

COUNTY OF HENRICO

VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2014**

**Prepared By
The Director of Finance**



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Table of Contents

<u>INTRODUCTORY SECTION</u>		<u>PAGE</u>
Letter of Transmittal		i - xiii
Certificate of Achievement for Excellence in Financial Reporting		xiv
<u>FINANCIAL SECTION</u>	<u>EXHIBITS</u>	
Independent Auditors' Report		1 - 3
Management's Discussion and Analysis		4 - 12
<u>Government-Wide Financial Statements:</u>		
Statement of Net Position	1	13
Statement of Activities	2	14 - 15
<u>Governmental Funds Financial Statements:</u>		
Balance Sheet	3	16
Statement of Revenues, Expenditures and Changes in Fund Balances	4	17
<u>Proprietary Funds Financial Statements:</u>		
Statement of Net Position	5	18
Statement of Revenues, Expenses and Changes in Net Position	6	19
Statement of Cash Flows	7	20
<u>Fiduciary Funds Financial Statements:</u>		
Statement of Net Position	8	21
<u>Component Units Financial Statements:</u>		
Statement of Net Position	9	22
Statement of Activities	10	23
Notes to Financial Statements		24 - 66
<u>REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS</u>		
Budgetary Comparison Exhibits:		
Exhibit of Revenues - Budget and Actual	11	69 - 71
Exhibit of Expenditures - Budget and Actual	12	72 - 75
Notes to Required Supplemental Information		77
<u>OTHER SUPPLEMENTAL INFORMATION</u>	<u>SCHEDULES</u>	
<u>Debt Service Fund - Budgetary Comparison Schedules:</u>		
Schedule of Revenues - Budget and Actual	1	82
Schedule of Expenditures - Budget and Actual	2	83
<u>Internal Service Funds Financial Statements:</u>		
Combining Statements of Net Position	3	86
Combining Statements of Revenues, Expenses and Changes in Net Position	4	87
Combining Statements of Cash Flows	5	88
<u>Agency Funds Financial Statements:</u>		
Combining Statements of Assets and Liabilities	6	90
Combining Statements of Changes in Assets and Liabilities	7	91
<u>Discretely Presented Component Unit - School Board:</u>		
Combining Balance Sheet	8	94
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	9	95
Statement of Fiduciary Net Position	10	98
Schedule of Changes in Assets and Liabilities	11	99

COUNTY OF HENRICO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2014

Table of Contents continued

Schedule of Revenues - Budget and Actual	12	100 - 101
Schedule of Expenditures - Budget and Actual	13	102

STATISTICAL SECTION

TABLES

Net Position by Component	I	104
Changes in Net Position	II	105 - 106
Fund Balances - Governmental Funds	III	107
Changes in Fund Balances - Governmental Funds	IV	108
Assessed Value and Actual Value of Taxable Property	V	109
Direct Tax Rates	VI	110
Principal Property Tax Payers	VII	111
Property Tax Levies and Collections	VIII	112
Ratios of Outstanding Debt by Type	IX	113
Pledged Revenue Coverage	X	114
Demographic and Economic Statistics	XI	115
Top Twenty Principal Employers	XII	116
Government Employees by Department	XIII	117
Operating Indicators by Function	XIV	118 - 119
Capital Asset Statistics by Function	XV	120

INTRODUCTORY SECTION



COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO



November 21, 2014

County Manager

The Honorable Board of Supervisors
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors, investors, creditors and any other interested readers. We believe it includes all financial statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a supplemental narrative overview and analysis of the financial statements included in this CAFR. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.us.

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

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

ended June 30, 2014, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report on the County's financial statements is presented as the first component of the Financial Section of this report. The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with the U.S. Office of Management and Budget Circular A-133. This "Single Audit" information is available in a separately issued report, which is available upon request from the County's Department of Finance.

Profile of the Government

The County of Henrico is located in central Virginia and surrounds the City of Richmond on the north side of the James River and constitutes approximately a third of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the intersection of Interstate-95 and Interstate-64 as well as its accessibility along Interstate-295, from Route 895 and Route 288, major rail lines and the James River, which is home to an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 318,158 Henrico County residents (approximately one third of the Richmond Metropolitan area) live in a well-planned community of approximately 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

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

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

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

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

Economic Overview

After successfully navigating through several years of economic hardship brought upon by the "Great Recession", there are several positives being observed that indicate the worst of the downturn may be behind us. Real estate assessments are growing for the first time in six years, vehicle sales are positive, and our business community continues to be a strength in Henrico.

