,388,000	1,074,379,131	2,736,767,131	183,723,982	2,920,491,113
LIABILITIES					
Accounts payable	42,272,803	17,813,422	60,086,225	38,382,296	98,468,521
Due to component units	50,735,088	-	50,735,088	-	50,735,088
Due to primary government	-	-	-	6,536,820	6,536,820
Unearned revenues	139,715,456	56,044	139,771,500	1,841,963	141,613,463
Deposits and advances	-	21,171	21,171	13,410,332	13,431,503
Developers' connection fees refundable	-	824,577	824,577	-	824,577
Prepaid connection fees	-	202,800	202,800	-	202,800
Non-current liabilities:					
Due within one year	65,626,573	5,428,805	71,055,378	15,826,137	86,881,515
Due in more than one year	498,126,565	88,260,089	586,386,654	85,098,979	671,485,633
Total liabilities	796,476,485	112,606,908	909,083,393	161,096,527	1,070,179,920
NET POSITION					
Net investment in capital assets	627,400,224	785,112,123	1,412,512,347	21,027,311	1,433,539,658
Restricted for:					
Capital projects	29,559,910	-	29,559,910	-	29,559,910
Debt covenants	-	16,559,193	16,559,193	-	16,559,193
Grantor programs	8,642,244	-	8,642,244	106,650	8,748,894
Legislated programs	11,787,511	-	11,787,511	5,503,309	17,290,820
Public safety programs	1,150,575	-	1,150,575	-	1,150,575
Expendable	9,503	-	9,503	-	9,503
Nonexpendable	5,000	-	5,000	-	5,000
Total restricted	51,154,743	16,559,193	67,713,936	5,609,959	73,323,895
Unrestricted (deficit)	187,356,548	160,100,907	347,457,455	(4,009,815)	343,447,640
Total net position	$ 865,911,515	$ 961,772,223	$ 1,827,683,738	$ 22,627,455	$ 1,850,311,193

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

Exhibit II

County of Chesterfield, Virginia
Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position – Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Units	Total Reporting Entity
Primary government									
Governmental activities									
General government	$ 61,583,107	$ 26,076,591	$ 1,095,738	$ 15,823	$ (34,394,955)	$ -	$ (34,394,955)	$ -	$ (34,394,955)
Administration of justice	9,672,405	2,366,912	3,748,834	-	(3,556,659)	-	(3,556,659)	-	(3,556,659)
Public safety	176,821,834	16,973,314	12,271,398	1,984,334	(145,592,788)	-	(145,592,788)	-	(145,592,788)
Public works	41,785,217	4,212,504	241,271	15,679,055	(21,652,387)	-	(21,652,387)	-	(21,652,387)
Health and welfare	73,067,353	22,239,975	21,606,300	94,834	(29,126,244)	-	(29,126,244)	-	(29,126,244)
Parks, recreation and cultural	22,970,560	3,338,082	349,589	4,995,244	(14,287,645)	-	(14,287,645)	-	(14,287,645)
Education - School Board	277,126,087	23,080	55,346,250	635,926	(221,120,831)	-	(221,120,831)	-	(221,120,831)
Community development	18,844,043	4,653,765	1,419,521	36,247	(12,734,510)	-	(12,734,510)	-	(12,734,510)
Interest on long-term debt	19,285,140	-	-	-	(19,285,140)	-	(19,285,140)	-	(19,285,140)
Total governmental activities	701,155,746	79,884,223	96,078,901	23,441,463	(501,751,159)	-	(501,751,159)	-	(501,751,159)
Business-type activities									
Water	40,454,185	38,354,424	-	13,588,286	-	11,488,525	11,488,525	-	11,488,525
Wastewater	41,534,715	37,315,136	-	10,741,042	-	6,521,463	6,521,463	-	6,521,463
Non-major business activities	9,369,149	2,029,452	-	448,524	-	(6,891,173)	(6,891,173)	-	(6,891,173)
Total business-type activities	91,358,049	77,699,012	-	24,777,852	-	11,118,815	11,118,815	-	11,118,815
Total primary government	$ 792,513,795	$ 157,583,235	$ 96,078,901	$ 48,219,315	(501,751,159)	11,118,815	(490,632,344)	-	(490,632,344)
Component units	$ 579,200,271	$ 36,933,237	$ 104,138,172	$ -	-	-	-	(438,128,862)	(438,128,862)
General revenues:									
Taxes:									
Property taxes, levied for general purposes					357,536,014	-	357,536,014	-	357,536,014
Property taxes, levied for special purposes					1,633,193	-	1,633,193	-	1,633,193
Utility taxes					7,692,460	-	7,692,460	-	7,692,460
Sales taxes					42,293,047	-	42,293,047	-	42,293,047
Motor vehicle licenses					7,097,823	-	7,097,823	-	7,097,823
Business license taxes					17,250,726	-	17,250,726	-	17,250,726
Other					10,662,930	-	10,662,930	-	10,662,930
Payment from School Board					7,988,893	-	7,988,893	-	7,988,893
Payment from County of Chesterfield					-	-	-	255,736,702	255,736,702
Grants and contributions not restricted to specific programs					65,943,441	-	65,943,441	153,401,201	219,344,642
Investment earnings					633,538	264,515	898,053	257,330	1,155,383
Miscellaneous					814,327	-	814,327	2,047,487	2,861,814
Transfers					(2,154,078)	2,154,078	-	-	-
Total general revenues and transfers					517,392,314	2,418,593	519,810,907	411,442,720	931,253,627
Change in net position					15,641,155	13,537,408	29,178,563	(26,686,142)	2,492,421
Net postion-July 1, 2012 (restated)					850,270,360	948,234,815	1,798,505,175	49,313,597	1,847,818,772
Net position-June 30, 2013					$ 865,911,515	$ 961,772,223	$ 1,827,683,738	$ 22,627,455	$ 1,850,311,193

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

County of Chesterfield, Virginia
Balance Sheet
Governmental Funds
June 30, 2013

Exhibit III

	General	County Capital Projects	School Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 200,716,978	$ 25,031,853	$ 1,250,041	$ 7,355,272	$ 234,354,144
Cash, cash equivalents and investments with fiscal agents	22,658	9,633,853	-	-	9,656,511
Investments	55,975,826	42,613,019	44,532,560	-	143,121,405
Receivables, net of allowances for uncollectibles of $18,643,983	171,264,794	21,964	23,647	1,694,221	173,004,626
Due from other funds	420,000	-	-	-	420,000
Due from other governments	47,592,098	2,233,851	-	2,395,805	52,221,754
Total assets	$ 475,992,354	$ 79,534,540	$ 45,806,248	$ 11,445,298	$ 612,778,440
LIABILITIES					
Accounts payable	$ 4,898,384	$ 5,365,593	$ 4,774,738	$ 2,100,040	$ 17,138,755
Due to other funds	405,076	-	-	-	405,076
Due to component units:					
School Board	50,735,088	-	-	-	50,735,088
Accrued liabilities	10,163,778	16,908	-	253,307	10,433,993
Retainages payable	-	416,942	1,319,922	1,812	1,738,676
Unavailable revenues:					
Uncollected taxes	153,906,500	-	-	-	153,906,500
Other	1,515,078	13,626	-	1,049,376	2,578,080
Deposits payable	213,299	2,061,606	-	-	2,274,905
Total liabilities	221,837,203	7,874,675	6,094,660	3,404,535	239,211,073
FUND BALANCES					
Nonspendable	-	-	-	5,000	5,000
Restricted	13,554,070	71,659,865	39,495,917	1,703,045	126,412,897
Committed	755,493	-	-	-	755,493
Assigned	186,350,588	-	215,671	6,332,718	192,898,977
Unassigned	53,495,000	-	-	-	53,495,000
Total fund balances	254,155,151	71,659,865	39,711,588	8,040,763	373,567,367
Total liabilities and fund balances	$ 475,992,354	$ 79,534,540	$ 45,806,248	$ 11,445,298	$ 612,778,440

Total fund balances for governmental funds		$ 373,567,367
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are not reported in the funds.		1,007,519,304
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:		
Uncollected taxes receivable	$ 10,658,745	
Uncollected receivables from other governments	3,746,544	
Uncollected miscellaneous receivables	2,489,569	16,894,858
Prepaid items:		
Other post employment benefit assets	3,599,548	
Prepaid pension asset	10,851	
Prepaid capital asset	939,512	
Rent	4,041,250	8,591,161
Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicles and communications, and capital projects management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		25,046,534
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds:		
Net bonds, certificates of participation, public facility lease, taxable redevelopment facility note, support agreements, capital lease purchases and unamortized bond issuance costs	(516,926,433)	
Judgments and claims	(11,645,063)	
Landfill	(1,111,138)	
Retirement plan obligations, net	(2,588,467)	
Compensated absences	(21,432,160)	
Pollution remediation obligation	(2,686,500)	
Interest payable	(9,317,948)	(565,707,709)
Net position of governmental activities		$ 865,911,515

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

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

	General	County Capital Projects	School Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
From local sources:					
General property taxes	$ 360,929,869	$ -	$ -	$ -	$ 360,929,869
Other local taxes	85,392,248	-	-	-	85,392,248
Permits, privilege fees and regulatory licenses	5,208,451	-	-	-	5,208,451
Fines and forfeitures	2,278,991	-	-	-	2,278,991
Use of money and property	1,069,410	147,057	96,617	110	1,313,194
Contributions from developers	-	8,788,528	-	-	8,788,528
Charges for services	31,381,817	50,461	23,080	6,900,124	38,355,482
Miscellaneous	3,320,994	115,797	-	83,331	3,520,122
Recovered costs	11,916,331	-	-	323,311	12,239,642
Donations and contributions	156,850	219,000	5,500	84,759	466,109
From component unit:					
School Board	-	-	7,067,793	921,100	7,988,893
From other governments	152,731,008	9,711,502	-	10,975,892	173,418,402
Total revenues	654,385,969	19,032,345	7,192,990	19,288,627	699,899,931
Expenditures					
Current:					
General government	44,647,030	-	-	-	44,647,030
Administration of justice	8,645,095	-	-	633,183	9,278,278
Public safety	160,114,203	-	-	8,605,514	168,719,717
Public works	18,603,387	-	-	441,705	19,045,092
Health and welfare	62,351,236	-	-	9,681,195	72,032,431
Parks, recreation and cultural	17,968,888	-	-	157,419	18,126,307
Education - School Board	249,784,947	-	700,000	8,219	250,493,166
Community development	16,263,033	-	-	1,591,759	17,854,792
Debt service:					
Retirement of principal	44,454,795	-	-	-	44,454,795
Interest	21,155,270	-	-	-	21,155,270
Other	261,685	-	-	-	261,685
Capital outlay	-	44,583,217	35,947,324	-	80,530,541
Total expenditures	644,249,569	44,583,217	36,647,324	21,118,994	746,599,104
Excess (deficiency) of revenues over (under) expenditures	10,136,400	(25,550,872)	(29,454,334)	(1,830,367)	(46,699,173)
Other financing sources (uses)					
Transfers in	5,047,426	13,177,083	5,534,323	3,320,495	27,079,327
Transfers out	(19,075,919)	(8,799,754)	(88,183)	(1,205,911)	(29,169,767)
Bonds issued	84,752	-	18,220,248	-	18,305,000
Premium on bonds issued	-	-	2,709,209	-	2,709,209
Total other financing sources (uses), net	(13,943,741)	4,377,329	26,375,597	2,114,584	18,923,769
Net change in fund balances	(3,807,341)	(21,173,543)	(3,078,737)	284,217	(27,775,404)
Fund balances, July 1, 2012	257,962,492	92,833,408	42,790,325	7,756,546	401,342,771
Fund balances, June 30, 2013	$ 254,155,151	$ 71,659,865	$ 39,711,588	$ 8,040,763	$ 373,567,367

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

Net change in fund balances - total governmental funds.		$ (27,775,404)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capitalized assets	$ 52,965,510	
Depreciation	(36,261,984)	16,703,526
In the Statement of Activities, only the gain on the sale of surplus assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the surplus assets sold.		(279,299)
Donations of capital assets increase revenues in the Statement of Changes in Net Position but do not appear in the governmental funds because they are not financial resources.		2,739,727
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		379,702
Amortization of prepaid rent in the government-wide statements is not an expenditure in the fund statements.		(115,000)
Debt proceeds provide current financial resources to governmental funds but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Position:		
Payments	44,454,795	
Proceeds	(21,014,209)	23,440,586
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes (exclusive of internal service fund changes) of the following balances:		
Compensated absences	(1,909,773)	
Judgment and claims	(2,579,061)	
Retirement plan obligations, net	(36,575)	
Other post employment benefits obligation	107,987	
Landfill	(45,788)	
Interest payable	(260,774)	
Amortization of bond premiums and issuance costs	3,774,591	
Amortization of deferred amount on refunding	(1,382,002)	(2,331,395)
Internal service funds are used by management to charge the costs of insurance, vehicles and communications and capital projects management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		2,878,712
Change in net position of governmental activities.		$ 15,641,155

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

Exhibit V

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
From local sources:				
General property taxes	$ 354,976,600	$ 354,976,600	$ 360,929,869	$ 5,953,269
Other local taxes	99,876,900	99,969,702	100,380,236	410,534
Permits, privilege fees and regulatory licenses	4,054,100	4,062,908	5,732,820	1,669,912
Fines and forfeitures	1,517,500	1,886,777	2,278,991	392,214
Use of money and property	1,433,600	1,434,037	1,069,410	(364,627)
Charges for services	31,611,800	32,426,516	30,895,754	(1,530,762)
Miscellaneous	1,743,300	2,283,176	3,320,994	1,037,818
Recovered costs	10,824,700	11,727,566	11,878,025	150,459
Donations and contributions	43,400	49,073	156,850	107,777
From other governments	137,382,100	138,285,691	137,743,020	(542,671)
Total revenues	643,464,000	647,102,046	654,385,969	7,283,923
Expenditures				
Current:				
General government	47,911,266	46,997,065	44,647,030	2,350,035
Administration of justice	8,460,584	8,868,283	8,689,998	178,285
Public safety	157,217,507	162,395,255	160,130,414	2,264,841
Public works	17,142,108	19,102,897	18,603,387	499,510
Health and welfare	65,403,964	65,331,767	63,072,619	2,259,148
Parks, recreation and cultural	17,935,478	18,547,833	17,968,888	578,945
Community development	16,294,320	19,099,547	18,857,596	241,951
Non-departmental	1,205,700	705,700	-	705,700
Debt service:				
Retirement of principal	14,567,100	14,546,368	14,663,862	(117,494)
Interest	8,690,400	6,451,071	6,451,071	-
Other	899,800	626,961	142,871	484,090
Total expenditures	355,728,227	362,672,747	353,227,736	9,445,011
Excess of revenues over expenditures	287,735,773	284,429,299	301,158,233	16,728,934
Other financing sources (uses)				
Transfers in	2,109,000	5,357,661	5,047,426	(310,235)
Transfers out	(315,158,600)	(382,099,639)	(310,013,000)	72,086,639
Total other financing uses, net	(313,049,600)	(376,741,978)	(304,965,574)	71,776,404
Net change in fund balance	(25,313,827)	(92,312,679)	(3,807,341)	88,505,338
Fund balance, July 1, 2012	257,962,492	257,962,492	257,962,492	-
Fund balance, June 30, 2013	$ 232,648,665	$ 165,649,813	$ 254,155,151	$ 88,505,338

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2013

Explanation of differences between actual amounts on the budgetary basis and GAAP basis.

Expenditures	
Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	$ 353,227,736
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(782,498)
Budgetary transfers to component units, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes.	249,784,947
Budgetary expenditures to blended component units are transfers for financial reporting purposes	(2,594,562)
Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes.	44,613,946
Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	$ 644,249,569
Other financing sources (uses)	
Total other financing uses on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	$ (304,965,574)
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(782,498)
Budgetary transfers to component units are expenditures for financial reporting purposes.	294,314,141
Budgetary expenditures to blended component units are transfers for financial reporting purposes	(2,594,562)
Proceeds from debt issued "on behalf" of the School Board component unit are considered other financing sources for the primary government for financial reporting purposes.	84,752
Total other financing uses of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	$ (13,943,741)

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

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2013

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental
			Total		
			Non-major		Activities
	Water	Wastewater	Enterprise Funds	Total	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	$ 28,860,067	$ 31,283,916	$ 3,456,906	$ 63,600,889	$ 24,339,684
Investments	52,023,472	49,303,199	-	101,326,671	-
Receivables, net of allowances for uncollectibles of $637,276					
Accounts	6,652,029	6,782,490	80,029	13,514,548	47,660
Special assessments	12,910	23,481	-	36,391	-
Total net receivables	6,664,939	6,805,971	80,029	13,550,939	47,660
Due from component unit	-	-	6,536,820	6,536,820	-
Accrued interest	30,176	43,695	-	73,871	-
Due from other governments	77,035	758,226	466,396	1,301,657	88,461
Due from other funds	-	-	405,076	405,076	-
Inventories	873,643	-	-	873,643	663,628
Total current assets	88,529,332	88,195,007	10,945,227	187,669,566	25,139,433
Non-current assets:					
Accrued interest receivable	-	161,148	-	161,148	-
Special assessments receivable	146,236	275,473	-	421,709	-
Restricted :					
Investments	4,905,926	3,672,783	-	8,578,709	-
Cash and cash equivalents with trustees	5,302,104	5,010,985	1,169,156	11,482,245	-
Total restricted assets	10,208,030	8,683,768	1,169,156.00	20,060,954	-
Bond issuance costs, net of amortization	136,509	304,687	-	441,196	-
Capital and Intangible assets:					
Capacity rights	69,322,768	2,734,167	-	72,056,935	-
Land and land improvements	3,914,473	1,522,310	14,410,203	19,846,986	193,685
Buildings	50,157,096	145,238,640	7,112,132	202,507,868	2,207,007
Improvements other than buildings	8,854,082	18,807,293	27,250,648	54,912,023	311,805
Infrastructure	-	-	1,171,221	1,171,221	-
Machinery and equipment	410,288,849	485,300,440	1,588,124	897,177,413	13,849,137
Construction in progress	2,207,352	4,281,285	1,337,888	7,826,525	34,787
Total capital and intangible assets	544,744,620	657,884,135	52,870,216	1,255,498,971	16,596,421
Less accumulated depreciation	(152,157,562)	(219,503,752)	(17,793,099)	(389,454,413)	(10,105,907)
Total capital and intangible assets, net of accumulated depreciation	392,587,058	438,380,383	35,077,117	866,044,558	6,490,514
Total non-current assets	403,077,833	447,805,459	36,246,273	887,129,565	6,490,514
Total assets	491,607,165	536,000,466	47,191,500	1,074,799,131	31,629,947

(Continued)

Exhibit VI

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Wastewater	Total Non-major Enterprise Funds	Total	Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	$ 3,055,650	$ 2,498,860	$ 169,000	5,723,510	$ 1,037,965
Due to other funds	-	-	420,000	420,000	-
Accrued liabilities:					
Wages and benefits	448,514	389,057	10,264	847,835	330,561
Interest	-	-	1,695	1,695	-
Due to broker	4,000,000	5,000,000	-	9,000,000	-
Other	408,559	31,661	915,884	1,356,104	-
Total accrued liabilities	4,857,073	5,420,718	927,843	11,205,634	330,561
Compensated absences	422,701	432,047	15,665	870,413	305,870
Judgments and claims	451,264	93,460	-	544,724	3,422,669
Certificates of participation, net	-	-	105,567	105,567	-
Revenue bonds payable, net	1,936,471	1,971,630	-	3,908,101	-
Total current liabilities	10,723,159	10,416,715	1,638,075	22,777,949	5,097,065
Non-current liabilities:					
Liabilities payable from restricted assets:					
Principal installments with trustee	1,280,000	1,256,655	-	2,536,655	-
Accrued interest payable	265,680	264,701	-	530,381	-
Deposits and advances	6,026	8,500	6,645	21,171	-
Total liabilities payable from restricted assets	1,551,706	1,529,856	6,645	3,088,207	-
Developers' connection fees refundable	266,067	558,510	-	824,577	-
Retainages payable	32,927	42,882	278,088	353,897	-
Prepaid connection fees	-	202,800	-	202,800	-
Compensated absences	320,327	364,686	8,824	693,837	224,606
Unearned revenue	44,382	11,662	-	56,044	125,734
Judgments and claims	1,121,991	232,374	-	1,354,365	1,057,223
Retirement plan obligations	154,719	87,196	4,550	246,465	78,785
Revenue note payable	-	-	6,510,000	6,510,000	-
Certificates of participation, net	-	-	969,388	969,388	-
Revenue bonds payable, net	35,751,383	40,197,996	-	75,949,379	-
Total non-current liabilities	39,243,502	43,227,962	7,777,495	90,248,959	1,486,348
Total liabilities	49,966,661	53,644,677	9,415,570	113,026,908	6,583,413
NET POSITION					
Net investment in capital assets	354,899,204	396,210,757	34,002,162	785,112,123	6,490,514
Restricted - debt covenants	8,662,350	7,162,412	734,431	16,559,193	-
Unrestricted	78,078,950	78,982,620	3,039,337	160,100,907	18,556,020
Total net position	$ 441,640,504	$ 482,355,789	$ 37,775,930	$ 961,772,223	$ 25,046,534