Despite the improved economic climate, Henrico County continues to evaluate our governmental practices, identifying areas that exist for greater operational efficiencies and thereby best utilizing taxpayer provided resources. As evidenced by a long history of prudent financial management - and the distinction of being one of only 34 triple AAA rated localities in the country - Henrico

County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, one certainty that does exist is that Henrico County will continue to do everything within its means to create an environment conducive to positive economic growth.

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

The Richmond metro region continues to garner recognition and accolades regarding its financial strength, talented workforce, and pro-business conducive environment. For example, the area was ranked in September 2014 by Southern Business & Development as one of the South's "top 10 outstanding cities to relocate our headquarters". Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area - such as the 11 Fortune 1000 companies located in the region - as well as the small businesses and entrepreneurial endeavors that drive our diverse economy. Henrico County is home to 4 of the region's 11 Fortune 1000 companies, and serves as the corporate headquarters for two Fortune 500 companies; Altria, and Genworth, while The Brink's Company and Markel Corporation are both within the Fortune 1000. In addition to these companies, Henrico County is also home to Phillip Morris U.S.A. (a subsidiary of Altria), Alfa Laval, Hamilton Beach-Proctor Silex, Southern States Cooperative, along with over fifty companies based in twelve nations outside the United States that maintain offices in Henrico County. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefitted from their presence.

In addition, the Richmond International Raceway (RIR) located in Henrico County, hosts NASCAR races that attract nearly 95,000 fans per race from across the United States. RIR is one of the most popular facilities among NASCAR drivers and fans in all of motorsports. Known as America's Premier Short Track, RIR annually hosts two NASCAR Doubleheader weekends, featuring the NASCAR Sprint Cup Series and NASCAR Nationwide Series. Only three tracks in the U.S. have continuously hosted NASCAR races at their present locations longer than RIR. A unique feature of RIR's strategic placement within Henrico is that it is accessible within a day's travel to 50 percent of the country's population, which, along with NASCAR's loyal fan base and growing popularity, makes it a popular destination for race enthusiasts. As a result, the economic impact to the local area is significant, with each race generating an estimated \$42.5 million through the fan's patronage of local stores, restaurants and hotels.

While employment statistics are improving, the depth and severity of the recession attributed to a

significant number of job losses locally. However, despite these job losses, Henrico County's employment statistics continue to compare favorably relative to national and state averages. According to the Virginia Employment Commission, as of August 2014 the County's unemployment rate (not seasonally adjusted) of 5.7 percent is equal to that of Virginia, though considerably lower than the National rate of 6.3 percent. This relatively low unemployment rate is indicative of the fundamental economic strength of the County, as well as the resiliency and perseverance of state and local employers and the County's educated, talented workforce. Reinforcing this assumption is the strength of wages in Henrico County relative to both the state and the nation. The average weekly wage in Henrico County increased by 6.7 percent from Q1 2013 to Q1 2014, rising to \$1,111.

While the economic downturn had a significant impact on the real estate market in Henrico in both the residential and commercial sectors, recently there have been signs of improvement. As of January 1, 2014, the total taxable assessed value of the County was approximately \$31.9 billion, representing an increase of about \$1.1 billion compared to January 1, 2013. The increase in residential and commercial properties totaled 2.8 percent, while new residential and commercial construction increased \$271.6 million. The increase is a marked improvement from the previous year's increase of 0.36 percent, which had followed drops in the total tax base of 3.3 percent and 7.98 percent in the prior two years, respectively. While the January 2014 increase is encouraging, and indicates an improving economy and local real estate market, the overall real estate tax base remains below 2007 levels, as the County continues to recover the nearly \$4.0 billion in tax base lost since 2009.

Residential foreclosures increased each year from 2008 to 2010 as compared to the average for the previous seven years, which has had a direct impact on residential values. Beginning in 2011, foreclosures began to decline slightly, and in 2013 totaled 738, representing 8.1 percent of total transactions. Through the first two quarters of 2014, the number of foreclosures as a percentage of total sales transactions has dropped from the prior year, representing about 7.3 percent of total transactions. As evidenced by these statistics, while improving, foreclosures continue to cause distress in the local residential housing market.

There are some clear positive trends occurring in Virginia's housing market, and in the Central Virginia/Richmond region, with increases in the year-over-year median sales price, as well as decreases in inventory and the number of days on the market, recognized through September 2014. For example, the median sale price of homes as of September 2014 stands at \$210,000, representing an increase from the prior year. In addition, the number of units sold has increased 2.0 percent from the prior year, while active inventory is down 15.0 percent.

In addition, for the fiscal year ended June 30, 2014, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, is continuing to show improvements. For example, the number of new single-family home permits increased nearly 4.0 percent from the previous fiscal year, while single-family detached homes increased over 16.5 percent. We believe Henrico's business friendly environment, combined with a well-

educated workforce, should position the County well in this regard.

Henrico County is still one of the Commonwealth's leaders in retail sales as it ranks second behind only Fairfax County in total annual taxable sales. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2013 were \$5.1 billion, a 1.5 percent increase from 2012, and equal to the \$5.1 billion of taxable sales for 2007, prior to the onset of the recession.

In addition, Henrico continues to be one of the strongest economically performing localities in the Commonwealth. In 2013, Henrico ranked 2nd in total taxable sales among all localities, and 1st in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. These statistics are another indication that the County has grown to be a destination for shoppers locally, regionally and statewide. Henrico was able to establish itself as a destination for shoppers starting with Regency Square, built in the 1970s, and more recently with Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

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

Financial Guidelines

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

General Guidelines:

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

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

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

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

Capital Improvement Program Guidelines:

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

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

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

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

Debt Guidelines:

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

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

The County will adopt annual water and sewer rates that will generate sufficient revenues to meet

the legal requirements of Enterprise Fund bond covenants. These rates will also allow for adequate capital replacement in the water and sewer systems.

Revenues:

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

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

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

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

Fund Balance Guidelines:

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

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

During the FY06 budget process, the Board of Supervisors (the Board) agreed with a policy recommendation to maintain the unassigned fund balance at a level of 18.0 percent of General Fund expenditures effective June 30, 2006. This policy was reviewed during the annual budget process for FY13 and it was recommended that the Board approve a reduction in the percentage. The percentage of unassigned fund balance was reduced to 15.0 percent of General Fund expenditures, effective June 30, 2012. The County will continue to monitor this percentage during the annual budget process for future fiscal years. The County will not use its unassigned fund balance to subsidize current operations.

Major Initiatives and Accomplishments

On November 5, 2013, a majority of voters in Henrico County approved a referendum that would allow the Board of Supervisors to impose a tax on prepared food and beverages, commonly known as a “meals tax”, equal to four (4) percent of the amount charged. The January 28, 2014 Board of Supervisors agenda included the introduction of an ordinance to amend the County Code to levy a four percent food and beverage tax, and at the February 25, 2014 Board of Supervisors meeting a public hearing was held on the amendment to the Code of the County of Henrico to levy a four percent meals tax. After the public hearing the Board of Supervisors approved the amendment to levy a four percent meals tax. The collection of this tax began on June 1, 2014. It is anticipated that a four percent meals tax will generate approximately \$18 million in additional revenue, which is dedicated to the operational and capital project needs of Henrico County Public Schools.

Over the past four years, the difficult economy forced Henrico County to make significant budget reductions while many of the demands for the County’s services increased. The cost cutting effort involved every agency of the County and was undertaken in a straightforward and very business-like manner. The results of the \$115 million of budget reductions made in this timeframe have made us stronger. The FY2014-15 Approved Budget, included another \$10.6 million in budget reductions, allowing Henrico to continue to provide the highest level of customer service at the lowest possible cost – a concept known within the Metropolitan Area as “the Henrico Way.”

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

In August 2011, shortly after Standard and Poor’s had downgraded the U.S.’s long-term credit rating, Henrico County reaffirmed its AAA rating from the three primary bond rating agencies - Moody’s, Standard and Poor’s, and Fitch - maintaining its position as one of the best financially managed localities in the nation. Furthermore, it is believed that Henrico County was the first municipality in the country to achieve this AAA reaffirmation by all three rating agencies following the historic downgrade of the U.S. As of this writing, fewer than 40 counties in the nation enjoy the triple AAA distinction, which represents just over 1 percent of all localities nationwide. Despite the poor economic conditions that exist, Henrico County has capitalized on its premier credit rating by taking advantage of extremely low interest rates.