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

County of Chesterfield, Virginia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Wastewater	Total Non-major Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	$ 36,433,602	$ 37,295,534	$ 903,610	$ 74,632,746	$ 28,447,630
Sale of supplies	733,561	-	-	733,561	-
Rental fees	940,226	-	-	940,226	-
From other governments	-	-	1,100,000	1,100,000	-
Other	247,035	19,602	25,842	292,479	863,612
Total operating revenues	38,354,424	37,315,136	2,029,452	77,699,012	29,311,242
Operating expenses					
Salaries and wages	8,082,512	7,632,803	243,171	15,958,486	7,735,959
Contractual services	12,206,248	3,915,662	203,052	16,324,962	951,287
Capacity rights amortization	1,902,064	118,877	-	2,020,941	-
Materials and supplies	2,652,610	4,408,200	49,913	7,110,723	11,333,059
Heat, light and power	1,324,366	2,933,079	83,608	4,341,053	75,072
Rent	750	-	-	750	-
Depreciation	10,633,826	15,922,589	1,357,649	27,914,064	1,545,980
Repairs and maintenance	764,968	971,446	40,790	1,777,204	1,186,094
Insurance	-	-	-	-	2,568,799
Claims	-	-	-	-	1,436,972
Other	444,576	254,725	2,040,165	2,739,466	30,442
Total operating expenses	38,011,920	36,157,381	4,018,348	78,187,649	26,863,664
Operating income (loss)	342,504	1,157,755	(1,988,896)	(488,637)	2,447,578
Non-operating revenues (expenses)					
Investment income	107,210	149,030	8,275	264,515	8,787
Bond amortization and interest expense	(1,539,935)	(949,768)	(28,408)	(2,518,111)	-
Gain (loss) on disposal of capital assets	(669,074)	(3,638,860)	(1,329)	(4,309,263)	23,657
Other	(233,256)	(788,706)	(5,321,064)	(6,343,026)	-
Net non-operating expenses	(2,335,055)	(5,228,304)	(5,342,526)	(12,905,885)	32,444
Gain (loss) before contributions and transfers	(1,992,551)	(4,070,549)	(7,331,422)	(13,394,522)	2,480,022
Capital contributions	13,588,286	10,741,042	499,562	24,828,890	411,290
Transfers in	7,408	11,112	2,681,545	2,700,065	-
Transfers out	(593,725)	(3,300)	-	(597,025)	(12,600)
Change in net assets	11,009,418	6,678,305	(4,150,315)	13,537,408	2,878,712
Total net position-July 1, 2012 (restated)	430,631,086	475,677,484	41,926,245	948,234,815	22,167,822
Total net position-June 30, 2013	$ 441,640,504	$ 482,355,789	$ 37,775,930	$ 961,772,223	$ 25,046,534

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

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Business-type Activities Enterprise Funds				Governmental Activities
	Water	Wastewater	Total Non-major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from customers	$38,248,086	$ 36,806,363	$ 1,645,877	$ 76,700,326	$ 28,692,525
Payments to suppliers	(16,743,038)	(11,848,830)	(1,606,415)	(30,198,283)	(16,168,962)
Payments to employees	(8,052,200)	(7,596,821)	(244,424)	(15,893,445)	(7,718,556)
Claims recovered	-	-	-	-	322,922
Claims paid	-	-	-	-	(3,028,141)
Net cash provided by (used in) operating activities	13,452,848	17,360,712	(204,962)	30,608,598	2,099,788
Cash flows from non-capital financing activities					
Transfers in	-	-	452,276	452,276	-
Transfers out	(591,800)	(3,300)	-	(595,100)	(12,600)
Net cash provided by (used in) non-capital financing activities	(591,800)	(3,300)	452,276	(142,824)	(12,600)
Cash flows from capital and related financing activities					
Advance from General Fund	-	-	(1,336,749)	(1,336,749)	-
Purchase of capital assets	(7,026,623)	(8,621,382)	(10,477,676)	(26,125,681)	(899,412)
Purchase of capacity rights	(1,432,611)	-	-	(1,432,611)	-
Payments to developers for utility assets	(80,171)	(104,349)	-	(184,520)	-
Retainages paid to contractors	(271,242)	(288,122)	-	(559,364)	-
Proceeds from sale of capital assets	-	1,909	-	1,909	84,100
Capital contributions	6,454,544	5,789,487	363,661	12,607,692	-
Interest paid on bonds, certificates of participation and other liabilities	(1,631,130)	(1,611,050)	(40,031)	(3,282,211)	-
Principal paid on revenue bonds and certificates of participation	(1,845,000)	(1,840,000)	(100,696)	(3,785,696)	-
					-
Payment of other debt expenses	(5,800)	(2,500)	-	(8,300)	-
Net cash used in capital and related financing activities	(5,838,033)	(6,676,007)	(11,591,491)	(24,105,531)	(815,312)
Cash flows from investing activities					
Purchase of investments	(65,996,000)	(61,996,250)	-	(127,992,250)	-
Proceeds from sale of investments	56,000,000	55,000,000	-	111,000,000	-
Interest received	216,945	164,328	10,102	391,375	8,787
Net cash provided by (used in) investing activities	(9,779,055)	(6,831,922)	10,102	(16,600,875)	8,787
Net increase (decrease) in cash and cash equivalents	(2,756,040)	3,849,483	(11,334,075)	(10,240,632)	1,280,663

(Continued)

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013

	Enterprise Funds				
	Water	Wastewater	Total Non-major Enterprise Funds	Total	Governmental Activities Internal Service Funds
Cash and cash equivalents, June 30, 2012:					
Cash and cash equivalents	$31,663,304	$ 27,456,767	$ 2,955,146	$ 62,075,217	$ 23,059,021
Investments	38,115,174	37,331,107	-	75,446,281	-
Less: Investments with maturities greater than 90 days when purchased	(38,115,174)	(37,331,107)	-	(75,446,281)	-
Restricted investments	4,905,926	3,672,783	-	8,578,709	-
Less: Investments with maturities greater than 90 days when purchased	(4,905,926)	(3,672,783)	-	(8,578,709)	-
Restricted cash and cash equivalents with trustees	5,254,907	4,988,651	13,004,991	23,248,549	-
Total cash and cash equivalents, June 30, 2012	36,918,211	32,445,418	15,960,137	85,323,766	23,059,021
Cash and cash equivalents, June 30, 2013:					
Cash and cash equivalents	28,860,067	31,283,916	3,456,906	63,600,889	24,339,684
Investments	52,023,472	49,303,199	-	101,326,671	-
Less: Investments with maturities greater than 90 days when purchased	(52,023,472)	(49,303,199)	-	(101,326,671)	-
Restricted investments	4,905,926	3,672,783	-	8,578,709	-
Less: Investments with maturities greater than 90 days when purchased	(4,905,926)	(3,672,783)	-	(8,578,709)	-
Restricted cash and cash equivalents with trustees	5,302,104	5,010,985	1,169,156	11,482,245	-
Total cash and cash equivalents, June 30, 2013	$34,162,171	$ 36,294,901	$ 4,626,062	$ 75,083,134	$ 24,339,684
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$ 342,504	$ 1,157,755	$ (1,988,896)	$ (488,637)	$ 2,447,578
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	10,633,826	15,922,589	1,357,649	27,914,064	1,545,980
Amortization	1,902,064	118,877	-	2,020,941	-
Changes in assets and liabilities:					
Receivables, net	94,160	(351,926)	(383,575)	(641,341)	221,496
Inventories	10,475	-	809,860	820,335	(42,597)
Accounts and other payables	469,819	513,417	-	983,236	(1,676,630)
Unearned revenue	-	-	-	-	(396,039)
Net cash provided by (used in) operating activities	$13,452,848	$ 17,360,712	$ (204,962)	$ 30,608,598	$ 2,099,788
Noncash transactions related to financing, capital and investing activities:					
Capital contributions	$ 7,133,742	$ 4,951,555	$ 152,884	$ 12,238,181	$ 411,290
Issuance of developer contracts	22,965	51,659	-	74,624	-
Unrealized gain on investments	(87,702)	(24,158)	-	(111,860)	-
Interest receivable	(22,033)	8,860	1,827	(11,346)	-

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

County of Chesterfield, Virginia
Statement of Fiduciary Net Position
June 30, 2013

	Pension Trust	OPEB Trust	OPEB Trust	OPEB Trust	Agency
	County Supplemental Retirement Plan	Pooled Postemployment Retiree Healthcare Benefits County	Pooled Postemployment Retiree Healthcare Benefits Schools	Pooled Postemployment Line of Duty Benefits County	
ASSETS					
Cash and cash equivalents	$ 946,474	$ -	$ -	$ -	$ 9,976,116
Accounts receivable	-	-	-	-	109,275
Due from other governments	-	-	-	-	1,272,527
Restricted assets:					
Cash and cash equivalents	-	-	-	-	5,933,650
Investments	-	-	-	-	4,995,100
Cash, cash equivalents,	-				
and investments with trustee	-	-	-	-	13,010,932
Due from other governments	-	-	-	-	1,889,838
Interest receivable	-	2	-	-	396
Total restricted assets	-	2	-	-	25,829,916
Investments:					
Fund of funds	3,880,126	-	-	-	-
Common stocks	12,002,241	-	-	-	-
Corporate bonds	2,813,180	-	-	-	-
U.S. government and agency securities	2,303,369	-	-	-	-
Exchange traded funds	3,891,144	-	-	-	-
Collateralized mortgage obligations	302,733	-	-	-	-
Pooled funds	-	18,235,052	6,877,165	3,899,867	-
Total investments	25,192,793	18,235,052	6,877,165	3,899,867	-
Total assets	26,139,267	18,235,054	6,877,165	3,899,867	$ 37,187,834
LIABILITIES					
Due to broker	5,067	-	-	-	-
Amounts held for others	-	-	-	-	37,187,834
Total liabilities	5,067	-	-	-	$ 37,187,834
NET POSITION					
Held in trust for pension/other post employment benefits	$ 26,134,199	$ 18,235,054	$ 6,877,165	$ 3,899,867	

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

County of Chesterfield, Virginia
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2013

	Pension Trust	OPEB Trust	OPEB Trust	OPEB Trust
	County Supplemental Retirement Plan	Pooled Postemployment Retiree Healthcare Benefits County	Pooled Postemployment Retiree Healthcare Benefits Schools	Pooled Postemployment Line of Duty Benefits County
Additions:				
Contributions - employer	$ 1,966,206	$ 9,742,108	$ 18,719,363	$ 911,464
Investment earnings:				
Interest and dividends	553,938	3,016	1,099	316
Accrued income	-	2	-	-
Net increase in the fair value of investments	2,305,519	1,578,516	631,973	309,490
Total investment income	2,859,457	1,581,534	633,072	309,806
Less investment expenses	(164,256)	(14,525)	(5,245)	(2,863)
Net investment income	2,695,201	1,567,009	627,827	306,943
Total additions, net	4,661,407	11,309,117	19,347,190	1,218,407
Deductions:				
Benefit payments	1,204,427	8,280,942	17,893,149	297,164
Administrative expenses	49,110	500	500	438
Total deductions	1,253,537	8,281,442	17,893,649	297,602
Change in fiduciary net position	3,407,870	3,027,675	1,453,541	920,805
Net position - July 1, 2012	22,726,329	15,207,379	5,423,624	2,979,062
Net position - June 30, 2013	$ 26,134,199	$ 18,235,054	$ 6,877,165	$ 3,899,867

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

Exhibit XI

County of Chesterfield, Virginia
Statement of Net Position
Discretely Presented Component Units
June 30, 2013

	School Board	Non-major Component Units	Total Component Units
ASSETS			
Cash and cash equivalents	$32,605,299	$ 7,081,870	$39,687,169
Investments	-	7,323,075	7,323,075
Receivables, net of allowance for uncollectibles of $59,436	7,781,487	2,142,647	9,924,134
Due from primary government	50,735,088	-	50,735,088
Inventories	1,024,527	41,968	1,066,495
Prepaids	9,088,074	2,023,466	11,111,540
Bond issuance costs, net of amortization	-	1,668,810	1,668,810
Capital assets, not being depreciated	-	192,290	192,290
Other capital assets, net of depreciation	13,159,547	48,855,834	62,015,381
Total assets	114,394,022	69,329,960	183,723,982
LIABILITIES			
Accounts payable and other liabilities	36,191,677	2,190,619	38,382,296
Due to primary government	-	6,536,820	6,536,820
Unearned revenues	415,007	1,426,956	1,841,963
Deposits and advances	-	13,410,332	13,410,332
Non-current liabilities:			
Due within one year	13,277,586	2,548,551	15,826,137
Due in more than one year	21,926,290	63,172,689	85,098,979
Total liabilities	71,810,560	89,285,967	161,096,527
NET POSITION			
Net investment in capital assets	13,159,547	7,867,764	21,027,311
Restricted for:			
Grantor programs	106,650	-	106,650
Legislated programs	5,503,309	-	5,503,309
Total restricted	5,609,959	-	5,609,959
Unrestricted (deficit)	23,813,956	(27,823,771)	(4,009,815)
Total net position (deficit)	$42,583,462	$(19,956,007)	$22,627,455

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

County of Chesterfield, Virginia
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2013

		Program Revenues		Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	School Board	Non-major component units	Total Component Units
School Board	$ 552,423,365	$ 15,287,726	$ 104,138,172	$ (432,997,467)	$ -	$ (432,997,467)
Non-major Component Units	26,776,906	21,645,511	-	-	(5,131,395)	(5,131,395)
Total	$ 579,200,271	$ 36,933,237	$ 104,138,172	(432,997,467)	(5,131,395)	(438,128,862)
General revenues:						
Payment from County of Chesterfield				253,272,881	2,463,821	255,736,702
Grants and contributions not restricted to specific programs				153,401,201	-	153,401,201
Investment earnings				9,246	248,084	257,330
Miscellaneous				2,047,487	-	2,047,487
Total general revenues				408,730,815	2,711,905	411,442,720
Change in net position (deficit)				(24,266,652)	(2,419,490)	(26,686,142)
Net position (deficit) - July 1, 2012				66,850,114	(17,536,517)	49,313,597
Net position (deficit) - June 30, 2013				$ 42,583,462	$ (19,956,007)	$ 22,627,455

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

1. Summary of Significant Accounting Policies

A. Reporting Entity

Primary Government. Chesterfield County, Virginia (County) is a political subdivision of the Commonwealth of Virginia (Commonwealth) governed by a five-member elected Board of Supervisors (County Board). The accompanying financial statements for the primary government and its component units are prepared in accordance with Specifications issued by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the U. S. generally accepted accounting principles (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

The County's financial statements have been prepared in accordance with GASB Statement No. 61 titled "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34". This Statement, effective for fiscal year 2013, modifies certain requirements for inclusion of component units. Based on this new reporting requirement, the County changed its presentation of the Economic Development Authority of the County of Chesterfield (EDA) from a discretely presented non-major component unit to a blended component unit in the proprietary funds and business-type activities of the County.

In June 2011, the GASB issued Statement No. 63 titled "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", effective for fiscal years ending after December 15, 2012. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, "Elements of Financial Statements", introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. The County retroactively implemented the provisions of GASB Statement No. 63 in fiscal year 2013 by replacing the previous term "net assets" with the new term "net position" in the accompanying financial statements.

Blended Component Unit. The financial data of the County's component unit that meets the criteria for blending under GAAP is reported as a business-type activity in the financial statements of the County.

The Economic Development Authority of the County of Chesterfield, previously known as the Industrial Development Authority, was created as a political subdivision of the Commonwealth by the County, pursuant to the provisions of the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2, Code of Virginia. This Act empowers the EDA, among other activities, to issue tax-exempt bonds to bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth. The County Board appoints the seven directors of the EDA. In addition, the County's General Fund provides financial support by making direct payments of substantially all of the debt service expenses of the EDA which fulfills the requirements for reporting the EDA as a blended component unit under GASB Statement No. 61. Separate and complete financial statements for the EDA may be obtained at Chesterfield County Economic Development Department, 9401 Courthouse Road, Centre Court - Suite B, Chesterfield, Virginia 23832.

Discretely Presented Component Units. The financial information of the County's component units that meet the criteria for inclusion under GAAP but do not meet the criteria for blending are reported in a single column/row on the face of the government-wide financial statements with combining statements of major and non-major component units as Exhibits XI and XII.

1. The Chesterfield County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four-year term. The members of the current School Board were elected in November 2011. The School Board functions independently of the County Board and County Administration, but is fiscally dependent upon the County because the County Board approves the budget, levies the necessary taxes to finance operations and issues debt on behalf of the

School Board. The School Board can neither levy taxes nor incur bonded indebtedness under Virginia law. Fund financial statements of the School Board are included in the supplementary information section.

2. The Watkins Centre Community Development Authority (Watkins Centre CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District (District), a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County. The District is part of a mixed-use development that includes retail and commercial components. The County Board appoints the five members of the Watkins Centre CDA board and has pledged a tax increment of certain real property and sales taxes collected within the District as a revenue source for retiring debt issued by the Watkins Centre CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Watkins Centre CDA's behalf. Complete financial statements for the Watkins Centre CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

3. The Chippenham Place Community Development Authority (Chippenham Place CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Chippenham Place CDA was created to fund public infrastructure improvements at the former Cloverleaf Mall site owned by the County. The improvements are part of a mixed-use development project that will provide residential, retail and commercial office components. The County Board appoints the five members of the Chippenham Place CDA board and has pledged a tax increment of certain real property and sales taxes collected within the Chippenham Place CDA district as a revenue source for retiring debt issued by the Chippenham Place CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Chippenham Place CDA's behalf. Complete financial statements for the Chippenham Place CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

4. The Health Center Commission for the County of Chesterfield (Health Center Commission or HCC) is responsible for operating a long-term care facility and independent living campus (Lucy Corr Village) in a professional and cost-effective manner providing high quality care for its residents. The County Board appoints the seven members of the Health Center Commission and, in accordance with the Code of Virginia, can remove the appointed members at will. Complete financial statements for the Health Center Commission may be obtained at the Health Center Commission's administrative office at 6800 Lucy Corr Court, Chesterfield, Virginia 23832.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. All non-fiduciary activities are categorized as either governmental or business-type in both the government-wide and fund statements. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements.

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reflect a full economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position presents the assets and deferred outflows, and liabilities and deferred inflows, and net position of the governmental and business-type activities by columns. In the Statement of Activities, both the gross and net cost per individual function is reported for both governmental and business-type activities. Related program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by the function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the function. The County does not allocate indirect expenses. Taxes and other revenues not restricted to a particular function are reported as general revenues.

In the fund financial statements, financial transactions and accounts are organized on the basis of funds. Fund financial statements consist of a series of statements that primarily focus on the information about the County's major governmental and enterprise funds. The governmental funds' financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary funds' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or agency capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met and amounts are measurable.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available. Generally, revenues are considered available only if the monies are received within 45 days after the end of the accounting period and are due on or before the last day of the accounting period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recorded when paid.

Real and personal property taxes are recorded as deferred revenue and receivables when billed, net of allowances for uncollectible amounts. During the fiscal year, property tax collections are recorded as revenues and deferred revenue is reduced. Property taxes for the current and prior years, not collected within 45 days after year-end, remain recorded as deferred revenue. Sales taxes, which are collected by the State by year-end and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the State, which is generally in the month preceding receipt by the County.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available.

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and is used to account for all financial resources except those required to be accounted for in another fund.

County Capital Projects Fund – The County Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities and other capital assets used for County operations (other than those financed by Proprietary Funds).

School Capital Projects Fund – The School Capital Projects Fund is used to account for financial resources used primarily for the acquisition, construction or renovation of major capital facilities and other capital assets used for school operations.

The non-major governmental funds of the County are:

Grants Fund – The Grants Fund accounts for the proceeds related to federal and state programs that are legally restricted to expenditures for specific purposes.

Comprehensive Services Fund – The Comprehensive Services Fund is used to account for the financial resources related to providing child centered, family focused and locally based services for at-risk youth.

T. F. Jeffress Memorial Fund – The T. F. Jeffress Memorial Fund is used to account for the financial activity related to trust assets designated to assist in the maintenance of Camp Baker, a camp for mentally disabled individuals.

Proprietary Funds are used to account for the reporting entity's ongoing organizations and activities similar to those often found in the private sector. The County reports the following proprietary funds:

Enterprise Funds:

Water Fund – The Water Fund reflects the operations of the County's water system and is reported as a major fund.

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

Economic Development Authority – The EDA is a blended component unit of the County whose economic development operations are reported as a non-major fund.

Airport Fund – The Airport Fund reflects the operation of the County's Airport and is reported as a non-major fund.

Internal Service Funds - Internal service funds are used to account for the operations of the vehicles and communications maintenance, general self-insurance functions and capital projects management. Resources to meet the cost of operations are derived from interfund charges on a cost-reimbursement basis.

Additionally, the County reports the following fund category:

Fiduciary Funds – Fiduciary funds are used to account for the supplemental retirement pension trust, the other postemployment benefits trusts and agency funds. Agency funds are custodial in nature and do not involve the measurement of results of operations.

The effect of interfund activity has been eliminated from the government-wide financial statements except for program-related services such as water and wastewater usage, inspections and permit issuances. Elimination of these program-related services would distort the direct costs and program revenues reported.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided, operating grants and contributions and capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs and other revenues not meeting the definition of program revenues.

Operating revenues and expenses in the proprietary funds result from the provision of goods and services in connection with their principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the enterprise and internal service funds include the cost of services, administrative expenses, contractual services and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Unbilled charges for water and wastewater services are recorded at year-end to the extent they can be estimated.

The connection fee charged to connect to the County's water and wastewater system consists of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation. In accordance with industry practice, capital recovery charges of $5,843,979 and $4,340,796 in fiscal year 2013 have been recorded as capital contributions in the Water and Wastewater Enterprise Funds, respectively and the meter installation fees have been classified as charges for services in the Water Enterprise Fund.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as needed.

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the County considers cash and all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, as cash and cash equivalents.

2. Investment Policy

The reporting entity follows a deposit and investment policy in accordance with the Commonwealth's statutes. Investments with a maturity date of more than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost. Deposit and investment instruments include certificates of deposit, savings accounts, money market funds, Virginia State Non-Arbitrage Program (SNAP), bankers' acceptances, the Commonwealth of Virginia Local Government Investment Pool (LGIP) and United States (U.S.) government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Investment income is reported in the same fund that reports the investment.

3. Allowances for Uncollectibles

The reporting entity determines allowances for uncollectibles using historical collection data, specific account analysis and management's judgment.

4. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market for the Enterprise and Internal Service Funds of the primary government. In the School Board, inventories are valued at the lower of cost (moving average) or market. Inventory items are considered expended when used (consumption method).

5. Restricted Assets – Enterprise Funds

Certain assets of the Water, Wastewater, EDA and Airport Funds are classified as restricted assets on the Statement of Net Position – Proprietary Funds because their use is limited by revenue bond covenants.

6. Capacity Rights – Enterprise Funds

Capacity rights are recorded in the Water and Wastewater Funds. The County has entered into agreements with the City of Richmond, Virginia (City) and the Appomattox River Water Authority (ARWA) to purchase capacity rights to meet future water needs. The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, created the South Central Wastewater Authority to maintain wastewater treatment facilities and provide capacity for purchase by the participating jurisdictions.

Water and Wastewater capacity rights are amortized using the straight-line method over 50 years and are included in the net investment in capital assets category of net position.

7. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g. roads, bridges, drainage systems and similar items). The standard for capitalization of tangible property is $5,000 or more per unit with an expected useful life of greater than one year. The standard for capitalization of computer software is $50,000 with an expected useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets acquired for general governmental purposes are recorded as expenditures in the fund financial statements and reported at cost, net of accumulated depreciation, in the government-wide financial statements. Contributed capital assets are recorded at estimated fair market value at the time of receipt. Upon sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is reflected in the results of operations in the government-wide financial statements.

Capital assets are reported in the business-type activities and proprietary funds at cost, net of accumulated depreciation. Contributed assets are valued at estimated fair market value at the date of receipt. When capital assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the results of operations.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives of capital assets are as follows:

Buildings	20-60 years
Improvements other than buildings	8-25 years
Machinery and equipment:	
Transmission lines and mains	35-50 years
Other	3-20 years
Infrastructure:	
Drainage systems	25-100 years

Depreciation of all exhaustible capital assets used by the County is charged as an expense in the Statement of Activities and accumulated depreciation is reported in the Statement of Net Position. The Proprietary Funds also record depreciation and accumulated depreciation in their fund based statements and capitalize interest when material in amount.

Interest costs of $683,686 in the business-type activities of the primary government were capitalized during the fiscal year.

8. Compensated Absences

County and School Board employees are granted vacation pay, based on length of service, in varying amounts, as the services are provided. School Board employees are also granted personal leave. Employees may accumulate unused vacation and/or personal leave earned, subject to certain limitations. Upon retirement, termination or death, employees may be compensated for certain amounts at their current rates of pay. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by retirement. Upon retirement, County employees enrolled in the traditional leave plan who retire with five or more years of full-time service and who are eligible for Virginia Retirement System (VRS) benefits upon retirement, will receive cash compensation for any unused sick leave balance at a rate of $2 per hour. Upon retirement, County employees enrolled in the paid time off (PTO) plan who retire with five or more years of full-time service and who are eligible for VRS benefits upon retirement, will receive cash compensation for any unused sick leave reserve balance carried over from the traditional leave plan at a rate of $4 per hour.

Upon retirement, School Board employees receive compensation for unused sick days based on years of consecutive employment with Chesterfield County Schools per the following schedule:

Years of Employment	Daily Compensation	Maximum
0-14	$30	$4,000
15-24	30	-
25-29	40	-
30+	50	-

The cost of accumulated vacation and sick leave pay is accounted for as a liability in the government-wide financial statements and proprietary fund type statements.

9. Retirement Plans

Retirement plan contributions are actuarially determined for the VRS and the County Supplemental Retirement Plan. The policy is to fund pension costs at the actuarially determined rates. The County and School Board funded the VRS Plan using the actuarially determined rate in fiscal year 2013. The County made a contribution to its Supplemental Retirement Plan in fiscal year 2013, which was equal to the annual required contribution. Retirement contributions for the School Board Supplemental Retirement Program are based on savings derived from employees electing to retire under the Plan. The School Board made a contribution to its Supplemental Retirement Program in fiscal year 2013, which was less than the required contribution. The required supplementary information section presents required schedules of funding progress that includes multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

10. Other Postemployment Benefits Plans – Retiree Healthcare and Line of Duty

Other postemployment benefits plan contributions are actuarially determined for retiree healthcare and line of duty plans. The County and School Board component unit’s policy is to pay premiums and make contributions to irrevocable trusts that, in total, are at least equal to actuarially determined contributions for the retiree healthcare plans. The County’s policy is to pay premiums and make contributions to an irrevocable trust that, in total, are at least equal to actuarially determined contributions for the line of duty plan. The required supplementary information section presents required schedules of funding progress that includes multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

11. Long-term Obligations

The reporting entity has no legal debt margin requirement and there are no jurisdictions with overlapping general obligation debt incurring powers. Any issue of general obligation bonded debt and Virginia Public School Authority (VPSA) bonds must be approved by a voting majority of the qualified voters. Revenue bonds may be issued by the adoption of a resolution by the County Board. Revenue bonds issued by a community development authority shall not be deemed to constitute a debt, liability or obligation of the County.

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period but no related long-term liabilities. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

12. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows and liabilities and deferred inflows and disclosure of contingent assets and liabilities as of 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.

2. Stewardship, Compliance, and Accountability

A. Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- Prior to budget submission, department directors develop departmental performance plans which include objectives, performance measures, initiatives and work plans for the coming year.

- In early fall, the School Board and County departments receive an expenditure target. Budgets are prepared with work plans consistent with the resources available.

- Departments submit budgets and work plans to the County Administrator for review in December and January. The County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to inform them on details of the budget.

- No later than March 1, the School Board submits its proposed budget to the County Administrator.

- Prior to March 15, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenues for financing them.

- A public hearing is conducted to obtain taxpayer comments. Constituent meetings are also held around the County to provide information to citizens and to receive community input on the County Administrator's proposed budget.

- Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated generally at the function level for the General Fund, at the fund level for the Comprehensive Services Fund, and at the major expenditure category for the School Operating Fund of the School Board component unit, through passage of an appropriation resolution. The resolution establishes the levels of control at which expenditures may not legally exceed appropriation. The expenditure categories for the School Operating Fund are: instruction, administration, pupil transportation, operations and maintenance, technology, food service and debt service.

- The County prepares appropriations resolutions for the biennium. The resolution for the first year of the biennium contains appropriated first-year revenue and expenditures and approved second-year revenue and expenditures. For the second year of the biennium, any necessary amendments are made to the approved budget and the County Board then adopts and appropriates the second-year revenues and spending plan.

- Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are legally adopted annually for the County's General Fund, the Comprehensive Services Fund and the School Operating Fund. The appropriations resolution specifies that Trust and Agency disbursements must be for the purpose for which the fund was established.

- A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the School Capital Projects Fund, projects are appropriated in total when funds become available. The appropriations resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the Grants Fund and County Capital Projects Fund and at the total appropriation level in the School Capital Projects Fund.

- Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by the County Board, School Board, County Administrator or the School Superintendent. The statements include an explanation of differences between actual amounts on the budgetary basis and GAAP basis.

- The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, and up to $50,000 between appropriation categories. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, refunds or reimbursements made to the County for which the County has expended funds directly related to that refund or reimbursement and other revenues not to exceed $50,000; (2) appropriate funds from asset forfeiture accounts consistent with spending requirements; (3) increase the General Fund appropriation to the School Board, contingent upon available funds and consideration of other expenditures up to $9.0 million; (4) transfer funds to departments for worker's compensation, supplemental retirement, healthcare for retirees and other compensation related costs as well as for transfers to cover energy/fuel costs, and; (5) reallocate funding sources for specific programs. Otherwise, the County Board must approve amendments that increase the total appropriation of any function level. During the year, the County Board approved several amendments to the various appropriations. The County is required to hold a public hearing for any single amendment that exceeds 1% of the County’s currently adopted budget.

- The Superintendent and/or School Board have the authority to make transfer amendments within major appropriation categories in the school budget. The Superintendent and/or School Board are authorized to approve amendments in the school budget that cross major appropriation categories up to $499,999. Any amendment that crosses major appropriation categories in excess of $499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries, reimbursements and other revenue of the School Board for amounts up to $50,000.

B. Fund balances

1. Primary Government

The County Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance, amounts already set aside for that specific purpose will be utilized unless otherwise directed by the County Board.

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

Nonspendable fund balance – Nonspendable funds are resources not in spendable form or that are legally required to remain intact.

Restricted fund balance – Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or imposed by law (constitutionally or enabling legislation).

Committed fund balance – The County's committed fund balance requires expressed formal action of the County Board by a resolution that identifies the specific circumstances under which resources can be expended. Only the County Board can modify the specified use of commitments.

Assigned fund balance – Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed but are constrained by the County's plans, or intent, to use amounts for specific purposes. Intent is stipulated by actions taken by a majority vote of the County Board where each action provides the County Administrator with a specific level of administrative authority to fulfill the County Board's intent.

Unassigned fund balance – Unassigned fund balance is the residual classification of fund balance. Only the General Fund can report a positive unassigned fund balance. The County Board has established a minimum fund balance policy which is the ratio of unassigned General Fund balance to General Fund expenditures. The County's minimum unassigned fund balance target is 8.0% for fiscal year 2013.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2013

The County had the following classifications of fund balances at June 30, 2013:

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Totals
Nonspendable:					
T. F. Jeffress Memorial Fund	$ -	$ -	$ -	$ 5,000	$ 5,000
Restricted for:					
General government	690,034	19,922	-	-	709,956
Personal property tax relief	2,300,000	-	-	-	2,300,000
Public, education and government access	2,192,000	-	-	-	2,192,000
Administration of justice	143,956	-	-	-	143,956
Public safety	30,863	5,110,451	-	867,013	6,008,327
Law enforcement	1,150,575	-	-	-	1,150,575
Public works	442,633	41,738,354	-	-	42,180,987
Stormwater management facility	1,027,351	-	-	-	1,027,351
Health and welfare	29,372	9,576,911	-	252,980	9,859,263
Mental health support services	1,069,450	-	-	-	1,069,450
Social services	321,852	-	-	-	321,852
Parks, recreation and cultural	76,453	11,377,645	-	196,138	11,650,236
Education - School Board	-	-	39,309,254	-	39,309,254
Economic development	2,307,796	599,069	-	386,914	3,293,779
Tax increment financing and special assessment	1,771,735	-	-	-	1,771,735
Debt service	-	3,237,513	186,663	-	3,424,176
Total restricted	13,554,070	71,659,865	39,495,917	1,703,045	126,412,897
Committed to:					
Community contracts	12,122	-	-	-	12,122
District improvement funds	235,644	-	-	-	235,644
Economic development	57,727	-	-	-	57,727
Public works	450,000	-	-	-	450,000
Total committed	755,493	-	-	-	755,493
Assigned to:					
General government	1,493,413	-	-	-	1,493,413
Employee benefits	6,112,393	-	-	-	6,112,393
Telecommunications	962,970	-	-	-	962,970
Workers compensation	2,000,000	-	-	-	2,000,000
Administration of justice	71,566	-	-	-	71,566
Public safety	1,767,164	-	-	4,319,405	6,086,569
Local match for grants	1,192,157	-	-	-	1,192,157
Police vehicle encumbrance	1,269,598	-	-	-	1,269,598
Public works	460,806	-	-	-	460,806
Health and welfare	555,308	-	-	2,013,313	2,568,621
Parks, recreation and cultural	343,571	-	-	-	343,571
Economic development	4,581,960	-	-	-	4,581,960
Airport	384,330	-	-	-	384,330
Construction	58,760,262	-	-	-	58,760,262
Critical capital and one-time needs	1,837,867	-	-	-	1,837,867
Debt service	7,500,377	-	-	-	7,500,377
Fiscal year 2014 adopted budget	22,172,587	-	-	-	22,172,587
Future capital projects	5,086,397	-	-	-	5,086,397
Future revenue shortfall - County	56,651,520	-	-	-	56,651,520
Future revenue shortfall - Schools	5,883,722	-	-	-	5,883,722
Registrar and economic development	1,600,000	-	-	-	1,600,000
Education - School Board	5,662,620	-	215,671	-	5,878,291
Total assigned	186,350,588	-	215,671	6,332,718	192,898,977
Unassigned	53,495,000	-	-	-	53,495,000
Total fund balances	$ 254,155,151	$ 71,659,865	$ 39,711,588	$ 8,040,763	$ 373,567,367

2. Component Unit - School Board

The School Board has adopted policies that provide a framework for the school system's overall fiscal planning and management in order to ensure its ability to provide ongoing services. Since the School Board relies primarily on funds from other governments, fluctuations in these revenue sources are offset by County resources. It is the School Board's policy to fund current expenditures with current revenues. Therefore, the School Board has no unassigned fund balance since it is fiscally dependent on County resources.

The School Board, in accordance with GAAP, categorizes its fund balances using the following guidance:

Nonspendable fund balance – Nonspendable funds are resources not in spendable form or are legally required to remain intact.

Restricted fund balance – Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or are imposed by law (constitutionally or enabling legislation).

Committed fund balance – Committed fund balance requires expressed formal action of the School Board and then by the County Board by a resolution that identifies the specific circumstances under which resources can be expended. Only the School Board can modify the specified use of commitments with County approval. At June 30, 2013, the School Board had no committed fund balance.

Assigned fund balance – Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed but are constrained by the School Board's plans, or intent, to use amounts for specific purposes. Intent is stipulated by either adoption or consent actions taken by a majority vote of the County Board whereby the School Board is then provided with various levels of administrative authority by each Board action.

Unassigned fund balance – Unassigned fund balance is the residual classification of fund balance. At June 30, 2013, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2013:

	School Operating Fund
Nonspendable:	
Inventories	$ 1,024,527
Restricted for:	
Instruction	27,718
Administration, attendance and health	78,632
Transportation	300
Food service	5,503,309
Total restricted	5,609,959
Assigned to:	
Instruction	3,778,017
Administration, attendance and health	494,558
Operations and maintenance	22,867,276
Technology	8,249,933
Food service	12,406,547
Future capital projects	108,900
Other	1,000,000
Total assigned	48,905,231
Total fund balances	$ 55,539,717

3. Significant Transactions of the County and Component Units

A. School Board

There are some transactions between the County and School Board component unit that are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements:

1) The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. The proceeds from the debt issued "on behalf'" of the School Board are recorded in the School Capital Projects Fund, a major fund of the primary government, and used to pay for school capital expenditures.

2) The County's charter states that title to all real property of the school system shall be vested in the County. The purchase and/or construction of School Board real property is accounted for in the School Capital Projects Fund, which is reported as a major fund of the primary government. The capital assets are reported in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property are reported in the County's governmental activities within the appropriate government-wide statement.

3) The primary government's budgeting process provides funding to the School Board component unit for debt service payments. The School Board is responsible for appropriating debt service payments for debt issued by the primary government on its behalf. These transactions are reported as transfers on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual - General Fund and as transfers and debt service payments on the School Board's Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. GAAP requires that debt issued "on behalf" of the School Board and related debt service payments be reported by the primary government for financial reporting purposes. Therefore, School Board debt service payments are eliminated in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund. The primary government eliminates budgetary transfers for these debt service payments for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.

B. Economic Development Authority

On October 18, 2004, the EDA sold its Taxable Redevelopment Facility Note, Series 2004 (the Note), on behalf of the County in an amount not to exceed $10,000,000 to acquire the former Cloverleaf Mall property ("Mall Property") for redevelopment by the County. On August 1, 2008, the principal amount of the Note was increased by $7,371,199 for the purchase of the ground lease interest in the Mall Property. As of June 30, 2013, $16,596,199 was outstanding on the Note. The County recorded interest expense related to the Note in the amount of $123,709 during fiscal year 2013 and $11,024 in unpaid interest.

On January 27, 2005, the EDA issued Variable Rate Revenue Bonds, Series 2005A, and Variable Rate Revenue Bonds, Taxable Series 2005B, in the amounts of $6,490,000 and $11,630,000, respectively. As of June 30, 2013, $11,430,000 remained outstanding on the 2005 Revenue Bonds. These bonds were issued to finance the acquisition of real property for the development of the Meadowville Technology Park and to finance certain infrastructure improvements within the Park. Debt service related to these revenue bonds is payable solely from support payments made by the County, pursuant to an Amended and Restated Development Agreement, dated January 1, 2005, between the EDA and the County. The County made support payments of $875,000 for principal and $35,652 for interest during fiscal year 2013. In connection with issuing the revenue bonds, the EDA entered into a standby bond purchase agreement with a liquidity facility to purchase, from time to time, an aggregate principal amount of bonds and related interest. Due to the terms of the standby bond purchase agreement, which matures on July 1, 2016, principal payments due after fiscal year 2014 are classified as non-current liabilities due in more than one year.

On October 14, 2010, the EDA issued $8,345,000 in Taxable Recovery Zone Economic Development Bonds, Series 2010B, to finance a portion of the costs of the acquisition of real property for an interchange with Interstate I-295 and the construction of such interchange connecting Meadowville Technology Park with Interstate I-295. The Series 2010B Bonds were issued as Taxable Recovery Zone Economic Development Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, which was added by the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). Pursuant to ARRA, the EDA will receive a cash subsidy payment from the U. S. Treasury equal to 45% of the interest payable on the Series 2010B Bonds on each interest payment date. The cash payment does not constitute a guarantee by the U. S. Treasury or a pledge of the faith and credit of the U. S., but is required to be paid by the U. S. Treasury under ARRA. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the subsidy is subject to an 8.7% reduction. The sequestration reduction rate will be applied until September 30, 2013, at which time the sequestration rate is subject to change. The County made support payments of $420,000 for principal and $160,661 for interest during the fiscal year. As of June 30, 2013, $7,085,000 remained outstanding on the Series 2010B Bonds.

The primary government's budgeting process provides funding to the EDA component unit for debt service payments. These transactions are reported as transfers on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund. GAAP requires that component units where the primary government pays substantially all of the debt service on behalf of the component unit be reported as a blended component unit. Therefore, the primary government eliminates budgetary transfers for these debt service payments for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. Payments received by the EDA for debt service are eliminated in the Combining Statement of Revenues, Expenditures and Changes Net Position - Non-major Enterprise Funds.

4. Deposits and Investments

A. Primary Government:

As of June 30, 2013, the carrying value of the County's deposits and investments, other than that of the County Supplemental Retirement Plan Pension Trust Fund, the Line of Duty and the County and School Board OPEB Funds, with their respective credit ratings, was as follows:

Asset Type	Fair Value	Credit Rating
Demand deposits	$ 298,171,525	N/A
LGIP	49,972,280	AAAm
SNAP	85,544,190	AAAm
Federal Home Loan Bank	114,942,801	AA+
Federal Home Loan Mortgage Corporation	31,815,669	AA+
Federal National Mortgage Association	989,016	AA+
Federal Farm Credit Bank	48,940,575	AA+
Total deposits and investments	$ 630,376,056	

Credit Risk:

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Government obligations, obligations of the Commonwealth of Virginia or political subdivisions thereof, prime quality commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, and the LGIP.

The Virginia Security for Public Deposits Act requires financial institutions holding public deposits in excess of amounts covered by Federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed as a "2a-7 like pool." Pursuant to the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a monthly basis this valuation is compared to current market to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares.

To ensure compliance with the restrictions and requirements created by the Federal Tax Reform Act of 1986 for general obligation tax-exempt bonds issued, the bond proceeds are invested with SNAP. SNAP is a professionally managed money market program which provides local governments with a method of pooling general obligation and note proceeds for temporary investment. SNAP assists issuing officials in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986 and the pool invests only in those investments permitted by Virginia statutes. SNAP is registered with the Securities and Exchange Commission. The fair value of the County's position in the pool is the same as the value of the pool shares.

The Policy establishes limitations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

Bankers' Acceptances	40% maximum
Commercial Paper	35% maximum
LGIP	75% maximum
Money market funds	75% maximum
Negotiable Certificates of Deposit – Commercial Banks	100% maximum
Negotiable Certificates of Deposit – Savings & Loan Association	10% maximum
Repurchase Agreements	25% maximum
U. S. Treasury obligations	80% maximum
U.S. Government agency securities and instruments of government sponsored organizations	80% maximum

As required by state statute, the Policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following; Moody's Investors Service, Standard & Poor's, Fitch Investor's Service and Duff and Phelps, Inc. Corporate notes, negotiable Certificates of Deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. All credit ratings in the above table are ratings by Standard and Poor's. Deposits and investments not exposed to credit quality risk, as defined by GASB 40, are designated as "N/A" in the credit rating column in the above table.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2013, $32,651,136 of the $298,171,525 in demand deposits was exposed to custodial credit risk as follows:

Uninsured and uncollateralized		$ 30,460,489
Uninsured and partially collateralized with securities held by the pledging financial institution but not in the government's name		2,190,647
	Total	$ 32,651,136

Concentration of Credit Risk:

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk as follows:

Bankers' acceptances	25% maximum
Certificates of deposit – commercial banks	45% maximum
Certificates of deposit – savings and loan associations	$100,000
Commercial paper	25% maximum
LGIP	$200 million
Each federal agency	No maximum
Each repurchase agreement counterparty	10% maximum
U.S. Treasury	No maximum

As of June 30, 2013, the portion of the County's portfolio, excluding demand deposits, LGIP and SNAP, that represents 5% or more of the total portfolio is as follows:

Issuer	% of Portfolio
Federal Home Loan Bank	58.4%
Federal Farm Credit Bank	24.9%
Federal Home Loan Mortgage Corporation	16.2%

Interest Rate Risk:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than 2.5 years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

As of June 30, 2013, the County had the following investments and maturities:

		Investment Maturity		
Asset Type	Fair Value	0 - 1 Year	1 - 2 Years	2 - 5 Years
LGIP	$ 49,972,280	$ 49,972,280	$ -	$ -
SNAP	85,544,190	85,544,190	-	-
Federal Home Loan Bank	114,942,801	25,005,210	89,937,591 (a)	-
Federal Home Loan Mortgage Corporation	31,815,669	901,917	21,636,752 (b)	9,277,000 (c)
Federal National Mortgage Association	989,016	989,016	-	-
Federal Farm Credit Bank	48,940,575	5,999,262	37,941,313 (d)	5,000,000 (e)
Total	$ 332,204,531	$ 168,411,875	$ 149,515,656	$ 14,277,000

(a) These bonds have call dates ranging from July 8, 2013 to June 12, 2014.
(b) These bonds have call dates ranging from November 26, 2013 to December 26, 2013.
(c) These bonds have call dates ranging from September 27, 2013 to October 22, 2013.
(d) These bonds have call dates ranging from July 15, 2013 to June 18, 2014.
(e) These bonds have a call date of October 1, 2013.

Chesterfield County Supplemental Retirement Plan:

As of June 30, 2013, the carrying value of the County Supplemental Retirement Plan Pension Trust Fund's (Plan) deposits and investments, with their respective credit ratings, was as follows:

Asset Type	Fair Value	Credit Rating
Demand deposits	$ 946,474	N/A
Common stocks	12,002,241	N/A
Corporate bonds	2,813,180	N/A
Fund of funds	3,880,126	N/A
Exchange traded funds	3,891,144	N/A
Collateralized mortgage obligations	302,733	N/A
U. S. Treasuries	473,794	AA+
Federal Home Loan Mortgage Corporation	721,267	AA+
Federal National Mortgage Association	994,237	AA+
Government National Mortgage Association	114,071	Not Rated
Total deposits and investments	$ 26,139,267	

The Plan's investments include a fund of funds, which is an investment fund that uses an investment strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities, resulting in greater portfolio diversification. At June 30, 2013, the underlying investments in the Plan's fund of funds consisted primarily of equities and fixed income securities.