Henrico County has been proactive in capitalizing on its AAA bond rating and the attractive interest rate environment by refunding existing debt to realize significant cost savings. Most recently, in September 2012, Henrico County refunded \$37.5 million in Series 2005 and 2006 general obligation bond debt, achieving a remarkably low true interest cost of 2.2 percent, and a savings of \$2.3 million. Also, in February 2013, the County refunded \$68.4 million in water and sewer revenue bonds at a true interest cost of 2.9 percent, yielding savings of \$8.9 million. Since 2009, the County has refunded over \$366 million in debt, averaging a true interest cost of 2.91 percent and achieving \$29 million in debt service cost savings.

Fiscal Year 2015 represents the seventh full fiscal year under the healthcare self-insurance program, whereby the County began paying claims and third party administrative fees. Self-insurance allows the County to more fully control all aspects of the plan, including setting rates to smooth out the impact of increases on employees and the County, while maintaining adequate funding to cover claims, expenses and reserves. Since the transition to the self-insurance program, the County's healthcare cost increases have been well below the growth trend experienced nationally, resulting in significant savings relative to the national average. For example, in 2014 the national cost of healthcare coverage increased by 8.0 percent, while Henrico County recognized an increase of 1.7 percent, resulting in an estimated savings of \$4.4 million. Through 2014, Henrico County has saved an estimated \$16.5 million in healthcare premium cost avoidance as a result of becoming self-insured. Henrico remains committed to evaluating and proposing plan design options that best meet the healthcare needs of a large, diverse population, while conforming to the dynamic budgetary and regulatory requirements of a constantly evolving healthcare landscape.

Future Challenges

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

The Approved Annual Fiscal Plan for FY2014-15 projects state aid at approximately \$322 million, or 36.6 percent of General Fund revenues, reflecting an increase of approximately \$16.9 million or 5.5 percent from the FY2013-14 allocation. However, despite the overall increase from the previous fiscal year, budgeted estimates remain below State revenues collected in FY2008-09. In addition, while state aid is currently below what it was six fiscal years ago, it comprises a larger portion of the General Fund budget than it has historically. This is due to the steep declines in other locally generated revenues and the unprecedented budget reductions that have been required since the onset of the recession. With state aid now comprising over 36 percent of total general fund revenues, there is concern over Henrico's growing dependency on this revenue source, as economic volatility, and the political dynamic in Washington could continue to have severe repercussions on the state's fiscal situation, and correspondingly, Henrico County's budgetary resources.

Another issue of importance is the dramatic increase in Virginia Retirement System (VRS) rates - particularly for teachers - that took effect in FY 2015, which amounted to a \$7.3 million increase in the current fiscal year. As a result of legislation passed in the General Assembly to address the systemic underfunding of VRS, the state legislature was statutorily obligated to fund a fixed percentage of the actuarial rate for teachers, equal to 80 percent of the VRS Board of Trustees approved rate in the current biennium. While the approved employer contribution rate for teacher pensions in FY 2013 and FY 2014 was 11.66 percent, the employer contribution rate for teachers

adopted by the General Assembly for FY 2015 and FY 2016 (2014 – 2016 biennium) is 14.5 percent, reflecting a 24.4 percent increase. On a similar note, beginning in FY 2015, a new GASB pronouncement – known as GASB 68 – will require the reporting of an entity's net unfunded pension liability on the statement of net position. This requirement will have a significant impact on Henrico and its School Board component unit, due in large part to the Commonwealth's systemic underfunding of teacher pensions. The effect of requiring school boards to report a net unfunded pension liability will, in Henrico's case, result in its liabilities and deferred inflows of resources exceeding its assets and deferred outflows of resources and for the first time result in a negative total net position being reported on the statement of net position. The net unfunded pension liability cannot be reduced without significant future pension plan contribution increases, which may have significant budgetary impacts for Henrico well into the future.

Real Estate valuations have presented significant revenue challenges the past several years, registering slow to negative growth through 2013. However, for the first time in six years, the reassessment of real estate in Henrico increased in January 2014. As of January 2014, the assessed value of real property in the County totaled \$31.9 billion, which represents an increase of 3.7 percent, or approximately \$1.1 billion compared to January 1, 2013. The increase in reassessments, both residential and commercial properties, totaled 2.8 percent while new residential and commercial construction increased \$271.6 million. However, while increased property values are a welcome sign, the overall increase in the real estate tax base of \$1.1 billion only partially offsets the \$4.0 billion in tax base lost since 2009. Further, in spite of this increase in the tax base, the overall real estate tax base remains below 2007 levels. Like the rest of the nation, the severity and duration of the economic downturn has had a sizable impact on the local real estate market.

Reducing unemployment is a vital step toward improving the economy. Nationally, unemployment was at 6.3 percent in August 2014, while both the State and County's unemployment rates stood at 5.7. While Henrico's unemployment rate remains lower than the national average, and equal to that of the State, the loss of several large employers during the recession pushed the County's unemployment rate to levels not seen in many years. However, there are some positives occurring in the local economy that serve as an indication that Henrico is recovering, and poised to return to an unemployment rate that more mirrors pre-recession historical averages.

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

Also, slated to be completed in late 2014, the flooring retailer Lumber Liquidators is building and operating a one million square-foot distribution center in the White Oak Technology Park located in the eastern portion of the County. The project will bring a \$50 million dollar investment as well 150 jobs to Henrico County.

In addition, the Libbie Mill development, located at the intersections of Staples Mill Road, Bethlehem Road and Libbie Avenue in the County's near-West End is an 80 acre mixed-use neighborhood that will feature 100,000 square feet of retail space, 60,000 square feet of office space, as well as over 2,000 housing units planned both for sale and luxury rental. The development is anchored by the upscale grocer Southern Seasons, which occupies 53,000 square feet within the development, as well as the new 30,000 square foot Libbie Mill Library, which is currently under construction.

In addition, in April 2014, Dominion Virginia Power sought and was granted approval to build a 110,000 square foot, \$80 million facility with enhanced security infrastructure, located near Interstate 295 in the northern part of the county. The new facility will offer improved infrastructure and more space for expansion.

Also, McKesson Medical-Surgical, Inc., a subsidiary of the McKesson Corporation and currently headquartered in Henrico County, announced plans to relocate and expand its presence within the County. The healthcare services and information technology company will spend more than \$10 million to relocate and lease 168,500 square feet of office space near Innsbrook in the western portion of the county, with plans to add 225 new jobs over the next few years. Business expansions such as these have contributed to reduced vacancy rates and increased rental rates for Class A office space in the area.

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

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

Certificate of Achievement

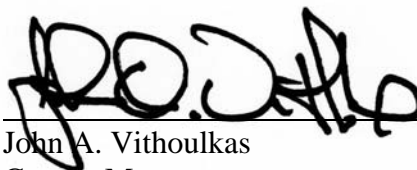
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Henrico, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the thirty-third consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

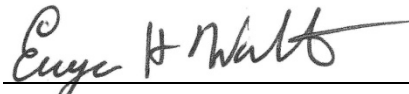
Acknowledgements

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John A. Vithoulikas", written over a horizontal line.

John A. Vithoulikas
County Manager

A handwritten signature in black ink, appearing to read "Eugene H. Walter", written over a horizontal line.

Eugene H. Walter
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
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Presented to

**County of Henrico
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



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

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia (the County), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1(m) to the financial statements, in fiscal year 2014, the County retrospectively adopted new accounting guidance requiring the reclassification, as deferred out flows of resources or deferred inflows of resources, of certain items that were previously reported as assets and liabilities, and the recognition, as outflows of resources or inflows of resources, of certain items that were previously reported as assets and liabilities. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 12, the budgetary comparison information on pages 69 through 77, and the schedules of funding progress on pages 58 and 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The Other Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the



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

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

KPMG LLP

November 21, 2014

COUNTY OF HENRICO, VIRGINIA MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the County of Henrico's (County) financial performance provides an overview of the County's financial activities for the fiscal year ended June 30, 2014 (FY 2014). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements and related notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2014

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financial sources and uses by \$8.2 million (Exhibit 4) after making transfers out of \$87.1 million, which include transfers to the Capital Projects Fund for \$10.5 million, Special Revenue Fund for \$17.8 million and Debt Service Fund for \$58.7 million. In addition, the General Fund contributed \$189.5 million to the County's component units.

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$525.6 million. The general revenues of \$550.2 million exceeded expenses net of program revenues by \$24.6 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$2,397.3 million at June 30, 2014 (Exhibit 1).