Credit Risk:

Investments in the Plan are managed in accordance with an Investment Policy Statement (Statement). The Statement permits investments in cash equivalents, fixed income securities, equity securities, mutual funds, U.S. Government obligations, hedge funds and commodities and sets minimum, maximum and preferred allocations by asset class and maximum average and individual bond maturities. The Statement specifically addresses the credit quality rating requirements on fixed income investments, permitting the purchase of investment grade bonds rated BBB or better. The Board of Trustees, which is the governing board established to administer the Plan, meets quarterly to review the portfolio, assures adherence to policy guidelines and monitors investment objective progress.

All credit ratings in the above table are ratings by Standard and Poor's except for U. S. Treasuries which is rated by Moody's. Deposits and investments not exposed to credit quality risk, as defined by GASB 40, are designated as "N/A" in the credit rating column in the above table.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the Plan's $946,474 of demand deposits, $839,181 is invested in money market funds that are uninsured and uncollateralized.

Concentration of Credit Risk:

The Statement limits portfolio composition by security and industry in order to control concentration of credit risk as follows:

Security (except U.S. Treasuries and Agencies)	Not to exceed 5% of the Total Fund
Industry	Not to exceed 25% of the Total Fund
U. S. Treasuries and Agencies	No limit

As of June 30, 2013, in addition to equities and corporate bonds and fund of funds, there were no investments which represented 5% or more of the Plan's portfolio, excluding demand deposits.

Interest Rate Risk:

As a means of limiting its exposure to fair value losses resulting from rising interest rates (interest rate risk), the Statement sets bond duration ranges of 75% - 125% of LB Aggregate Bond Index and limits the maximum maturity for any single security to 45 years and the weighted average portfolio maturity may not exceed 15 years.

At June 30, 2013, the Plan had investments of $302,733 (1.2% of total portfolio excluding demand deposits) in collateralized mortgage obligations. These securities are based on cash flows from interest and principal payments on underlying mortgages and therefore are sensitive to interest rate changes.

As of June 30, 2013, the Plan had the following investments and maturities:

		Investment Maturity		
Asset Type	Fair Value	0 - 5 Years	5 - 10 Years	10 - 30 Years
U. S. Treasuries	$ 473,794	$ -	$ -	$ 473,794
Federal Home Loan Mortgage Corporation	721,267	-	27,016	694,251
Federal National Mortgage Association	994,237	128,202	-	866,035
Government National Mortgage Association	114,071	768	-	113,303
Total	$ 2,303,369	$ 128,970	$ 27,016	$ 2,147,383

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

As of June 30, 2013, the carrying value of the County Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

Asset Type	Fair Value	Credit Rating
Investment in pooled funds	$18,235,052	N/A

As of June 30, 2013, the carrying value of the School Board Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

Asset Type	Fair Value	Credit Rating
Investment in pooled funds	$ 6,877,165	N/A

As of June 30, 2013, the carrying value of the County Line of Duty OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

Asset Type	Fair Value	Credit Rating
Investment in pooled funds	$3,899,867	N/A

In response to the change in accounting standards (GASB 45) related to postemployment benefits other than pensions (OPEB), the Virginia General Assembly passed legislation effective July 1, 2007 allowing local governments, authorities and school divisions to establish as irrevocable trust for the purpose of accumulating and investing assets to fund OPEB liabilities.

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

As of June 30, 2013, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire balance of the pooled funds in the County and School Board Retiree Healthcare OPEB Funds and the County Line of Duty OPEB Fund are uninsured and uncollateralized.

B. Component Unit – School Board:

As of June 30, 2013, the carrying value of the School Board operating and agency fund's deposits with their respective credit rating were as follows:

Asset Type	Fair Value	Credit Rating
Demand deposits	$38,032,785	N/A

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2013, excluding the demand deposits, there were no investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk.

School Board Supplemental Retirement Program:

As of June 30, 2013, the carrying value of the School Board Supplemental Retirement Program Pension Trust Fund's (Program) deposits and investments, with their respective credit ratings, was as follows:

Asset Type	Fair Value	Credit Rating
Demand deposits	$ 660,952	N/A
Mutual funds - equity	4,666,891	Not Rated
Mutual funds - fixed income	3,045,641	Not Rated
Exchange traded funds	12,082,964	Not Rated
Total deposits and investments	$ 20,456,448	

Credit Risk:

Investments in the Program are managed in accordance with a Statement of Investment Policy (Statement). This Statement authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds and sets target allocations of 40% to 60% for equities, 30% to 60% for fixed income, and 0% to 10% for cash and cash equivalents.

The Statement establishes limitations for certain cash equivalent instruments. The maximum percentage of the cash and cash equivalent portfolio permitted in each security is as follows:

Commercial Paper	35% maximum
Corporate Bonds	35% maximum

The Statement specifically addresses the credit quality rating requirements of the portfolio. Equity securities should be institutional quality issues, publicly traded with a market capitalization of $20 million or more. The fixed income portfolio is required to have an average credit quality of at least AA and up to 15% of the fixed income portfolio can be invested in investment grade securities rated below Baa or BBB (Moody's and Standard & Poor's quality ratings, respectively). Cash equivalents, defined as debt securities of any U. S. entity with a maximum average maturity of one year, should have minimum quality ratings as follows: Asset Backed Securities – A, Certificates of Deposit and Bankers' Acceptances – Thompson Bankwatch B or better, Commercial Paper – A1/P1, Corporate Bonds – AA-, Aa3 and Repurchase Agreements – U. S. Government or agency secured.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. The entire amount of the Program's $660,952 of demand deposits is invested in a money market fund that is uninsured and uncollateralized.

Concentration of Credit Risk:

The Statement establishes limitations on portfolio composition by issuer in order to control concentration of credit risk as follows:

Equities – cost and market not to exceed 5% and 8%, respectively of each equity portfolio

Fixed Income – with the exception of the U. S. Government and its agencies, cost and market not to exceed 10% and 15% of each fixed income portfolio

Cash Equivalents – no more than 10% of the cash portfolio in Certificates of Deposit or Banker's Acceptances issued by any single bank, no more than 5% in commercial paper with a single issuer, and no more than 5% in corporate bonds with a single issuer

As of June 30, 2013, excluding mutual funds and exchange traded funds, the Program had no investments.

Interest Rate Risk:

The Statement places no maturity limits on the portfolio. However, as a means of limiting its exposure to fair value losses resulting from rising interest rates (interest rate risk), the Statement sets the expectation that the average effective duration of the fixed income portfolio will not exceed 6.5 years.

As of June 30, 2013, excluding mutual funds and exchange traded funds, the Program had no investments.

5. Receivables

A. Real and Personal Property Taxes

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to setting the current tax rate. The tax rate is set by the County Board in March or April and is applied to the assessed value as of January 1 of the calendar year. The assessed value of all classes of property approximates market value. January 1 is also the date an enforceable legal claim to the asset applies. Real property taxes are due June 5th and December 5th in two equal installments. Installments due on June 5, 2013, are levied for fiscal year 2013 and recorded as unavailable revenue. Installments due on December 5, 2013, are levied for fiscal year 2014 and are recorded as unearned revenue.

Personal property taxes, which do not create a lien on property, are due on June 5th and levied for fiscal year 2013 on property with situs in the County as of January 1st. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs after January 1.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first $20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at $950,000,000 in total for all localities with the County's share capped at $41,092,048, which the County received during the year ended June 30, 2013. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

B. Receivables

Receivables at June 30, 2013, were as follows:

Governmental Activities

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Taxes	$ 169,822,861	$ -	$ -	$ -	$ -	$ 169,822,861
Accounts	13,658,386	14,825	23,647	7,320,920	47,660	21,065,438
Interest	74,384	7,139	-	-	-	81,523
Special assessments	726,447	-	-	-	-	726,447
Commonwealth of Virginia	47,358,330	2,233,851	-	1,058,893	15,553	50,666,627
Federal government	233,768	-	-	1,336,912	72,908	1,643,588
Gross receivables	231,874,176	2,255,815	23,647	9,716,725	136,121	244,006,484
Less: Allowance for uncollectibles	(13,017,284)	-	-	(5,626,699)	-	(18,643,983)
Net receivables	$ 218,856,892	$ 2,255,815	$ 23,647	$ 4,090,026	$ 136,121	$ 225,362,501

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Business-type Activities	Total
Accounts	$ 6,993,405	$ 7,060,268	$ 98,006	$ 14,151,679
Interest	30,176	204,843	145	235,164
Special assessments	159,146	298,954	-	458,100
Commonwealth of Virginia	13,946	705,708	386,532	1,106,186
Federal government	63,089	52,518	79,864	195,471
Gross receivables	7,259,762	8,322,291	564,547	16,146,600
Less: Allowance for uncollectibles	(341,376)	(277,778)	(18,122)	(637,276)
Net receivables	$ 6,918,386	$ 8,044,513	$ 546,425	$ 15,509,324

Component Unit

	School Board
Accounts	$ 433,349
Commonwealth of Virginia	1,196,313
Federal government	6,151,825
Gross receivables	$ 7,781,487

Special assessments of $146,236 and $275,473, respectively in the Water and Wastewater funds, in addition to $161,148 of accrued interest on those special assessments in the Wastewater fund, are not expected to be collected within one year.

6. Payables

Payables at June 30, 2013, were as follows:

Governmental Activities

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Vendors	$ 4,898,384	$ 5,365,593	$ 4,774,738	$ 2,100,040	$ 1,037,965	$ 18,176,720
Wages and benefits	10,163,778	16,908	-	253,307	330,561	10,764,554
Retainages	-	416,942	1,319,922	1,812	-	1,738,676
Deposits	213,299	2,061,606	-	-	-	2,274,905
Total	$ 15,275,461	$ 7,861,049	$ 6,094,660	$ 2,355,159	$ 1,368,526	32,954,855
					Accrued interest	9,317,948
					Total per Government-wide	$ 42,272,803

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Business-type Activities	Total
Vendors	$ 3,055,650	$ 2,498,860	$ 169,000	$ 5,723,510
Wages and benefits	448,514	389,057	10,264	847,835
Accrued interest	265,680	264,701	1,695	532,076
Retainages	32,927	42,882	278,088	353,897
Due to broker	4,000,000	5,000,000	-	9,000,000
Other	408,559	31,661	915,884	1,356,104
Total	$ 8,211,330	$ 8,227,161	$ 1,374,931	$ 17,813,422

Component Unit

	School Board
Vendors	$ 3,776,208
Wages and benefits	32,415,469
Total	$ 36,191,677

7. Reporting Entity - Internal Transactions

Internal receivable and payable balances at June 30, 2013, were as follows:

Fund	Internal Receivables	Internal Payables
A. Internal Receivables/Payables Other Funds		
Governmental Activities:		
General Fund	$ 420,000	$ 405,076
Business-type Activities:		
Non-major Economic Development Authority	405,076	-
Non-major Airport Fund	-	420,000
Total primary government	$ 825,076	$ 825,076
B. Receivables/Payables Primary Government and Component Units		
Primary Government:		
General Fund	$ -	$ 50,735,088
Non-major Economic Development Authority	6,536,820	-
Total primary government	6,536,820	50,735,088
Discretely Presented Component Units:		
School Board	50,735,088	-
Non-major Chippenham Place Community Development Authority	-	6,536,820
Total discretely presented component units	50,735,088	6,536,820
Total	$ 57,271,908	$ 57,271,908

Balances resulted from a timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2013

Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to use revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization and (3) to provide funding for capital expenditures or budgeted subsidies for operations. Interfund transfers in the fund financial statements during fiscal year 2013 were as follows:

Transfers In:		
A. Governmental Funds		
General Fund - County Capital Projects Fund	$ 3,246,911	
Grants Fund	1,192,815	
Vehicle and Communications Fund	12,600	
Water Fund	591,800	
Wastewater Fund	3,300	$ 5,047,426
County Capital Projects Fund - General Fund	13,073,879	
Comprehensive Services Fund	13,096	
Water Fund	1,925	
School Capital Projects Fund	88,183	13,177,083
School Capital Projects Fund - County Capital Projects Fund		5,534,323
Grants Fund - General Fund		1,163,195
Comprehensive Services Fund - General Fund		2,157,300
B. Proprietary Funds		
Water Fund - General Fund		7,408
Wastewater Fund - General Fund		11,112
Economic Development Authority - General Fund		2,594,562
Airport Fund - General Fund		86,983
Total transfers in		$ 29,779,392

Transfers Out:		
A. Governmental Funds		
General Fund - County Capital Projects Fund	$ 13,073,879	
Grants Fund	1,163,195	
Comprehensive Services Fund	2,157,300	
Economic Development Authority	2,594,562	
Airport Fund	86,983	$ 19,075,919
County Capital Projects Fund - General Fund	3,246,911	
Water Fund	7,408	
Wastewater Fund	11,112	
School Capital Projects Fund	5,534,323	8,799,754
School Capital Projects - County Capital Projects Fund		88,183
Grants Fund - General Fund		1,192,815
Comprehensive Services Fund- County Capital Projects Fund		13,096
B. Proprietary Funds		
Water Fund - General Fund	591,800	
County Capital Projects Fund	1,925	593,725
Wastewater Fund - General Fund		3,300
Vehicle and Communications Maintenance Fund - General Fund		12,600
Total transfers out		$ 29,779,392

8. Capital and Intangible Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	$ 56,420,360	$ 3,063,753	$ 13,935	$ 59,470,178
Revelopment asset	11,367,188	4,363,882	-	15,731,070
Construction in progress	25,835,073	39,038,350	37,426,145	27,447,278
Total assets, not being depreciated	93,622,621	46,465,985	37,440,080	102,648,526
Capital assets, being depreciated:				
Buildings	1,119,584,169	28,001,079	88,081	1,147,497,167
Improvements other than buildings	64,104,391	8,104,354	-	72,208,745
Machinery and equipment	150,947,161	10,368,561	4,509,533	156,806,189
Infrastructure	35,323,105	687,590	-	36,010,695
Total at historical cost	1,369,958,826	47,161,584	4,597,614	1,412,522,796
Less accumulated depreciation for:				
Buildings	333,128,961	22,549,659	58,471	355,620,149
Improvements other than buildings	37,163,829	2,248,625	-	39,412,454
Machinery and equipment	88,991,121	12,500,153	4,112,051	97,379,223
Infrastructure	8,240,151	509,527	-	8,749,678
Total accumulated depreciation	467,524,062	37,807,964	4,170,522	501,161,504
Total capital assets, being depreciated, net	902,434,764	9,353,620	427,092	911,361,292
Governmental activities capital assets, net	$ 996,057,385	$ 55,819,605	$ 37,867,172	$ 1,014,009,818

In accordance with the County's charter, land, buildings, improvements other than buildings, construction in progress and accumulated depreciation associated with School assets are reported as capital assets in the governmental net position of the County. Depreciation on those assets is reported as an expense of the education function in the governmental activities of the County.

Governmental activities capital assets, net of accumulated depreciation at June 30, 2013, are comprised of the following:

General capital assets, net	$ 1,007,519,304
Internal service funds capital assets, net	6,490,514
Total	$ 1,014,009,818

Depreciation expense was charged to the following functions:

General government	$ 2,358,194
Administration of justice	1,117,307
Public safety	9,978,335
Public works	1,523,904
Health and welfare	441,107
Education - School Board	17,285,505
Parks, recreation and cultural	2,755,786
Community development	801,846
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,545,980
Total depreciation expense	$ 37,807,964

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

Function	Committed at June 30, 2013
General government	$ 1,210,628
Administration of justice	1,824,124
Public safety	8,339,177
Public works	1,132,051
Health and welfare	16,240,226
Parks, recreation and cultural	17,586,161
Education - School Board	66,693,176
Community development	112,608
Total construction in progress	$ 113,138,151

B. Business-type Activities

Intangible and capital asset activity for the year ended June 30, 2013, was as follows:

Water Fund	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Intangible assets:				
Capacity rights, net of amortization	$ 69,792,221	$ 1,432,611	$ 1,902,064	$ 69,322,768
Capital assets, not being depreciated:				
Land	3,552,303	561,270	199,100	3,914,473
Construction in progress	4,792,163	5,378,952	7,963,763	2,207,352
Total assets, not being depreciated	8,344,466	5,940,222	8,162,863	6,121,825
Capital assets, being depreciated:				
Buildings	46,518,205	3,748,268	109,377	50,157,096
Improvements other than buildings	8,267,523	586,559	-	8,854,082
Machinery and equipment	398,938,232	12,395,418	1,044,801	410,288,849
Totals at historical cost	453,723,960	16,730,245	1,154,178	469,300,027
Less accumulated depreciation for:				
Buildings	16,399,716	1,200,611	52,733	17,547,594
Improvements other than buildings	3,814,418	335,049	-	4,149,467
Machinery and equipment	122,153,084	9,098,166	790,749	130,460,501
Total accumulated depreciation	142,367,218	10,633,826	843,482	152,157,562
Total capital assets, being depreciated, net	311,356,742	6,096,419	310,696	317,142,465
Water capital and intangible assets, net	$ 389,493,429	$ 13,469,252	$ 10,375,623	$ 392,587,058

Wastewater Fund	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Intangible assets:				
Capacity rights, net of amortization	$ 2,853,044	$ -	$ 118,877	$ 2,734,167
Capital assets, not being depreciated:				
Land	1,189,188	334,322	1,200	1,522,310
Construction in progress	46,812,247	7,253,856	49,784,818	4,281,285
Total assets, not being depreciated	48,001,435	7,588,178	49,786,018	5,803,595
Capital assets, being depreciated:				
Buildings	126,239,226	26,294,629	7,295,215	145,238,640
Improvements other than buildings	18,950,184	161,504	304,395	18,807,293
Machinery and equipment	459,261,247	29,438,233	3,399,040	485,300,440
Totals at historical cost	604,450,657	55,894,366	10,998,650	649,346,373
Less accumulated depreciation for:				
Buildings	44,183,961	3,377,897	4,115,084	43,446,774
Improvements other than buildings	6,781,891	518,677	294,359	7,006,209
Machinery and equipment	159,974,392	12,026,015	2,949,638	169,050,769
Total accumulated depreciation	210,940,244	15,922,589	7,359,081	219,503,752
Total capital assets, being depreciated, net	393,510,413	39,971,777	3,639,569	429,842,621
Wastewater capital and intangible assets, net	$ 444,364,892	$ 47,559,955	$ 53,544,464	$ 438,380,383

Non-major	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, not being depreciated:				
Land and improvements	$ 14,410,203	-	-	$ 14,410,203
Construction in progress	139,177	1,198,711	-	1,337,888
Total assets, not being depreciated	14,549,380	1,198,711	-	15,748,091
Capital assets, being depreciated:				
Buildings	7,112,132	-	-	7,112,132
Improvements other than buildings	27,250,648	-	-	27,250,648
Infrastructure	1,171,221	-	-	1,171,221
Machinery and equipment	1,449,785	166,777	28,438	1,588,124
Totals at historical cost	36,983,786	166,777	28,438	37,122,125
Less accumulated depreciation for:				
Buildings	2,505,767	144,392	-	2,650,159
Improvements other than buildings	12,861,023	1,058,043	-	13,919,066
Infrastructure	171,780	46,849	-	218,629
Machinery and equipment	824,200	108,365	(72,680)	1,005,245
Total accumulated depreciation	16,362,770	1,357,649	(72,680)	17,793,099
Total capital assets, being depreciated, net	20,621,016	(1,190,872)	101,118	19,329,026
Non-major business-type activities capital and intangible assets, net	$ 35,170,396	$ 7,839	$ 101,118	$ 35,077,117

Total Business-type Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Intangible assets:				
Capacity rights, net of amortization	$ 72,645,265	$ 1,432,611	$ 2,020,941	$ 72,056,935
Capital assets, not being depreciated:				
Land	19,151,694	895,592	200,300	19,846,986
Construction in progress	51,743,587	13,831,519	57,748,581	7,826,525
Total assets, not being depreciated	70,895,281	14,727,111	57,948,881	27,673,511
Capital assets, being depreciated:				
Buildings	179,869,563	30,042,897	7,404,592	202,507,868
Improvements other than buildings	54,468,355	748,063	304,395	54,912,023
Infrastructure	1,171,221	-	-	1,171,221
Machinery and equipment	859,649,264	42,000,428	4,472,279	897,177,413
Totals at historical cost	1,095,158,403	72,791,388	12,181,266	1,155,768,525
Less accumulated depreciation for:				
Buildings	63,089,444	4,722,900	4,167,817	63,644,527
Improvements other than buildings	23,457,332	1,911,769	294,359	25,074,742
Infrastructure	171,780	46,849	-	218,629
Machinery and equipment	282,951,676	21,232,546	3,667,707	300,516,515
Total accumulated depreciation	369,670,232	27,914,064	8,129,883	389,454,413
Total capital assets, being depreciated, net	725,488,171	44,877,324	4,051,383	766,314,112
Total business-type activities capital and intangible assets, net	$ 869,028,717	$ 61,037,046	$ 64,021,205	$ 866,044,558

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

Water	$ 1,902,064
Wastewater	118,877
Total amortization expense	$ 2,020,941

Water	$ 10,633,826
Wastewater	15,922,589
Non-major funds	1,357,649
Total depreciation expense	$ 27,914,064

C. Component Unit - School Board

Capital asset activity for the year ended June 30, 2013, for the School Board component unit was as follows:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Capital assets, being depreciated:				
Machinery and equipment				
Historical cost	$ 60,639,030	$ 7,607,926	$ 1,529,896	$ 66,717,060
Less accumulated depreciation	50,566,086	4,497,189	1,505,762	53,557,513
School Board capital assets, net	$ 10,072,944	$ 3,110,737	$ 24,134	$ 13,159,547

Current year depreciation on capital assets of the School Board was $4,497,189.

9. Long-term Obligations

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and including those used by the School Board component unit. The 2004 voter-approved bond referendum authorized $341,745,000 in bonds to be issued in five major project categories. $25,100,000 of this authorization remained at June 30, 2013. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The general obligation bonds are payable from the General Fund. At June 30, 2013, general obligation bonds outstanding were as follows:

	Original Issue Amount	Interest Rates	Annual Principal Requirements	Total Outstanding
General Obligation Bonds				
1995A School, due 2016	$ 15,160,000	5.90 - 5.975 %	$755,000	$ 2,265,000
1995C School, due 2016	26,175,000	5.10	1,305,000	3,915,000
2002B School, due 2023	23,950,000	4.60 - 5.10	1,195,000	11,950,000
2003B School Refunding, due 2014	4,580,000	6.30	420,000	420,000
2004 School, due 2014	56,825,000	5.00	2,840,000	2,840,000
2004 General Refunding, due 2020	60,110,000	4.00 - 5.00	1,800,000 - 8,180,000	28,575,000
2005 General Improvement & Refunding, due 2018	36,775,000	4.00 - 5.00	2,270,000 - 5,505,000	19,510,000
2006 General Improvement, due 2026	64,305,000	4.00 - 5.00	3,215,000	28,935,000
2007 General Improvement & Refunding, due 2027	96,215,000	4.00 - 5.00	3,630,000 - 9,130,000	74,265,000
2008 General Improvement, due 2028	73,920,000	3.50 - 5.00	3,750,000	56,250,000
2009 General Improvement & Refunding, due 2030	92,000,000	3.00 - 5.00	1,830,000 - 4,135,000	61,160,000
2011 School, due 2032	15,630,000	3.05 - 5.05	780,000 - 785,000	14,850,000
2012 General Improvement & Refunding, due 2032	67,495,000	2.50 - 5.00	895,000 - 7,735,000	66,175,000
2012B School, due 2033	18,595,000	2.55 - 5.05	925,000 - 930,000	18,595,000
2013A School, due 2034	18,305,000	3.05 - 5.05	915,000 - 920,000	18,305,000
Total general obligation bonds				408,010,000
Add: Premium				24,197,494
Less: Deferred amount on refunding				4,994,175
Net general obligation bonds				$ 427,213,319

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

Year Ending	General Obligation Bonds		
June 30	Principal	Interest	Total
2014	$ 35,310,000	$ 18,196,200	$ 53,506,200
2015	34,820,000	16,814,791	51,634,791
2016	33,460,000	15,256,163	48,716,163
2017	33,015,000	13,721,095	46,736,095
2018	32,865,000	12,170,760	45,035,760
2019-2023	130,485,000	39,789,058	170,274,058
2024-2028	85,820,000	14,026,000	99,846,000
2029-2033	21,320,000	1,928,453	23,248,453
2034-2038	915,000	16,241	931,241
Total	$ 408,010,000	$ 131,918,761	$ 539,928,761

B. Revenue Bonds and Support Agreement

The County issued bonds to finance construction projects for the Water and Wastewater enterprise funds. Revenue bonds outstanding at June 30, 2013, are as follows:

	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
Primary Government				
Major Enterprise funds				
2007 Water and Sewer, due 2028	$ 47,315,000	4.00 - 4.25%	$1,920,000 - 3,400,000	$ 38,830,000
2009 Water and Sewer, due 2030	47,900,000	2.50 - 4.125	1,885,000 - 3,335,000	42,605,000
Total revenue bonds				81,435,000
Add Premium				959,135
Net revenue bonds				$ 82,394,135

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

	Water	Wastewater	Total
Total revenue bonds	$ 38,830,000	$ 42,605,000	$ 81,435,000
Net revenue bonds	38,967,854	43,426,281	82,394,135

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

Year Ending	Primary Government Major Enterprise Funds		
June 30	Principal	Interest	Total
2014	$ 3,805,000	$ 3,115,605	$ 6,920,605
2015	3,935,000	2,979,930	6,914,930
2016	4,080,000	2,844,330	6,924,330
2017	4,215,000	2,703,680	6,918,680
2018	4,360,000	2,542,430	6,902,430
2019-2023	24,560,000	9,955,347	34,515,347
2024-2028	29,940,000	4,509,946	34,449,946
2029-2033	6,540,000	272,456	6,812,456
Total	$ 81,435,000	$ 28,923,724	$ 110,358,724

In accordance with the Support Agreement, the Economic Development Authority issued bonds to finance construction projects for the infrastructure improvements at the Meadowville Technology Park. The General Fund is responsible for the following Revenue Bonds outstanding at June 30, 2013, as follows:

	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
Primary Government				
2005 Economic Development, due 2015	$ 18,120,000	variable	$875,000 - $1,020,000	$ 11,430,000
2010 Taxable Recovery Zone, Economic Development due 2030	8,345,000	0.700 - 5.265%	$415,000 - $420,000	7,085,000
Total revenue bonds				$ 18,515,000

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

Year Ending June 30	Primary Government Non-major Enterprise fund Principal	Interest	Total
2014	$ 1,310,000	$ 313,846	$ 1,623,846
2015	1,315,000	303,649	1,618,649
2016	1,330,000	291,779	1,621,779
2017	1,340,000	278,416	1,618,416
2018	1,355,000	263,464	1,618,464
2019-2023	6,935,000	1,052,428	7,987,428
2024-2028	4,100,000	545,911	4,645,911
2029-2033	830,000	65,549	895,549
Total	$ 18,515,000	$ 3,115,042	$ 21,630,042

** Interest estimated using rate in effect as of June 30, 2013.*
*** Interest for 2010B Recovery Zone Revenue Bonds has not been adjusted for 45% U.S. Treasury cash subsidy payment.*

C. Public Facility Lease Revenue Bonds, Certificates of Participation and Taxable Redevelopment Facility Note

The County is a party to several Real Property Lease/Purchase Agreements. These agreements are structured with Public Facility Lease Revenue Bonds, Certificates of Participation and a Taxable Redevelopment Facility Note. Obligations under these leases are to be liquidated by the General Fund and the non-major Airport Fund.

In the public facility lease revenue bonds transaction dated April 1, 1999, the County leases a new Juvenile and Domestic Relations Courts Building from the lessor for a lease term ending November 1, 2019. Public Facility Lease Revenue bonds evidencing owners' interest in the lease payments were issued to finance the new building and were advance refunded with Public Facility Revenue Refunding Bonds, Series 2010A.

Under an agreement dated January 1, 2001, the County leases the Juvenile Detention Home, the old Juvenile and Domestic Relations Courts Building, the Information Systems Technology Building and an Airport Hangar Building. Certificates of Participation Series 2001, 2003A and 2006A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance construction and renovation of these buildings, as well as a financial/human resources information system. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated March 1, 2003, the County leases the real property together with the new County Jail and all other buildings, structures, improvements and equipment located thereon. Certificates of Participation Series 2003B and 2004A evidencing owners' interest in the lease payments made by the County to the lessor were issued to finance acquisition, construction, installation, furnishing and equipping the new jail. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated March 1, 2004, the County leases real property incorporating a new Community Development Building, a replacement Chester House Rehabilitative Facility, and an additional Airport Hangar. Certificates of Participation Series 2004B, 2005B and 2006B were issued to finance a portion of the cost of the acquisition, construction, installation, furnishing and equipping of these buildings, as well as an Emergency Systems Integration Project. In addition, Certificates of Participation Series 2005A and 2005B were used to finance the acquisition of a financial/human resources information management system. These certificates were partially refunded with Certificates of Participation, Refunding Series 2012.

Under an agreement dated April 15, 2005, the County leases real property incorporating a new Police Property and Evidence Storage Facility. Certificates of Participation Series 2005C were issued to finance a portion of the acquisition, construction, installation, furnishing and equipping of the building.

Under an agreement dated June 1, 2007, the County leases real property incorporating the Smith Wagner Building, the Circuit Court and General District Court Courthouse, the Lane B. Ramsey Building and the off-site Public Safety Training Center. Certificates of Participation Series 2007 were issued to finance a portion of the cost to expand, renovate, construct, furnish and equip various portions of these facilities.

In the Taxable Redevelopment Facility Note dated October 18, 2004, the County leases real property incorporating the former Cloverleaf Mall property. The County is reporting a redevelopment asset in its government-wide statements.

In each of these leases, the County acts as the lessor's agent for the construction and furnishing of the capital acquisitions. The County is required, subject to annual appropriations by the Board of Supervisors, under the Real Property Lease/Purchase Agreements to make lease payments to a trustee, as assignee of the lessor. These payments will be sufficient for the trustee to pay debt service on the Public Facility Revenue Refunding Bonds, Series 2010A, the Certificates of Participation and the Taxable Redevelopment Facility Note as and when due. At the expiration of the lease terms, title to the assets will vest in the County if the County has made all lease payments required under the Agreements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2013

Amounts outstanding as of June 30, 2013, on the Public Facility Lease, the Certificates of Participation and the Taxable Redevelopment Note are as follows:

Governmental Activities	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
2003A Certificates of Participation, due 2015	$ 3,070,000	3.45% - 3.55%	$170,000	$ 340,000
2003B Certificates of Participation, due 2024	3,030,000	3.45 - 4.40	150,000 - 155,000	610,000
2004A Certificates of Participation, due 2015	14,980,000	3.50	790,000	1,580,000
2004B Certificates of Participation, due 2016	5,982,795	3.50	299,568	898,703
2004 Taxable Redevelopment Facility Note *	16,596,199	Variable**	0 - 16,596,199	16,596,199
2005A Certificates of Participation, due 2016	4,300,000	3.75	430,000	1,290,000
2005B Certificates of Participation, due 2025	8,500,000	3.75 - 4.25	445,000	2,225,000
2005C Certificates of Participation, due 2016	1,245,000	3.75	120,000 - 125,000	370,000
2006A Certificates of Participation, due 2016	3,565,000	4.25	355,000	1,065,000
2006B Certificates of Participation, due 2025	8,395,000	4.25 - 4.50	440,000	4,840,000
2007 Certificates of Participation, due 2028	22,220,000	4.25 - 5.00	950,000 - 1,165,000	16,380,000
2010 Public Facility Revenue Refunding Bonds, due 2020	7,185,000	2.00 - 4.00	800,000 - 875,000	5,785,000
2012 Certificates of Participation Refunding, due 2025	19,011,905	2.50 - 5.00	327,211 - 2,377,090	18,896,419
Total governmental activities				70,876,321
Add: Premium				3,399,138
Less: Deferred amount on refunding				1,516,332
Net governmental activities				72,759,127
Business-type Activities				
2004B Certificates of Participation, due 2016	$ 1,007,205	3.50%	$50,432	151,297
2005B Certificates of Participation, due 2025	450,000	3.75 - 4.25	25,000	125,000
2012 Certificates of Participation - Refunding, due 2025	743,095	2.50 - 5.00	12,789 - 92,910	738,581
Total business-type activities				1,014,878
Add: Premium				113,511
Less: Deferred amount on refunding				53,434
Net business-type activities				1,074,955
Total certificates of participation				$ 73,834,082

* On October 18, 2004, the EDA sold its Taxable Redevelopment Facility Note, Series 2004 on behalf of the County in an amount of $9,225,000 to acquire the former Cloverleaf Mall property for redevelopment by the County. On August 1, 2008, the principal amount of the Note was increased by $7,371,199 for the purchase of the ground lease interest in the Mall.

**The interest rate will be the LIBOR Market Index Rate plus 0.60%, as that rate may change from day to day. "LIBOR *Market Index Rate", for any day, is the rate for one month U. S. dollar deposits as reported on Telerate page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined by Bank from another recognized source or inter-bank quotation). At June 30, 2013, the one month LIBOR rate was 0.19465%.

Annual debt service requirements to maturity for the Public Facility Lease, the Certificates of Participation and the Taxable Redevelopment Note are as follows:

Year Ending	Governmental Activities			Business-Type Activities		
June 30	Principal	Interest	Total	Principal	Interest	Total
2014	$ 5,703,691	$ 2,344,859	$ 8,048,550	$ 96,309	$ 41,117	$ 137,426
2015	22,365,266	2,040,406	24,405,672	95,933	37,846	133,779
2016	4,561,888	1,818,650	6,380,538	93,112	34,571	127,683
2017	4,742,402	1,652,525	6,394,927	97,598	31,365	128,963
2018	4,729,723	1,471,744	6,201,467	90,277	27,971	118,248
2019-2023	20,676,325	4,250,343	24,926,668	443,675	74,060	517,735
2024-2028	8,097,026	715,558	8,812,584	97,974	3,565	101,539
Total	$ 70,876,321	$ 14,294,085	$ 85,170,406	$ 1,014,878	$ 250,495	$ 1,265,373

The interest rate for the Taxable Redevelopment Note is estimated using the average of the fiscal year 2013 LIBOR Market Index Rate plus 0.60%.

D. Special Assessment Revenue Note

On October 1, 2011, the EDA entered into a Financial Agreement with the Chippenham Place CDA. In accordance with the Financing Agreement, the EDA issued a Tax-Exempt Revenue Note in an amount up to $8 million and loaned the proceeds of the Note to the Chippenham Place CDA to finance the infrastructure improvements at the former Cloverleaf Mall site. Chippenham Place CDA promised to pay the outstanding principal balance and interest on the EDA's Note solely from the revenues and other property pledged to the payment of this Note. The Note is a limited obligation of the EDA secured by pledged revenues consisting of incremental tax and special assessment revenues collected by the County. The County intends to make annual appropriations sufficient to cover the required annual debt service. The Note will be repaid with the incremental tax revenues and, to the extent incremental tax revenues are not sufficient, special assessment revenues. The Note has a maturity date of December 31, 2014, and shall bear interest on the outstanding principal amount at an annual rate equal to 75% of the Libor Market Index Rate plus 150 basis points (1.5%) not to exceed the maximum interest rate of 12%. Interest on the Note is paid on October 1 and April 1 of each year. As of June 30, 2013, the EDA reported total accrued interest of $26,820 related to the Note, which will be paid by the Chippenham Place CDA. The balance of the Note as of June 30, 2013, is $6,510,000 which is included as a non-current liability on the Statement of Net Position – Proprietary Funds.

E. Capital Leases

The County has acquired equipment under capital lease arrangements with an interest rate of 3.83% and annual principal payments ranging from $90,613 to $173,011 per fiscal year. Capital leases are to be liquidated by the General Fund. Future minimum lease payments at June 30, 2013, for these capital leases are as follows:

Year Ending June 30	Primary Government Governmental Activities Principal	Interest	Total
2014	$ 139,718	$ 26,011	$ 165,729
2015	149,407	20,568	169,975
2016	160,462	14,750	175,212
2017	173,011	8,486	181,497
2018	90,613	1,735	92,348
Total	$ 713,211	$ 71,550	$ 784,761

F. Judgments, Claims, and Compensated Absences Payable

The County recorded a liability for workers compensation claims in the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The workers compensation liability recorded is $11,709,504 for the governmental activities of the primary government, $1,899,089 for the business-type activities of the primary government and $14,131,773 for the School Board component unit. A liability of $4,415,451 has been recorded for judgment and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2013, and b) liabilities for claims incurred but not reported as of June 30, 2013. These liabilities have been estimated based upon a case-by-case review, investigation and historical experience. Payments for workers compensation liabilities are recorded as a charge to the fund that incurred the liability. Judgments and claims recorded in the Risk Management Fund are payable from the Risk Management Fund.

The County recorded a liability for compensated absences in the Statement of Net Position of the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The governmental activities of the primary government recorded $17,973,590 and $3,989,046 for accrued vacation and sick leave benefits, respectively and the business-type activities of the primary government recorded $1,127,672 and $436,578 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded $11,651,785 and $8,786,033 for accrued vacation/personal leave and sick leave benefits, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

In October 1991, the U.S. Environmental Protection Agency (EPA) issued a rule establishing municipal solid waste landfills (MSWLF) closure requirements for all MSWLF's that accepted solid waste after October 9, 1991 and postclosure requirements for all MSWLF's that accepted solid waste after October 9, 1993. The County operated one landfill, which was closed on October 8, 1993, and completed the final cover during fiscal year 1995. The County has met the Commonwealth's ten-year requirement to perform maintenance and monitoring postclosure functions at the site and has applied for certification from the Commonwealth to release it from further maintenance and monitoring requirements. The County anticipates it will incur an additional postclosure care liability of $1,111,138 at June 30, 2013. This amount represents the estimated total current cost of landfill postclosure care for an additional ten years, based on the use of 100 percent of the estimated capacity of the landfill. Actual cost may be higher due to inflation, changes in technology or changes in regulations. Actual cost may be lower if the County is released from postclosure maintenance and monitoring by the Commonwealth. Payments for this liability will be recorded as a charge to the General Fund. The County is not required by state and federal laws or regulations to make annual contributions to a trust to finance postclosure care. The County expects to pay additional postclosure care cost from the General Fund with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund assigned fund balance.

Beginning June 30, 2009, the County reported obligations to address the current or potential detrimental effects of existing pollution by participating in remediation activities. Site investigation, planning and design, cleanup and site monitoring are typical activities associated with pollution remediation. The U.S. Department of Interior – National Park Service (NPS) has named the County as a primary responsible party requiring the County to participate in cleanup efforts at a landfill site that was closed in 1972 and subsequently donated to the NPS by the County. The County estimates it will incur pollution remediation obligations of $2,686,500 at this site as of June 30, 2013. This amount is based on reasonable and supportable assumptions measured at current value using the expected cash flow technique. Actual cost may be higher or lower due to changes in assumptions resulting from ongoing site assessments, inflation and changes in technology and/or regulations. Payments for this liability will be recorded as a charge to the County Capital Projects Fund.

G. Retirement Plan Obligations

As required by GAAP, a long-term liability has been recorded for the VRS Pension Plan, the County Supplemental Retirement Plan and the School Board Supplemental Retirement Program for the cumulative difference between the Annual Required Contribution and the amount actually contributed. The governmental activities of the primary government recorded a liability of $2,667,252 and a prepaid asset of $10,851 for the VRS Pension Plan and the County Supplemental Retirement Plan, respectively, and the business-type activities of the primary government recorded $246,465 for the VRS Pension Plan. The School Board component unit recorded a liability of $634,285 and a prepaid asset of $8,975,149 for the VRS Pension Plan and the Supplemental Retirement Program, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

H. Other Postemployment Benefits Obligations – Retiree Healthcare and Line of Duty

For the fiscal year ended June 30, 2013, the County reported an actuarially determined liability for other postemployment health-care and line of duty benefits for retired, active and disabled employees on the financial statements. The County and School Board fully funded annual other postemployment benefits costs for retiree healthcare and line of duty benefits. Payments for these liabilities are recorded as charges to the fund that incurred the liability.

I. Defeased Debt

In prior years, the County defeased certain general obligation bonds and certificates of participation by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and the liability for the defeased debt are not included in the County's financial statements. At June 30, 2013, the outstanding balance of the defeased debt was $52,245,000 for general obligation bonds and $16,220,000 for certificates of participation.

J. Changes in Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2013:

Governmental Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due Within One Year
General obligation bonds	$ 427,010,000	$ 18,305,000	$ 37,305,000	$ 408,010,000	$ 35,310,000
Add: Premium	24,880,556	2,709,209	3,392,271	24,197,494	3,295,002
Less: Deferred amount on refunding	6,083,291	-	1,089,116	4,994,175	964,875
Net bonds payable	445,807,265	21,014,209	39,608,155	427,213,319	37,640,127
Support agreements - EDA	19,810,000	-	1,295,000	18,515,000	1,310,000
Certificates of participation	53,529,426	-	5,034,304	48,495,122	4,903,691
Add: Premium	3,883,636	-	601,810	3,281,826	509,175
Less: Deferred amount on refunding	1,653,619	-	256,476	1,397,143	215,301
Net certificates of participation	55,759,443	-	5,379,638	50,379,805	5,197,565
Public facility lease	6,475,000	-	690,000	5,785,000	800,000
Add: Premium	153,147	-	35,835	117,312	31,480
Less: Deferred amount on refunding	155,599	-	36,410	119,189	31,984
Net public facility lease	6,472,548	-	689,425	5,783,123	799,496
Taxable redevelopment facility note	16,596,199	-	-	16,596,199	-
Capital lease obligations	843,702	-	130,491	713,211	139,718
Total bonds, leases and loans	545,289,157	21,014,209	47,102,709	519,200,657	45,086,906
Other liabilities:					
Compensated absences	20,007,414	15,345,697	13,390,475	21,962,636	13,679,132
Judgments and claims	15,254,667	870,288	-	16,124,955	6,762,876
Landfill	1,065,350	241,388	195,600	1,111,138	97,659
Pollution remediation	2,686,500	-	-	2,686,500	-
Retirement plan obligations*	2,629,727	37,525	-	2,667,252	-
Total other liabilities	41,643,658	16,494,898	13,586,075	44,552,481	20,539,667
Total long-term liabilities	$ 586,932,815	$ 37,509,107	$ 60,688,784	$ 563,753,138	$ 65,626,573

**The govermental activities reported a negative net pension obligation of $10,851 for the Supplemental Retirement Plan. This amount and the negative net OPEB obligations of $1,327,473 for retiree healthcare and $2,272,075 for line of duty are recorded as prepaid assets in the government-wide statements.*

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year-end, $530,476 for compensated absences, $4,479,892 for judgments and claims and $78,785 for retirement plan obligations for internal service funds are included in the above amounts. Except for the amounts for internal service funds, the long-term liabilities for governmental activities are generally liquidated by the General Fund.

Business-type Activities	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due Within One Year
Water Fund					
Revenue bonds payable	$ 40,675,000	$ -	$ 1,845,000	$ 38,830,000	$ 1,920,000
Add: Premium	155,156	-	17,302	137,854	16,471
Net bonds payable	40,830,156	-	1,862,302	38,967,854	1,936,471
Other liabilities:					
Compensated absences	688,157	544,659	489,788	743,028	422,701
Judgments and claims	517,876	1,055,379	-	1,573,255	451,264
Retirement plan obligations	153,132	1,587	-	154,719	-
Total other liabilities	1,359,165	1,601,625	489,788	2,471,002	873,965
Total long-term liabilities	42,189,321	1,601,625	2,352,090	41,438,856	2,810,436
Wastewater Fund					
Revenue bonds payable	44,445,000	-	1,840,000	42,605,000	1,885,000
Add: Premium	911,829	-	90,548	821,281	86,630
Net bonds payable	45,356,829	-	1,930,548	43,426,281	1,971,630
Other liabilities:					
Compensated absences	730,273	535,323	468,863	796,733	432,047
Judgments and claims - other	297,561	28,273	-	325,834	93,460
Retirement plan obligations	85,835	1,361	-	87,196	-
Total other liabilities	1,113,669	564,957	468,863	1,209,763	525,507
Total long-term liabilities	46,470,498	564,957	2,399,411	44,636,044	2,497,137

Non-major	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Amounts Due within One Year
Certificates of participation	1,115,574	-	100,696	1,014,878	96,309
Add: Premium	134,347	-	20,836	113,511	17,492
Less: Deferred amount on refunding	63,243	-	9,809	53,434	8,234
Net certificates of participation	1,186,678	-	111,723	1,074,955	105,567
Revenue note payable	6,410,000	100,000	-	6,510,000	-
Total certificates of participation and revenue notes payable	7,596,678	100,000	111,723	7,584,955	105,567
Other liabilities:					
Compensated absences	23,412	7,818	6,741	24,489	15,665
Retirement plan obligations	4,510	40	-	4,550	-
Total other liabilities	27,922	7,858	6,741	29,039	15,665
Total long-term liabilities	$ 7,624,600	$ 107,858	$ 118,464	$ 7,613,994	$ 121,232

Total Business-type Activities		Balance July 1, 2012		Increases		Decreases		Balance June 30, 2013		Amounts Due within One Year
Revenue bonds payable	$	85,120,000	$	-	$	3,685,000	$	81,435,000	$	3,805,000
Add: Premium		1,066,985		-		107,850		959,135		103,101
Net bonds payable		86,186,985		-		3,792,850		82,394,135		3,908,101
Certificates of participation		1,115,574		-		100,696		1,014,878		96,309
Add: Premium		134,347		-		20,836		113,511		17,492
Less: Deferred amount on refunding		63,243		-		9,809		53,434		8,234
Net certificates of participation		1,186,678		-		111,723		1,074,955		105,567
Revenue note payable		6,410,000		100,000		-		6,510,000		-
Total bonds, certificates of participation and revenue notes payable		93,783,663		100,000		3,904,573		89,979,090		4,013,668
Other liabilities:										
Compensated absences		1,441,842		1,087,800		965,392		1,564,250		870,413
Judgments and claims - other		815,437		1,083,652		-		1,899,089		544,724
Retirement plan obligations		243,477		2,988		-		246,465		-
Total other liabilities		2,500,756		2,174,440		965,392		3,709,804		1,415,137
Total long-term liabilities	$	102,694,419	$	2,374,440	$	4,869,965	$	93,688,894	$	5,428,805

Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2013, are as follows:

School Board		Balance July 1, 2012		Increases		Decreases		Balance June 30, 2013		Amounts Due Within One Year
Compensated absences	$	20,380,655	$	5,857,965	$	5,800,802	$	20,437,818	$	9,224,104
Judgments and claims		9,935,580		4,196,193		-		14,131,773		4,053,482
Retirement plan obligations*		625,466		8,819		-		634,285		-
Total long-term liabilities	$	30,941,701	$	10,062,977	$	5,800,802	$	35,203,876	$	13,277,586

*The School Board Supplemental Retirement Program has a negative net pension obligation of $8,975,149. This amount and the negative OPEB obligation of $112,925 are prepaid assets in the government-wide statements.

K. Long-term Debt Issued on Behalf of the School Board Component Unit

According to State law, the School Board component unit is not allowed to issue general obligation debt and, therefore, is not legally obligated to repay general obligation debt issued on its behalf by the primary government. The amount of general obligation debt and lease obligations reported in the government-wide statements of the primary government on behalf of the School Board component unit is as follows:

General obligations bonds	$	321,788,643
Certificates of participation		942,000
Total general obligation debt and lease obligations	$	322,730,643

In addition to the general obligation debt and lease obligations, the primary government has also recorded accrued interest payable of $6,957,715 in the government-wide financial statements on behalf of the School Board component unit.

10. Commitments and Contingent Liabilities

A. Lease Commitments

Rent expense for all operating leases was $1,716,061 for the County and $481,225 for the School Board.

The County leases various types of equipment under operating lease agreements. The County lease agreements are contingent on the County Board appropriating funds for each year's payments. As of June 30, 2013, future operating lease payments for the County totaled $2,504 all of which is due in 2014.

B. Other Commitments

The County has entered into various contracts for the purchase of water and the treatment of wastewater. The County, in establishing water and wastewater rates, considers these commitments which expire at various times through 2045 as disclosed in note 14A and 14F.

C. Contingent Liabilities

Various claims and lawsuits are pending against the County and School Board. In the opinion of County management, resolution of these cases would not involve a substantial liability.

The County and School Board have received a number of Federal and State grants. Although the County and School Board have been audited in accordance with the provisions of Office of Management and Budget Circular A-133, these grants are still subject to financial and compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grants. The amount of expenditures, if any, which may be disallowed as a result of audits at some future date cannot be determined at this time; however, the County and School Board expect such amounts, if any, to be immaterial to the financial statements.

D. Moral Obligations – Richmond Metropolitan Authority (RMA) Baseball Stadium Facility

In connection with the RMA's responsibility for maintaining and operating the Richmond metropolitan area's baseball stadium facility which opened in April 1985, the Counties of Chesterfield and Henrico and the City of Richmond agreed to a nonbinding moral obligation under which each would pay one-third of any annual net operating loss. The County made no contributions during fiscal year 2013.

11. Risk Management – Claims Liability

The Risk Management Fund (an Internal Service Fund) accounts for property, casualty and liability claims for the County and School Board. Third party coverage is obtained for real and personal property and some liability risks. Third party property and casualty coverage is maintained for the Fire Department. The County does maintain a broad form Public Officials Liability insurance policy to provide catastrophe coverage for individual claims in excess of $2,000,000 excluding property and workers' compensation. For property, the County maintains a deductible of $250,000 per occurrence. Administration of claims impacting this coverage is reviewed routinely by the insurance company that provides the policies. There have not been any reductions in commercial insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the commercial insurance. Risk Management Fund revenues are generated by charges to the departments and School Board for management's estimate of the cost of predictable losses, the cost for administering these losses, a pro rata share of insurance premiums paid, actuarial estimates for incurred but not reported claims and the Risk Management Department's operational costs. Significant claims paid by the Risk Management Fund which exceed the premium charged will be covered by increased premiums in future years to the departments and School Board. Liabilities for unpaid claims are based upon the estimate of the ultimate cost of the claims, pursuant to known information. The estimate of the claims liability does not include amounts for non-incremental claims adjustment expenses. On disputed cases, where the chances of prevailing on the legal and medical issues are less than 50%, the claim is recorded at the full exposure amount. The confidence level estimated percentage used to determine the risk management liability is 75% for automobile, general, professional, medical and law enforcement liability.

The County is a significant property owner and, as such, has potential exposure to environmental liabilities. In 2002, the County began the development of a comprehensive environmental management program. The County also continues to expand its countywide Environmental Management System (EMS) based on the International Organization for Standardization (ISO) 14001 requirements. The emphasis of the EMS is to manage and control the County's services and activities in a manner that reduces adverse impacts to the environment, promotes pollution prevention and helps ensure compliance with environmental laws and regulations.

Workers' compensation claims are funded annually by appropriations in the various funds. For the period January 1, 2008, to December 31, 2011, the self-insured retention per occurrence was $850,000 for non-public safety employees and $1,000,000 for public safety employees. The self-insured retention is limited to $750,000 per occurrence after December 31, 2011 and the County maintains an excess insurance policy for claims greater than $750,000. Claims are administered by Risk Management staff with an independent claims audit conducted periodically. Safety professionals and representatives of the third party insurance companies provide loss prevention consultation.

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

	County		School Board	
	2013	2012	2013	2012
Workers' Compensation:				
Liability, July 1	$ 9,942,232	$ 9,314,706	$ 9,935,580	$ 9,354,343
Current year claims	4,250,000	3,885,000	4,118,000	3,924,000
Changes in estimates	2,639,077	(4,075)	4,085,312	62,953
Claim payments	(3,222,716)	(3,253,399)	(4,007,119)	(3,405,716)
Liability, June 30	$ 13,608,593	$ 9,942,232	$ 14,131,773	$ 9,935,580

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

	2013	2012
Risk Management Fund:		
Liability, July 1	$ 6,127,872	$ 4,275,520
Current year claims	2,211,447	2,142,820
Changes in estimates	(938,943)	1,604,081
Claim payments	(2,984,925)	(1,894,549)
Liability, June 30	$ 4,415,451	$ 6,127,872

12. Retirement Plans

A. Virginia Retirement System

1. Plan Description

The County and School Board contribute to the Virginia Retirement System (VRS), an agent and cost-sharing multiple-employer defined benefit pension plan administered by the VRS. School Board employees participate in a VRS statewide teacher cost sharing pool and non-professional employees participate as a separate group in the VRS. All full-time, salaried permanent employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credits. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan. VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2.

a. County and School Board employees hired before July 1, 2010, and who were vested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.

b. County and School Board employees hired or rehired on or after July 1, 2010, and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

c. Eligible hazardous duty employees (law enforcement officers, firefighters and sheriffs) in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. They may retire with a reduced benefit as early as age 50 with at least five years of service credit.

The VRS basic benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation. The retirement multiplier for non-hazardous duty employees is 1.70% and the retirement multiplier for hazardous duty employees is 1.85%. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013, unless they are hazardous duty employees.

Retirees are eligible for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their web site at http//www.varetire.org/Pdf/Publications/2012-annual-report.pdf or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Funding Status and Progress

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. In the past, the County and Schools elected to pay the plan members' contributions. Beginning July 1, 2012, the County and Schools were required to begin making the employee pay the 5% member contribution. The County elected to require the full 5% employee funding beginning in fiscal year 2013 and provided salary increases equal to the amount of the increase in the employee-paid member contribution. The School Board elected to phase in the 5% member contribution requirement over 5 years at a rate of 1% per year beginning in fiscal year 2013 and is providing the required salary increases equal to the amount of the increase in the employee-paid member contribution. In addition, the County and School Board 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's contribution rates, including the 5% member contribution for fiscal year 2013, were 20.03% and 16.48%, respectively, of annual covered payroll. As of June 30, 2013, the County and School agent plans were 69.97% and 71.68% funded, respectively. The accrued actuarial liability for benefits for the County agent plan was $850,005,104 and the actuarial value of assets was $594,780,818 leaving $255,224,286 unfunded. The accrued actuarial liability for benefits for the School agent plan was $106,493,500 and the actuarial value of assets was $76,337,871 leaving $30,155,629 unfunded. Covered payroll was $165,581,724 for the County agent plan and $25,763,476 for the School agent plan. The ratio of unfunded actuarial accrued liability to annual covered payroll for the County and School agent plans was 154.14% and 117.05%, respectively.

The School Board's required contribution, including the 5% member contributions for fiscal years 2013, 2012 and 2011, to the VRS statewide teacher cost-sharing pool was $43,173,293, $28,373,171 and $22,422,224 respectively, which as a percentage of covered payroll was 16.66% for fiscal year 2013,11.33% for fiscal year 2012 and 8.93% for fiscal year 2011.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The actuarial value of plan assets and the actuarial accrued liabilities for benefits were determined through the June 30, 2012 actuarial valuation. The June 30, 2012 actuarial valuation assumptions were the same as the prior year's valuation.

3. Annual Pension Cost and Net Pension Obligation

For fiscal year 2013, the County's and School Board's annual required contribution of $26,218,276 and $3,063,982, respectively, representing a contribution rate of 15.03% and 11.48%, respectively, was equal to their actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2011, included (a) 7.0% investment rate of return, (b) projected salary increases that range from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs and (c) a cost-of-living adjustments of 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees. Both the investment rate of return and projected salary increases include an inflation component of 2.50%. The actuarial value of the plans' assets is a modified market value of assets. This method was determined using techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The plans' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 29 years from valuation date.

Net Pension Obligation (NPO)

	County	School Board
Annual Required Contribution (ARC)	$ 26,218,276	$ 3,063,982
Interest on NPO	201,124	43,783
Adjustment to the ARC	(160,611)	(34,964)
Annual Pension Cost	26,258,789	3,072,801
Contributions made	(26,218,276)	(3,063,982)
Increase in NPO	40,513	8,819
NPO beginning of year	2,873,204	625,466
NPO end of year	$ 2,913,717	$ 634,285

4. Three-year Trend Information:

County

Fiscal Year Ended	Annual Pension Cost	Percent Contributed	Net Pension Obligation
6/30/2013	$26,258,789	99.85 %	$ 2,913,717
6/30/2012	19,066,289	99.78	2,873,204
6/30/2011	18,655,886	100.00	2,830,357

School Board

Fiscal Year Ended	Annual Pension Cost	Percent Contributed	Net Pension Obligation
6/30/2013	$3,072,801	99.71 %	$ 634,285
6/30/2012	2,301,046	99.60	625,466
6/30/2011	2,315,924	100.00	616,162

B. Chesterfield County Supplemental Retirement Plan – Primary Government

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

1. Summary of Significant Accounting Policies

   a) Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

   b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

2. Plan Descriptions and Contribution Information

a) Plan Description: The Plan provides retirement benefits as well as disability benefits for certain qualified full-time County employees. Benefits begin to vest after five years of service. Employees with ten years of credited service may retire at or after age 55 and receive an unreduced retirement benefit. Employees who retire at or after age 65 with five years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 0.875% of final average compensation in excess of covered compensation, multiplied by years of service credited to the member at retirement. Covered compensation is the average of taxable wage bases over the 35 calendar years ending with the calendar year in which the participant attains age 64. Covered compensation shall not change after a participant reaches normal retirement age. With respect to calendar years on or after 2013, the taxable wage base used shall equal $110,100 increased by an adjustment factor equal to the smaller of 5% or a ratio, the numerator of which is the consumer price index for urban workers (CPI-U) for the month of September preceding the current January 1 and the denominator of which is the CPI-U for the month of September preceding the previous January 1. The County pays the entire cost of the Plan. The Plan was closed to new employees effective July 1, 2012.

Membership of the Plan consisted of the following at June 30, 2013:

Active members	3,040
Terminated members with vested rights	83
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	280
Total	3,403

b) Funding Policy: The Plan provides for annual employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age cost method for both normal costs and amortization of the unfunded actuarial accrued liability. The plan is financed through budget appropriations.

c) Annual Pension Cost and Net Pension Obligation (Asset): For fiscal year 2013, the County's contribution of $1,966,206 was equal to the recommended contribution which was determined as a part of the July 1, 2012, actuarial valuation.

Net Pension Obligation (NPO) (Asset)

Annual Required Contribution (ARC)	$ 1,966,206
Interest on NPO	(724)
Adjustment to the ARC	1,011
Annual Pension Cost	1,966,493
Contributions made	(1,966,206)
Increase in NPO (asset)	287
NPO (asset) beginning of year	(11,138)
NPO (asset) end of year	$ (10,851)

d) Three-year Trend Information:

Fiscal Year Ended	Annual Pension Cost	Percent Contributed	Net Pension Obligation (Asset)
6/30/2013	$1,966,493	99.99 %	$ (10,851)
6/30/2012	1,342,638	121.03	(11,433)
6/30/2011	1,439,206	100.50	270,929

3. Related Party Investments

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

4. Actuarial Method and Significant Assumptions

The information presented in the schedules was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2013
Actuarial cost method	Entry age actuarial cost
Amortization method	Level dollar
Amortization period – actuarial gains and losses	20 years closed
Amortization period – other	40 years closed
Asset valuation method	Five-year moving average
Actuarial assumptions:	
Investment rate of return	6.5%
Projected salary increases	3.5%
Inflation rate	3.0%

5. Funded Status and Funding Progress

As of June 30, 2013, the plan was 67.59% funded. The actuarial accrued liability for benefits was $34,117,066 and the actuarial value of assets was $23,060,297 leaving $11,056,769 unfunded. Covered payroll was $163,603,931. The ratio of unfunded actuarial liability to annual covered payroll was 6.76%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

C. Supplemental Retirement Program – Component Unit - School Board

The School Board contributes to the Supplemental Retirement Program (Program), a single-employer, defined benefit pension plan established in 1996 and administered by the School Board to provide pension benefits for certain qualified School Board employees in addition to any benefits which may be received under the VRS or Social Security.

1. Summary of Significant Accounting Policies

a) Basis of Accounting: The Program's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the Program.

b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value.

2. Program Descriptions and Contribution Information

a) Program Description: The School Board's Program is provided for full-time employees covered by VRS with at least ten years employment by Chesterfield County Public Schools, including the five years immediately preceding retirement. Employees must have at least twenty years in VRS and/or education, be at least age of 50, and not be retired on disability. Upon becoming eligible for benefits from the Program, the employee shall select a part-time option to provide supplemental service to the School Board in the same or equivalent position as when the employee was permanently employed. The employee shall receive a monthly retirement benefit, beginning as of the date the employee commenced part-time employment under the provisions of the Program, equal to one twelfth (1/12) of one percent (1%) of the employee's final annual compensation; multiplied times the number of obligated days; divided by the duration of the payout period. The number of obligated days and amount of the monthly retirement benefit shall be determined and paid based on one of the part-time employment options selected by the employee and on the employee's employment classification. The minimum monthly benefit payable is $50. Benefits under the Program cease upon completion of the elected payout installment period. In the event of the death or total disability of the employee during the first year of receipt of benefits, the employee will only receive payment for the time actually worked. The School Board's program was closed to employees hired or re-hired after June 30, 2013.

An employee is vested under the Program when he reaches his normal retirement age defined as the time when services have been rendered in the part-time position classification selected by the employee. During the period the employee is providing services to the School Board in the part-time position, the employee's benefit is paid from the general assets of the School Board. If the employee does not complete the service required, the employee's benefits are forfeited. Benefit payments made after the first year or half year shall be made from the Program's assets.

Membership of the Program consisted of the following at July 1, 2012:

Active participants	6,751
Retirees (vested)	774
Retirees (non-vested)	106
Total	7,631

b) Funding Policy: The School Board contributes the normal cost plus amortizes the unfunded actuarial accrued liability over a 20 year open rolling period for actives and three year layered closed amortization period for inactives. Actual contributions are based upon savings derived from employees electing to retire under the Program along with a supplement from the School Operating Fund. For a particular Program year, the actual contribution may not equal the recommended level of contribution; however, it is expected that the contribution will be sufficient to meet the funding requirements over the longer term. The Program is funded from available budget allocations and interest earned from the Program.

c) Annual Pension Cost and Net Pension Obligation (Asset): For fiscal year 2013, the School Board made a contribution of $7,961,072 to the Program.

Net Pension Obligation (NPO) (Asset)	
Annual Required Contribution (ARC)	$ 14,337,521
Interest on NPO	(1,265,504)
Adjustment to the ARC	2,787,293
Annual Pension Cost	15,859,310
Contributions made	(7,961,072)
Decrease in NPO (asset)	7,898,238
NPO (asset) beginning of year	(16,873,387)
NPO (asset) end of year	$ (8,975,149)

d) Three-year Trend Information:

Fiscal Year Ended	Annual Pension Cost	Percent Contributed	Net Pension Obligation (Asset)
6/30/2013	$15,859,310	50.20 %	$ (8,975,149)
6/30/2012	14,810,072	55.80	(16,873,387)
6/30/2011	8,335,670	117.18	(23,420,189)

3. Related Party Investments

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

4. Actuarial Method and Significant Assumptions

The information presented was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date.... .... July 1, 2012
Actuarial cost method .... Entry age normal
Amortization method................................... Level dollar
Amortization period - active .... 20 years – rolling open
Amortization period - retirees .... 3 years – layered closed
Asset valuation method .... Market value
Actuarial assumptions:
Investment rate of return........................... 7.5%
Wage inflation 4.5%

5. Funded Status and Funding Progress

As of June 30, 2013, the plan was 22.99% funded. The actuarial accrued liability for benefits was $91,811,165 and the actuarial value of assets was $21,108,004 leaving $70,703,161 unfunded. Covered payroll was $277,305,525. The ratio of unfunded actuarial liability to annual covered payroll was 25.50%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

13. Other Postemployment Benefits Plans

A. Postemployment Retiree Healthcare Benefits – Primary Government

1. Plan Description

The Other Postemployment Benefit (OPEB) Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County of Chesterfield's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and full-time service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or older with at least 15 years of service. Employees retiring before age 55 will be allowed to purchase retiree healthcare at the County's group rate with no County contribution from the time of retirement until age 55. At age 55, they will begin to receive the County contribution indicated below for a 25+ year employee.

County contributions for pre-65 health and dental benefits at July 1, 2012, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	50%	$174 per month
15 to 19	100%*	$262 per month
20 to 24	100%*	$262 per month
25+	100%*	$348 per month

**as a percentage of the County's contribution, not the total premium*

Non-grandfathered County contributions will be increased by 3% per year based on inflation but will never exceed the contribution for an active employee.

All retired employees, active employees who are age 65 and over, public safety employees with 25 or more years of service and non-public safety employees with 30 or more years of service (all as of January 1, 2009), will receive a County contribution toward their post-Medicare coverage no greater than $190 per month indexed at 3% per year plus $40 reimbursement for prescription coverage. For all other employees, the County limits its contribution toward post-Medicare coverage based on years of service. The County will contribute $4 per month for each year of service plus a static $40 per month for a Medicare Part D plan cost reimbursement.

Employees hired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time service, will be permitted to purchase retiree health benefits for themselves and their dependents at the County's group rate, but will receive no County contribution toward the cost.

2. Funding Policy

As of June 30, 2013, the County has $18,235,054 in plan assets accumulated for payment of future benefits. The County made contributions and paid premiums to the trust in amounts greater than the annual required contribution (ARC) for the fiscal year ended June 30, 2013, and intends to fund at least the ARC amount in future fiscal years. The Board of Supervisors determines actual contributions to the plan on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

3. Annual OPEB cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB asset.

Net Other Postemployment Benefits Obligation (NOPEBO) (ASSET)

Annual required contribution (ARC)	$ 8,448,757
Interest on NOPEBO	(92,923)
Adjustment to the ARC	1,386,274
Annual OPEB Cost	9,742,108
Contributions made	(9,742,108)
Increase in NOPEBO (asset)	-
NOPEBO (asset) beginning of year	(1,327,473)
NOPEBO (asset) end of year	$ (1,327,473)

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2013	$9,742,108	100.00 %	$ (1,327,473)
6/30/2012	9,255,196	100.00	(1,327,473)
6/30/2011	8,538,209	100.00	(1,327,473)

4. Funded Status and Funding Progress

As of June 30, 2013, the plan was 15.64% funded. The actuarial accrued liability for benefits was $116,627,914 and the actuarial value of assets was $18,235,054 leaving $98,392,860 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of $173,533,265 was 56.70%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at June 30, 2011, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 8.0% in plan year 2011 reduced by decrements to a rate of 5.0% after 5 years (c) dental cost trend of 5.0% annually (d) payroll growth rate of 2.5% and (e) inflation rate of return of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method. The plans' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 30 years.

B. Postemployment Retiree Healthcare Benefits – Component Unit – School Board

1. Plan Description

The Other Postemployment Benefit (OPEB) Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County of Chesterfield's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and fulltime service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or older with at least 15 years of service. Employees retiring before age 55 will be allowed to purchase retiree healthcare at the School Board's group rate with no School Board contribution from the time of retirement until age 55. At age 55, they will begin to receive the School Board contribution based on years of service. School Board contributions for pre-65 health and dental benefits at July 1, 2012, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	100%*	-
15 to 19	100%*	$174 per month
20 to 24	100%*	$262 per month
25+	100%*	$348 per month

**as a percentage of the School Board's contribution, not the total premium*

Non-grandfathered School Board contributions will be increased by 3% per year based on inflation but will never exceed the contribution for an active employee.

All retired employees and active employees who are age 65 and over and with 30 or more years of service (all as of January 1, 2009), will receive a School Board contribution toward their post-Medicare coverage no greater than $190 per month indexed at 3% per year plus $40 reimbursement for prescription coverage. For all other employees, the School Board limits its contribution toward post-Medicare coverage based on years of service. The School Board will contribute $4 per month for each year of service plus a static $40 per month for a Medicare Part D plan cost reimbursement.

Employees hired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time service, will be permitted to purchase retiree health benefits for themselves and their dependents at the School Board's group rate, but will receive no School Board contribution toward the cost.

2. Funding Policy

As of June 30, 2013, the School Board has $6,877,165 in plan assets accumulated for payment of future benefits. The School Board made contributions and paid premiums to the trust in amounts approximately equal to the annual required contribution(ARC) for the fiscal year ended June 30, 2013, and intends to fund at least the ARC amount in future fiscal years. The School Board determines the actual contributions to the plan on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

3. Annual OPEB cost and Net OPEB Obligation

The School Board's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the School Board's annual OPEB cost for the year, the amount contributed to the plan, and changes in the School Board's net OPEB asset.

Net Other Postemployment Benefits Obligation (NOPEBO) (ASSET)	
Annual required contribution (ARC)	$ 18,719,966
Interest on NOPEBO	(7,905)
Adjustment to the ARC	7,302
Annual OPEB Cost	18,719,363
Contributions made	(18,719,363)
Increase in NOPEBO (asset)	-
NOPEBO (asset) beginning of year	(112,925)
NOPEBO (asset) end of year	$ (112,925)

Three-year Trend Information

Fiscal Year Ended	Annual OPEB Cost	Percent Contributed	Net OPEB Obligation (Asset)
6/30/2013	$18,719,363	100.00 %	$ (112,925)
6/30/2012	19,463,642	99.68	(112,925)
6/30/2011	18,193,000	100.00	(176,161)

4. Funded Status and Funding Progress

As of June 30, 2013, the plan was 3.14% funded. The actuarial accrued liability for benefits was $218,951,407 and the actuarial value of assets was $6,877,165 leaving $212,074,242 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of $289,001,415 was 73.38%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at June 30, 2013, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 8.0% in plan year 2013 reduced by decrements to a rate of 5.0% after 5 years (c) dental cost trend of 5.0% annually (d) payroll growth rate of 2.5% and (e) inflation rate of return of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method. The plans' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 26 years.

C. Postemployment Line of Duty Benefits – Primary Government

1. Plan Description

The Other Postemployment Benefit (OPEB) – Line of Duty Trust, created during fiscal year 2012, is a single employer defined benefit plan that provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the *Code of Virginia.* There were approximately 1,405 participants in the program in fiscal year 2012. A Board of Trustees, appointed by the County Board, administers the plan. The OPEB – Line of Duty Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACO) Trust Fund for the purpose of investing OPEB contributions. VML/VACO issues audited financial statements which can be obtained by contacting the VML/VACO Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

2. Funding Policy

As of June 30, 2013, the County has $3,899,867 in plan assets accumulated for payment of future benefits. The County made contributions and paid premiums to the trust in amounts greater than the annual required contribution (ARC) for the fiscal year ended June 30, 2013, and intends to fund at least the ARC amount in future fiscal years. The Board of Supervisors determines actual contributions to the plan on an annual basis.

3. Annual OPEB cost and Net OPEB Obligation

The County's annual OPEB cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB asset.

Net Other Postemployment Benefits Obligation (NOPEBO) (ASSET)

Annual required contribution (ARC)	$ 832,104
Interest on NOPEBO	(151,486)
Adjustment to the ARC	122,859
Annual OPEB Cost	803,477
Contributions made	(911,464)
Increase in NOPEBO (asset)	(107,987)
NOPEBO (asset) beginning of year	(2,164,088)
NOPEBO (asset) end of year	$ (2,272,075)

Two-year Trend Information

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

4. Funded Status and Funding Progress

As of June 30, 2013, the plan was 39.28% funded. The actuarial accrued liability for benefits was $9,929,322 and the actuarial value of assets was $3,899,867 leaving $6,029,455 unfunded. The ratio of the unfunded actuarial liability to annual covered payroll of $59,044,641 was 10.21%. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents trend information since inception that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future and are subject to continued revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions at July 1, 2011, included (a) 7.0% discount rate (b) medical benefit cost trend increases of 9.0% in plan year 2012 reduced by decrements to a rate of 5.0% after 4 years (c) dental cost trend of 5.0% annually and (d) implicit inflation rate of 2.5%. Plan liabilities were determined using the projected unit of credit actuarial cost method with attribution to the event that caused the death or disability. The plans' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis for a period of 30 years.

14. Joint Ventures

A. Appomattox River Water Authority

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority.

The Water Authority is responsible for improvements and expansion to meet the current and future demands of the participating jurisdictions. On August 28, 2002, a Memorandum of Understanding between the Water Authority, SunTrust Bank and the County was signed to describe the procedure to be followed in connection with the County's election to finance its share of the treatment plant expansion costs from available funds up to $31,300,000 and to deposit those funds in the escrow fund as required by the agreement. As of June 30, 2007, all those funds including interest earnings were used for the expansion project. The Water Authority issued additional bonds in December 2002 of $12,375,000 to cover the remaining cost of the project to be allocated to the other participating jurisdictions.

The County retains an ongoing financial responsibility for the joint venture due to the requirement to purchase water and the capacity rights, (note 1.D.6), received in connection with the expansion of the treatment plant. The County's purchases of water for the year ended June 30, 2013, were $4,528,647. Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, Petersburg, Virginia 23803.

B. Capital Region Airport Commission

The County, together with the City of Richmond and the Counties of Henrico and Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. The Commission's budget submittal must identify any deficits and the proportion of the deficit to be borne by, or requested of each participating locality's governing body. Allocation of the Commission's deficit among the participating localities shall be proportionate to their respective populations. If a participating locality's governing body approves the Commission's operating and capital budgets with deficits, the locality shall appropriate to the Commission its share of the deficit. If during any fiscal year the Commission shall receive general fund revenues in excess of those estimated in its approved operating budget, the budgeted deficit shall be reduced and so shall the proportionate appropriation of the participating localities unless otherwise agreed upon by the parties. No contribution was made by the County in fiscal year 2013.

Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, 1 Richard E. Byrd Terminal Dr., Suite C, Richmond, VA 23250.

C. Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

Each participating jurisdiction is authorized to levy an 8% transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of $4,202,868 for transient occupancy tax to the Convention Authority during the year ended June 30, 2013.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Interlocal Agreement. The County received $2,278,204 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2013.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting and financial advisory services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of $106,200 to the County during the year ended June 30, 2013. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement.

Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, VA 23832.

D. Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

A Board of Directors comprised of six members, with three members each being appointed by the respective governing bodies, manages GRTC. The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2013, there were two fixed GRTC routes in the County and a $260,172 contribution was made by the County in fiscal year 2013. Complete financial statements for GRTC can be obtained from GRTC at 301 East Belt Blvd., Richmond, VA, 23224.

E. Riverside Regional Jail Authority

The Riverside Regional Jail Authority (Jail Authority) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. The Jail Authority is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs the Jail Authority. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2013, were $10,231,560. Complete financial statements for the Jail Authority can be obtained from the Riverside Regional Jail Authority's office at P. O. Box 1041, North Prince George, VA 23860.

F. South Central Wastewater Authority

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Authorities Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

The County paid $4,786,709 on July 2, 1996, representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement. The County's purchases of wastewater services for the year ended June 30, 2013 were $477,431. Complete financial statements for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

15. Jointly Governed Organizations

A. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg, Hopewell and Richmond and the Town of Ashland. The twenty member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2013, were $3,326,521.

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 eight-member Board of Directors and contributed $320,000 for the year ended June 30, 2013.

C. Petersburg Area Regional Tourism Corporation

The Petersburg Area Regional Tourism Corporation (PART) is comprised of seventeen members from the Counties of Chesterfield, Dinwiddie, Prince George, the Cities of Colonial Heights, Hopewell and Petersburg. The major function of the PART is to develop a regional tourism marketing initiative that will result in increased tourism visitation and spending. In addition, the PART will assist member localities in strategic product development planning. The County has two representatives serving on the PART, with one seat vacant, and paid a contribution of $100,000 for the year ended June 30, 2013.

D. Richmond Region Tourism

Richmond Region Tourism (RRT), formerly the Richmond Metropolitan Convention and Visitors Bureau, serves the City of Richmond and the Counties of Chesterfield, Hanover, Henrico and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The RRT has twenty-one members and the County has two representatives serving on RRT's Board of Directors and contributed $815,302 for the year ended June 30, 2013.

E. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (RRPDC) is comprised of thirty-three members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major 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 seven representatives serving on the RRPDC and paid total dues of $191,784 for the year ended June 30, 2013.

F. Virginia's Gateway Region Board

Virginia's Gateway Region Board (VGRB), formerly named Appomattox Basin Industrial Development Corporation (ABIDCO), serves the Counties of Chesterfield, Dinwiddie, Prince George, Surry and Sussex, as well as the Cities of Colonial Heights, Hopewell and Petersburg in their efforts to provide balanced industrialization to commission members. The County has two representatives serving on VGRB's twenty-four member board and contributed $63,574 to VGRB for the year ended June 30, 2013.

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

Virginia Retirement System

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	$ 594,780,818	$ 850,005,104	$ 255,224,286	69.97 %	$ 165,581,724	154.14 %
6/30/2011	590,093,309	800,869,465	210,776,156	73.68	159,899,472	131.82
6/30/2010	572,618,903	763,386,006	190,767,103	75.01	165,222,981	115.46

Supplemental Retirement Plan

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	$ 23,060,297	$ 34,117,066	$ 11,056,769	67.59 %	$ 163,603,931	6.76 %
7/1/2012	21,407,766	33,958,934	12,551,168	63.04	174,725,013	7.18
7/1/2011	20,885,042	29,331,500	8,446,458	71.20	163,921,213	5.15
7/1/2010	19,628,711	27,541,514	7,912,803	71.27	164,267,683	4.82
7/1/2009	18,881,086	27,659,486	8,778,400	68.26	169,844,780	5.17
7/1/2008	18,153,315	28,396,755	10,243,440	63.90	169,840,640	6.03

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
6/30/2013	$ 1,966,206	100.00 %
6/30/2012	1,475,851	100.00
6/30/2011	1,349,617	120.40
6/30/2010	1,446,369	100.00
6/30/2009	1,586,202	100.00
6/30/2008	1,246,453	100.00

Other Postemployment Benefits Plan - Retiree Healthcare

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	$ 18,235,054	$ 116,627,914	$ 98,392,860	15.64 %	$ 173,533,265	56.70 %
7/1/2012	15,207,379	113,027,051	97,819,672	13.45	173,533,265	56.37
7/1/2011	13,697,793	98,574,753	84,876,960	13.90	167,420,404	50.70
7/1/2010	10,084,694	95,540,251	85,455,557	10.56	167,420,404	51.04
7/1/2009	7,300,857	101,297,900	93,997,043	7.20	160,685,519	58.50
7/1/2008	4,920,703	95,035,001	90,114,298	5.18	160,685,519	56.08

Other Postemployment Benefits Plan - Line of Duty

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	$ 3,899,867	$ 9,929,322	$ 6,029,455	39.28 %	$ 59,044,641	10.21 %
7/1/2012	2,979,062	9,221,148	6,242,086	32.31	59,044,641	10.57

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

Virginia Retirement System - (Non-professional Employees)

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2012	$ 76,337,871	$ 106,493,500	$ 30,155,629	71.68 %	$ 25,763,476	117.05 %
6/30/2011	77,047,799	102,816,121	25,768,322	74.94	26,009,469	99.07
6/30/2010	75,996,073	99,563,341	23,567,269	76.33	27,392,180	86.04

Supplemental Retirement Program

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	$ 21,108,004	$ 91,811,165	$ 70,703,161	22.99 %	$ 277,305,525	25.50 %
7/1/2012	23,555,828	96,040,383	72,484,555	24.53	265,364,139	27.32
7/1/2011	27,757,347	86,244,670	58,467,323	32.19	202,945,820	28.81
7/1/2010	20,458,650	80,178,616	59,719,966	25.52	200,805,579	29.74
7/1/2009	19,420,921	81,225,648	61,804,727	23.91	214,586,061	28.80
7/1/2008	15,817,016	85,348,673	69,531,657	20.73	198,102,265	35.10

Schedule of Employer Contributions

Fiscal Year Ending	Annual Required Contribution	Percent Contributed
6/30/2013	$ 14,337,521	55.53 %
6/30/2012	12,320,198	67.07
6/30/2011	7,752,435	190.51
6/30/2010	8,212,740	122.59
6/30/2009	8,764,314	164.89
6/30/2008	7,945,984	115.52

Other Postemployment Benefits Plan - Retiree Healthcare

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Unit Credit	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2013	$ 6,877,165	$ 218,951,407	$ 212,074,242	3.14 %	$ 289,001,415	73.38 %
7/1/2012	5,423,624	231,569,855	226,146,231	2.34	277,171,421	81.59
7/1/2011	5,494,060	204,508,430	199,014,370	2.69	301,795,172	65.94
7/1/2010	3,872,059	201,829,878	197,957,819	1.92	301,795,172	65.59
7/1/2009	2,039,951	191,377,548	189,337,597	1.07	298,721,192	63.38
7/1/2008	1,914,630	185,619,480	183,704,850	1.03	298,721,192	61.50

APPENDIX C

PROPOSED FORMS OF OPINIONS OF BOND COUNSEL

Board of Supervisors of
the County of Chesterfield
Chesterfield, Virginia

Dear Members of the
Board of Supervisors:

COUNTY OF CHESTERFIELD, VIRGINIA,
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS,
SERIES A OF 2014, $_________

At your request we have examined into the validity of an issue of ____________________________ Dollars ($___________) principal amount of General Obligation Public Improvement Bonds, Series A of 2014 (the "Bonds"), of the County of Chesterfield, Virginia (the "County"). The Bonds are dated the date of their delivery; are issued in fully registered form in the denomination of $5,000 each or any integral multiple thereof; and are numbered from R-2014A-1 upwards in order of issuance. The Bonds mature on January 1 in each of the years and in the principal amounts set forth below, with the Bonds maturing in a particular year bearing interest payable on January 1, 2015 and semiannually on each January 1 and July 1 thereafter at the interest rate per annum stated opposite such year, to wit:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2015	$	%	2025	$	%
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		

The Bonds maturing on and after January 1, 2025 are subject to redemption at the option of the County prior to their stated maturities on or after January 1, 2024 upon the terms and conditions and at the prices stated therein.

The Bonds recite that they are issued by the County under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia 1950 (the same being the Public Finance Act of 1991), elections held in the County on November 2, 2004 and on November 5, 2013 under the Public Finance Act of 1991 and resolutions duly adopted by the Board of Supervisors of the County under the Public Finance Act of 1991, for the purpose of paying the costs of various public improvement projects of and for the County.

We have examined (i) the Constitution and statutes of the Commonwealth of Virginia, (ii) certified copies of proceedings relating to the aforementioned election, (iii) certified copies of proceedings of the Board of Supervisors of the County authorizing the issuance, sale and delivery of the Bonds, (iv) such other papers, instruments, documents and proceedings as we have deemed necessary or advisable and (v) an executed and authenticated Bond of such issue.

In our opinion, the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and legally binding obligations of the County, and the Board of Supervisors of the County is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County are not lawfully available and appropriated for such purpose.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, to the exercise of the sovereign police powers of the Commonwealth of Virginia and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

In our opinion, under existing statutes and court decisions and assuming continuing compliance by the County with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the County in connection with the Bonds, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

[We are further of the opinion that, for any Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.]

It is also our opinion that, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

We express no opinion regarding other federal or Commonwealth of Virginia tax consequences arising with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date of the Bonds, and we assume no obligation to update our opinion after the issue date of the Bonds to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Very truly yours,

Board of Supervisors of
the County of Chesterfield
Chesterfield, Virginia

Dear Members of the
Board of Supervisors:

COUNTY OF CHESTERFIELD, VIRGINIA,
GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS,
SERIES B OF 2014, $____________

At your request we have examined into the validity of an issue of ____________________________ Dollars ($__________) principal amount of General Obligation Public Improvement Refunding Bonds, Series B of 2014 (the "Series B of 2014 Bonds"), of the County of Chesterfield, Virginia (the "County"). The Bonds are dated the date of their delivery, are issued in fully registered form in the denomination of $5,000 each or any integral multiple thereof; and are numbered from R-2014B-1 upwards in order of issuance. The Bonds mature on January 1 in each of the years and in the principal amounts set forth below, with the Bonds maturing in a particular year bearing interest payable on January 1, 2015 and semiannually on each January 1 and July 1 thereafter at the interest rate per annum stated opposite such year, to wit:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
	$	%		$	%

The Bonds are not subject to redemption prior to their stated maturities.

The Bonds recite that they are issued by the County under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia 1950 (the same being the Public Finance Act of 1991), and a resolution duly adopted by the Board of Supervisors of the County under the Public Finance Act of 1991, for the purpose of refunding and defeasing certain outstanding general obligation bonds of the County.

We have examined (i) the Constitution and statutes of the Commonwealth of Virginia, (ii) certified copies of proceedings of the Board of Supervisors of the County authorizing the issuance, sale and delivery of the Bonds,

(iii) such other papers, instruments, documents and proceedings as we have deemed necessary or advisable and (iv) an executed and authenticated Bond of such issue.

In our opinion, the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and legally binding obligations of the County, and the Board of Supervisors of the County is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes of the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County are not lawfully available and appropriated for such purpose.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, to the exercise of the sovereign police powers of the Commonwealth of Virginia and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

In our opinion, under existing statutes and court decisions and assuming continuing compliance by the County with certain tax covenants described herein, interest on the Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as an item of tax preference for purposes of the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the County in connection with the Bonds, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

[We are further of the opinion that, for any Bonds having original issue discount (a "Discount Bond"), original issue discount that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.]

It is also our opinion that, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

We express no opinion regarding other federal or Commonwealth of Virginia tax consequences arising with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date of the Bonds, and we assume no obligation to update our opinion after the issue date of the Bonds to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Bonds

Very truly yours,

APPENDIX D

DESCRIPTION OF THE DEPOSITORY TRUST COMPANY AND THE BOOK-ENTRY SYSTEM

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Bonds, payments of principal of and interest on the Bonds to The Depository Trust Company ("DTC"), New York, New York, its nominee, Participants, defined below, or Beneficial Owners, defined below, confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and among DTC, Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Bonds. The Bonds of each series will be issued as fully registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond will be issued in the aggregate principal amount of each maturity of each series of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on, and the payment of redemption proceeds of, the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Registrar and Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registrar and Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or to the Registrar and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

APPENDIX E

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated June __, 2014, is executed and delivered by the County of Chesterfield, Virginia (the "County"), in connection with the issuance of $____________ principal amount of County of Chesterfield, Virginia, General Obligation Public Improvement Bonds, Series A of 2014, dated June __, 2014, and $____________ principal amount of County of Chesterfield, Virginia, General Obligation Public Improvement Refunding Bonds, Series B of 2014, dated June __, 2014 (collectively, the "Bonds"), and pursuant to resolutions duly adopted by the Board of Supervisors of the County on January 12, 2005 and on May 28, 2014 (collectively, the "Resolution"). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the County agrees as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) updated versions of the financial information and operating data with respect to the County for each fiscal year included in the County's Comprehensive Annual Financial Report and updated versions of the financial information and operating data with respect to the County included in the Official Statement and Appendix A to the Official Statement, and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(d) and (e) of this Certificate. Annual Financial Information shall include Audited Financial Statements, if available, or Unaudited Financial Statements.

The descriptions contained in Section 1.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however,* that, pursuant to Section 4.2(a) and (e) hereof, the County may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. Notice of any such modification required by Section 4.2(a) hereof shall include a reference to the specific federal or State law or regulation describing such accounting principles or other description thereof.

(3) "Counsel" means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "GAAP" means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, the Financial Accounting Standards Board or any successor to the duties and responsibilities of either of them.

(5) "MSRB" means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(6) "Notice Event" means any of the following events with respect to the Bonds, whether relating to the County or otherwise:

(i) principal and interest payment delinquencies,

(ii) non-payment related defaults, if material,

(iii) unscheduled draws on debt service reserves reflecting financial difficulties,

(iv) unscheduled draws on credit enhancements reflecting financial difficulties,

(v) substitution of credit or liquidity providers, or their failure to perform,

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds,

(vii) modifications to rights of Bondholders, if material,

(viii) Bond calls, if material, and tender offers,

(ix) defeasances,

(x) release, substitution or sale of property securing repayment of the Bonds, if material,

(xi) rating changes,

(xii) bankruptcy, insolvency, receivership or similar event of the County,

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County,

(xiii) the consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material, and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(7) "Official Statement" means the Official Statement, dated June ___, 2014, of the County relating to the Bonds.

(8) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities and Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(9) "SEC" means the United States Securities and Exchange Commission.

(10) "State" means the Commonwealth of Virginia.

(11) "Unaudited Financial Statements" means the same as Audited Financial Statements, except the same shall not have been audited.

(12) "Underwriters" means the underwriters of the Bonds for whom ________________________ is acting as representative.

ARTICLE II

THE UNDERTAKING

SECTION 2.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

SECTION 2.2. Annual Financial Information. (a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, commencing with fiscal year beginning July 1, 2013, by no later than nine (9) months after the end of the respective fiscal year, to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

SECTION 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

SECTION 2.4. Notice Events. (a) If a Notice Event occurs, the County shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to the MSRB.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

SECTION 2.5. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of a Notice Event hereunder, in addition to that which is required by this Certificate. If the County chooses to do so, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

SECTION 2.6. Additional Disclosure Obligations. The County acknowledges and understands that other federal and State laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County and that, under some circumstances, compliance with this Certificate without additional disclosures or other action may not fully discharge all duties and obligations of the County under such laws.

SECTION 2.7. No Previous Non-Compliance. The County represents that, in the previous five years, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

ARTICLE III

OPERATING RULES

SECTION 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet website (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section 3.1 shall not apply to notices of Notice Events pursuant to Section 2.4 hereof.

SECTION 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents and at one time or in part from time to time.

SECTION 3.3. Dissemination Agents. The County may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the County under this Certificate and revoke or modify any such designation.

SECTION 3.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet website address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 3.5. Fiscal Year. (a) The County's current fiscal year is July 1 to June 30, and the County shall promptly notify the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months.

ARTICLE IV

EFFECTIVE DATE, TERMINATION, AMENDMENT AND ENFORCEMENT

SECTION 4.1. Effective Date; Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The County's obligations under this Certificate shall terminate upon legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that (i) the County shall have received an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require this Certificate, or any such provision, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed or otherwise, as shall be specified in such opinion, and (ii) the County shall have delivered copies of such opinion to the MSRB.

SECTION 4.2. Amendment. (a) This Certificate may be amended by written certificate of the County Administrator of the County, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (ii) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the County shall have received an opinion of Counsel, addressed to the County, to the same effect as set forth in clause (ii) above, (iv) the County shall have received an opinion of Counsel, addressed to the County, or a determination by an entity, in each case unaffiliated with the County (such as Bond Counsel), to the effect that the amendment does not materially impair the interests of the holders of the Bonds and (v) the County shall have delivered copies of such opinions and amendment to the MSRB.

(b) This Certificate may be amended, by written certificate of the County Administrator of the County, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate, (ii) the County shall have received an opinion of Counsel to the effect that performance by the County under this Certificate as so amended will not result in a violation of the Rule and (iii) the County shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Certificate may be amended by written certificate of the County Administrator of the County, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) the County shall have received an opinion of Counsel, addressed to the County, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the Staff of the SEC and (ii) the County shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 4.2(a) hereof to the accounting principles to be followed by the County in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and subsection (b) of this Section 4.3.

(b) The obligations of the County to comply with the provisions of this Certificate shall be enforceable by the holders of the Bonds, including beneficial owners thereof. The rights of the Bondholders to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, without regard to its conflict of laws rules, and any suits and actions arising out of this Certificate shall be instituted and tried only in the Circuit Court of the County of Chesterfield, Virginia or the United States District Court for the Eastern District of Virginia, Richmond Division; *provided, however,* that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first above written.

COUNTY OF CHESTERFIELD, VIRGINIA

By: ________________________________
James J.L. Stegmaier
County Administrator

NEW ISSUE **APPENDIX F**
BOOK-ENTRY ONLY

OFFICIAL NOTICE OF SALE

$61,305,000*
COUNTY OF CHESTERFIELD, VIRGINIA,
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES A OF 2014, AND
GENERAL OBLIGATION PUBLIC IMPROVEMENT REFUNDING BONDS, SERIES B OF 2014
IFB 14 - 1022

Time and Place of Sale

NOTICE IS HEREBY GIVEN that electronic bids for the purchase of all, but not less than all, of an issue of $61,305,000* principal amount of General Obligation Bonds of the County of Chesterfield, Virginia (the "County"), consisting of $14,610,000* principal amount of General Obligation Public Improvement Bonds, Series A of 2014 (the "Series A of 2014 Bonds"), and $46,695,000* principal amount of General Obligation Public Improvement Refunding Bonds, Series B of 2014 (the "Series B of 2014 Bonds" and collectively with the Series A of 2014 Bonds, the "Bonds"), will be received by or on behalf of the County via the BiDCOMP/PARITY Competitive Bidding System, a service of Ipreo Holdings LLC ("PARITY"), on **Tuesday, June 10, 2014,** at **11:00 A.M., Eastern Time**. The County expects to award the Bonds to the successful bidder at or before **4:30 P.M., Eastern Time**, on **Tuesday, June 10, 2014** (the "Date of Sale").

Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to PARITY is required in order to submit an electronic bid and the County will neither confirm any subscription nor be responsible for any failure of a prospective bidder to subscribe. No other form of electronic bid or provider of electronic bidding services will be accepted.

For the purposes of the electronic bidding process, the time as maintained by PARITY shall constitute the official time with respect to all electronic bids submitted.

If any provisions of this Detailed Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Detailed Notice of Sale shall control. Information about PARITY, including any fees charged, may obtained from PARITY, 1359 Broadway, Second Floor, New York, New York 10018, Telephone (212) 849-5021.

Security for the Bonds

The Bonds will be general obligations of the County, and the full faith and credit of the County will be irrevocably pledged to the punctual payment of the principal of and interest on the Bonds as the same become due. In each year while the Bonds, or any of them, remain outstanding and unpaid, the Board of Supervisors of the County will be required to levy and collect annually, at the same time and in the same manner as other taxes in the County shall be assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay when due the principal of and interest on the Bonds to the extent other funds of the County shall not be lawfully available and appropriated for such purpose.

Description of Bonds; Book-Entry Only System

The Bonds will be dated the date of their delivery and will bear interest from their dated date payable on January 1, 2015 and semiannually on each January 1 and July 1 thereafter. The Bonds will mature and become due and payable on January 1 in each of the years 2015 to 2034 in the case of the Series A of 2014 Bonds and in each of

* Preliminary, subject to adjustment in accordance with the provisions hereof.

the years 2015 through 2021 and 2023 through 2025 in the case of the Series B of 2014 Bonds, in the principal amounts set forth after each such year below:

Year of Maturity (January 1)	Series A of 2014 Bonds*	Series B of 2014 Bonds*
2015	$ 760,000	$ 6,935,000
2016	480,000	6,850,000
2017	495,000	7,550,000
2018	515,000	2,055,000
2019	540,000	5,310,000
2020	570,000	5,290,000
2021	595,000	3,500,000
2022	625,000	
2023	655,000	3,075,000
2024	690,000	3,070,000
2025	720,000	3,060,000
2026	755,000	
2027	785,000	
2028	810,000	
2029	850,000	
2030	880,000	
2031	915,000	
2032	950,000	
2033	990,000	
2034	1,030,000	
	$14,610,000	$46,695,000

The Bonds will be issued only in fully registered form. One Bond representing each maturity of each series of the Bonds will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the Bonds and each such Bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity of each series of the Bonds with DTC.

Principal and interest payments on the Bonds will be made by the County by wire transfer to DTC or its nominee, Cede & Co., as registered owner of the Bonds, which will in turn remit such payments to the DTC participants for subsequent disbursal to the beneficial owners of the Bonds. Transfers of principal and interest payments to DTC participants will be the responsibility of DTC. Transfers of such payments to beneficial owners of the Bonds by DTC participants will be the responsibility of such participants and other nominees of such beneficial owners. Transfers of ownership interests in the Bonds will be accomplished by book entries made by DTC and, in turn, by the DTC participants who act on behalf of the indirect participants of DTC and the beneficial owners of the Bonds.

The County will not be responsible or liable for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants or for transmitting payments to, communicating with, notifying or otherwise dealing with any beneficial owner of the Bonds. So long as the Bonds are in book-entry only form, the County Treasurer will serve as Registrar and Paying Agent for the Bonds. The County reserves the right to designate a successor Registrar and Paying Agent for the Bonds if the Bonds at any time cease to be in book-entry only form.

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* Preliminary, subject to adjustment as provided herein.

Optional Redemption

The Series A of 2014 Bonds maturing on and prior to January 1, 2024 will not be subject to optional redemption prior to their stated maturities. The Series A of 2014 Bonds maturing on and after January 1, 2025 (or portions thereof in installments of $5,000) will be subject to redemption at the option of the County prior to their stated maturities on or after January 1, 2024 in whole or in part at any time, in such order as may be determined by the County (except that if at any time less than all of the Series A of 2014 Bonds of a given maturity are called for redemption, the particular Series A of 2014 Bond or portions thereof shall be selected by lot), at a redemption price equal to the principal amount thereof, together with the interest accrued on the principal amount to be redeemed to the date fixed for the redemption thereof.

The Series B of 2014 Bonds are not subject to optional redemption prior to their stated maturities.

Serial Bonds and/or Term Bonds; Mandatory Sinking Fund Redemption

Bidders may provide that all the Series A of 2014 Bonds be issued as serial bonds or may provide that any two or more consecutive annual principal amounts be combined into one or more term bonds.

If the successful bidder designates principal amounts of the Series A of 2014 Bonds to be combined into one or more term bonds, each such term bond shall be subject to mandatory sinking fund redemption commencing on January 1 of the first year which has been combined to form such term bond and continuing on January 1 in each year thereafter until the stated maturity date of that term bond. The amount redeemed in any year shall be equal to the principal amount of serial bonds that would otherwise have matured in such year. The Series A of 2014 Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par and shall be selected by lot from among the Series A of 2014 Bonds then subject to redemption. The County, at its option, may credit against any mandatory sinking fund redemption requirement term Series A of 2014 Bonds of the maturity then subject to redemption which have been purchased and cancelled by the County or which have been redeemed and not theretofore applied as a credit against any mandatory sinking fund redemption requirement.

Notice of Redemption

If any Series A of 2014 Bond (or any portion of the principal amount thereof in installments of $5,000) shall be called for redemption, notice of the redemption thereof, specifying the date, number and maturity of such Series A of 2014 Bond, the date and place or places fixed for its redemption, and if less than the entire principal amount of such Series A of 2014 Bond is to be redeemed, that such Series A of 2014 Bond must be surrendered in exchange for the principal amount thereof to be redeemed and a new Series A of 2014 Bond or Bonds issued equalling in principal amount that portion of the principal amount thereof not to be redeemed, shall be mailed not less than thirty (30) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the registered owner of such Series A of 2014 Bond at the address of such registered owner as it appears on the books of registry kept by the Registrar and Paying Agent for the Series A of 2014 Bonds as of the close of business on the forty-fifth (45th) day next preceding the date fixed for redemption. If notice of the redemption of any Series A of 2014 Bond (or portion thereof in installments of $5,000) shall have been given as aforesaid, and payment of the principal amount of such Series A of 2014 Bond (or the portion of the principal amount thereof to be redeemed) and of the accrued interest payable upon such redemption shall have been duly made or provided for, interest thereon shall cease to accrue from and after the date so specified for the redemption thereof.

Any notice of the optional redemption of the Series A of 2014 Bonds may state that it is conditioned upon there being on deposit with the County on the date fixed for the redemption thereof an amount of money sufficient to pay the redemption price of such Series A of 2014 Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, and any conditional notice so given may be rescinded at any time before the payment of the redemption price of such Series A of 2014 Bonds, together with the interest accrued thereon, is due and payable if any such condition so specified is not satisfied. If a redemption of any Series A of 2014 Bonds does not occur after a conditional notice is given due to there not being on deposit with the County a sufficient amount of money to pay the redemption price of such Series A of 2014 Bonds, together with the interest accrued thereon to the date fixed for the redemption thereof, the corresponding notice of redemption shall be deemed to be revoked.

So long as the Bonds are in book-entry only form, any notice of redemption shall be given only to DTC or to its nominee. The County shall not be responsible for providing any beneficial owner of the Bonds any notice of redemption.

Adjustment of Principal and Amortization Schedule

The preliminary aggregate principal amount of the Bonds and the preliminary amount of each maturity of each series of the Bonds as set forth in this Detailed Notice of Sale (the "Preliminary Aggregate Principal Amount" and the "Preliminary Principal Amount", respectively, and, collectively, the "Preliminary Amounts") may be revised before the retrieval of the electronic bids. Any such revision made prior to the retrieval of the electronic bids (the "Revised Aggregate Principal Amount" and the "Revised Principal Amount", and, collectively, the "Revised Amounts") will be announced via TM3, not later than **9:30 A.M., Eastern Time**, on the Date of Sale. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. Bidders shall submit electronic bids based on the Revised Amounts and the Revised Amounts will be used to compare electronic bids and to select the winning bidder.

After selecting the winning bid, the County will determine the final aggregate principal amount and the final principal amount of each maturity of each series of the Bonds (the "Final Aggregate Principal Amount" and the "Final Principal Amount", and, collectively, the "Final Amounts"). In determining the Final Amounts, the County will not reduce or increase the Revised Aggregate Principal Amount of the Bonds by more than 10% of such amount; *provided, however*, that it may increase or reduce the Revised Principal Amount of any maturity of either series by more than 10%. The bid price bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount of the Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriting discount, original issue discount/premium and any applicable insurance premium, but will not change the selling compensation per $1,000 of par amount of bonds from the selling compensation that would have been received based on the bid price in the winning electronic bid and the initial reoffering prices. The interest rate specified by the successful bidder for each maturity of each series of the Bonds at the initial reoffering price will not change. The Final Amounts and the adjusted bid price will be communicated to the successful bidder by **10:00 A.M., Eastern Time**, on the date following the Date of Sale.

Interest Rates and Basis of Award; Right to Reject Bids and to Waive Irregularities

Interest Rates and Basis of Award. Each bid must be for all of the Bonds. No bid for less than all of the Bonds shall be considered. No bid may be for less than 100% of the aggregate par value of the Bonds. Bidders shall state the rates of interest per annum which the Bonds are to bear in multiples of one-twentieth (1/20) or one-eighth (1/8) of 1% but shall not state more than one interest rate for any Bonds of a series having like maturity. Any number of interest rates not in excess of 5.00% per annum for any particular maturity of the Bonds may be named; provided, however, that the rate of interest on each of the Series B of 2014 Bonds maturing in the years 2023, 2024 and 2025 shall not exceed 4.00% per annum. Each bidder must specify in its bid a single interest rate for each maturity of the Series A of 2014 Bonds and a single interest rate for each maturity of the Series B of 2014 Bonds. The Bonds will be awarded to the bidder offering to purchase all of the Bonds at the lowest true interest cost to the County. For the purpose of determining the successful bidder, the true interest cost (TIC) will be the annual interest rate, compounded semiannually, which, when used to discount all payments of principal and interest payable on the Bonds to the date of delivery of the Bonds, results in an amount equal to the bid price for the Bonds. If there is more than one such bid making such offer at the same lowest TIC, the Bonds will be sold to the bidder whose bid is selected by lot from among all such bids at the same lowest TIC.

Right to Reject Bids and to Waive Irregularities. The County reserves the right to reject any or all bids and to reject any bid not complying with this Detailed Notice of Sale and, so far as permitted by law, to waive any irregularity or informality with respect to any bid.

Bid Submission

Each bid must be unconditional and must be submitted electronically via PARITY.

Neither the County nor the County's Financial Advisor will be responsible for bids received by or on behalf of the County after 11:00 A.M., Eastern Time, on the Date of Sale, and all bids received after such time will be rejected.

Good Faith Deposit

Good Faith Deposit. A good faith deposit in the amount of $613,050 (the "Good Faith Deposit") is required in connection with the sale of the Bonds. The Good Faith Deposit may be provided for by (i) a certified, bank cashier's, treasurer's or official check drawn upon or certified by a responsible banking institution and made payable to the order of the "County of Chesterfield, Virginia", delivered at or prior to the time of bid or (ii) a federal funds wire transfer to be submitted to the County by the successful bidder not later than **4:00 P.M., Eastern Time**, on the Date of Sale (the "Wire Transfer Deadline") as set forth below under "Wire Transfers". The Good Faith Deposit of the successful bidder will be collected and the proceeds thereof retained by the County to be applied in partial payment for the Bonds and no interest will be allowed or paid upon the amount thereof, but in the event the successful bidder shall fail to comply with the terms of its bid, the proceeds thereof will be retained as and for full liquidated damages. Checks of unsuccessful bidders will be returned promptly after the Bonds are awarded to the successful bidder.

Wire Transfers. If the successful bidder chooses to deliver its Good Faith Deposit by federal funds wire transfer, the County will distribute wiring instructions for the Good Faith Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Good Faith Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Bonds to the successful bidder may be cancelled by the County in its discretion without any financial liability of the County to the successful bidder or any limitation whatsoever on the County's right to sell the Bonds to a different purchaser upon such terms and conditions as the County shall deem appropriate.

Certificate of Winning Bidder

The successful bidder will be required to provide to the County within one-half (½) hour after the verbal award of the Bonds the initial offering price/yields of the Bonds to the public (excluding bond houses and brokers).

The successful bidder also must submit to the County a certificate (the "Reoffering Price Certificate"), satisfactory to Bond Counsel, prior to the delivery of the Bonds, which states that: (A) (1) on the Date of Sale, the successful bidder made a *bona fide* public offering of all maturities of the Bonds at initial offering prices corresponding to the prices or yields indicated in the information furnished in connection with its successful bid, and (2) as of such date, the first price at which an amount equal to at least ten percent (10%) of each maturity of the Bonds was sold to the public was a price not higher or a yield not lower than indicated in the information furnished with the successful bid (the "first price rule"), with the exception of those maturities, if any, identified in such certificate, as to which such certificate shall explain the reasons why the first price rule was not satisfied, or (B) the successful bidder has purchased the Bonds for its own account and not with a view to distribution or resale and not in the capacity of a bond house, broker or other intermediary, and the price or prices at which such purchase was made.

For the purposes of the Reoffering Price Certificate, the "public" does not include bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers. In making such representations, the successful bidder must reflect the effect on the offering prices of any "derivative products" (*e.g.*, a tender option) used by the bidder in connection with the initial sale of any of the Bonds.

Delivery of Bonds; Closing Documents

The Bonds will be delivered to DTC in New York, New York, on or about **Wednesday, June 25, 2014**. Settlement for the Bonds must be in FEDERAL FUNDS.

The County will furnish the usual closing papers, including a certificate evidencing the fact that no litigation is pending or, to the knowledge of the County, threatened in any way affecting the validity of the Bonds or the right and duty of the County to levy *ad valorem* taxes, without limitation of rate or amount, for the payment of the Bonds and the interest thereon; and the certificates described in the Preliminary Official Statement, dated June 2, 2014 (the "Preliminary Official Statement"), relating to the Bonds, under the caption "CERTIFICATES CONCERNING OFFICIAL STATEMENT".

Opinions of Bond Counsel

The approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, in substantially the forms appearing in the Preliminary Official Statement, will be furnished without cost to the successful bidder.

In the opinion of Bond Counsel, under existing statutes and court decisions and assuming compliance with certain tax covenants described in the Preliminary Official Statement, interest on the Bonds of both series is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code"); such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

In addition, in the opinion of Bond Counsel, under the existing statutes of the Commonwealth of Virginia, interest on the Bonds is not includable in computing the Virginia income tax.

Official Statement

The Preliminary Official Statement and the information contained therein have been deemed final by the County for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 ("Rule 15c2-12"), with permitted omissions, but are subject to change without notice and to completion or amendment in a final Official Statement.

The County, at its expense, will make available to the successful bidder a reasonably sufficient supply of final Official Statements within seven (7) business days of the award of the Bonds; *provided* that the successful bidder cooperates in providing the information required to complete the final Official Statement.

Continuing Disclosure

In order to assist bidders in complying with the continuing disclosure requirements of Rule 15c2-12 and as part of the County's contractual obligation arising from its acceptance of the bid of the successful bidder, at the time of the delivery of the Bonds the County will provide an executed original of its Continuing Disclosure Certificate, the form of which is set forth in Appendix E to the Preliminary Official Statement. Such Continuing Disclosure Certificate will constitute a written agreement or contract of the County, for the benefit of holders of and owners of beneficial interests in the Bonds, to provide annual financial information, including audited financial statements of the County, in a timely manner and notice of certain events with respect to the Bonds and notice of any failure of the County to provide such annual financial information. Annual financial information will be provided to the Municipal Securities Rulemaking Board. Notice of the occurrence of certain events with respect to the Bonds will be provided to the Municipal Securities Rulemaking Board.

In the Continuing Disclosure Certificate, the County represents that, in the previous five years, it has not failed to comply in any material respect with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12.

CUSIP Identification Numbers

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder for the Bonds to accept delivery and pay for the Bonds in accordance with the terms of its proposal. No CUSIP identification number shall constitute or be deemed to constitute a part of any Bond or a part of the contract evidenced thereby and no liability shall attach to the County or any officer or agent thereof (including the Registrar and Paying Agent) because of or on account of any such number or any use made thereof (including any use thereof made by the County or any such officer or agent) or by reason of any inaccuracy, error or omission with respect thereto or in such use. The successful bidder will be obligated to pay the fee of the CUSIP Service Bureau for assigning CUSIP identification numbers to the Bonds.

Right to Postpone Offering or Change Bidding Parameters

The County reserves the right, at any time prior to the date and time set forth above for the receipt of electronic bids for the purchase of the Bonds, to postpone the offering of the Bonds or to change the bidding parameters set forth in this Detailed Notice of Sale. Any such postponement or change will be announced via TM3. If the date and time fixed for the receipt of electronic bids and the sale of the Bonds is postponed, an alternative sale date will be announced via TM3 at least 48 hours prior to such alternative sale date. On the alternative sale date, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects (except for the date of sale) with the provisions of this Detailed Notice of Sale, except as announced via TM3 not less than 24 hours prior to the Date of Sale.

Further Information

For further information relating to the Bonds and the County, reference is made to the County's Preliminary Official Statement, which will be available for review on and after June 2, 2014 through the internet facilities of iProspectus, a service of Ipreo Holdings LLC, at www.i-dealprospectus.com. Information about PARITY, including the fees charged, may be obtained from PARITY, 1359 Broadway, Second Floor New York, New York 10018, Telephone (212) 849-5021.

JAMES J.L. STEGMAIER
County Administrator

Dated: June 2, 2014

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