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

The County has three types of funds:

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects a summary of the County's net position at June 30, 2013 and 2014 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2013 ⁽¹⁾	2014	2013 ⁽¹⁾	2014	2013 ⁽¹⁾	2014	2013	2014
Current and Other Assets	\$ 594.4	\$ 571.2	\$ 112.5	\$ 166.3	\$ 706.9	\$ 737.5	\$ 39.1	\$ 48.8
Capital Assets	<u>1,422.5</u>	<u>1,430.2</u>	<u>1,131.3</u>	<u>1,164.3</u>	<u>2,553.8</u>	<u>2,594.5</u>	<u>241.5</u>	<u>268.8</u>
Total Assets	<u>2,012.9</u>	<u>2,001.4</u>	<u>1,243.8</u>	<u>1,330.6</u>	<u>3,260.7</u>	<u>3,332.0</u>	<u>280.6</u>	<u>317.6</u>
Deferred Outflow of Resources	-	-	7.5	7.1	7.5	7.1	-	-
Long-term Liabilities	587.0	545.5	158.2	240.7	745.2	786.2	23.6	55.9
Other Liabilities	<u>106.4</u>	<u>106.9</u>	<u>30.3</u>	<u>33.0</u>	<u>136.7</u>	<u>139.9</u>	<u>5.9</u>	<u>6.0</u>
Total Liabilities	<u>693.4</u>	<u>652.4</u>	<u>188.5</u>	<u>273.7</u>	<u>881.9</u>	<u>926.1</u>	<u>29.5</u>	<u>61.9</u>
Deferred Inflow of Resources	14.8	15.7	-	-	14.8	15.7	7.5	11.0
Net Position:								
Net Investment in Capital Assets	1,029.3	1,049.9	969.3	1,015.3	1,998.6	2,065.2	232.3	224.9
Restricted	171.5	157.7	15.0	17.0	186.5	174.7	7.3	11.3
Unrestricted	<u>107.9</u>	<u>125.7</u>	<u>63.5</u>	<u>31.7</u>	<u>171.4</u>	<u>157.4</u>	<u>4.0</u>	<u>8.5</u>
Total Net Position	<u>\$ 1,308.7</u>	<u>\$ 1,333.3</u>	<u>\$ 1,047.8</u>	<u>\$ 1,064.0</u>	<u>\$ 2,356.5</u>	<u>\$ 2,397.3</u>	<u>\$ 243.6</u>	<u>\$ 244.7</u>

⁽¹⁾As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. See Note 1 of the notes to the financial statements.

The County's combined net position increased by 1.7 percent, or \$40.8 million to \$2,397.3 million from \$2,356.5 million, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 1).

Net position of the County's governmental activities increased 1.9 percent, or \$24.6 million to \$1,333.3 million (Exhibit 1). Net Investment in Capital Assets increased by \$20.6 million due to capital assets acquired and debt payments made for both bonds and capital leases. Restricted net position decreased by \$13.8 million due to an increase in funds expended for capital projects offset by additional funds reserved for debt service and grants. The governmental activities unrestricted net position, the portion of net position that can be used to finance day-to-day operations; increased by \$17.8 million to \$125.7 million at June 30, 2014 (Exhibit 1).

Net position of governmental activities increased mainly due to capital outlay expenditures of \$58.5 million, which are added back to net position for capital assets capitalized during the year, and \$43.3 million in debt service activities. This was offset by depreciation expense of \$50.3 million and a decrease of \$31.0 million in the total governmental fund balance. Other significant activities effecting net position are activities which are not reported in the governmental funds that provide current financial resources of \$1.6 million and the use of current financial resources of \$1.2 million.

The net position of business-type activities decreased 1.6 percent, or \$16.2 million from \$1,047.8 million to \$1,064.0 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$31.7 million as of June 30, 2014.

The component units' net position increased .5 percent, or \$1.1 million from \$243.6 million to \$244.7 million. This increase was due primarily to due to capital outlay expenditures of \$47.5 million offset by \$35.4 million in debt service activities and depreciation expense of \$19.8 million. Other significant activities effecting net position are an increase of \$7.0 million in the schools fund balance due mainly to an increase in contributions received from the County and an increase of \$2.5 million for current financial resources.

Schedule of Activities

The following chart summarizes the revenues and expenses of the County's activities for the fiscal years ended June 30, 2013 and 2014 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2013	2014	2013	2014	2013	2014	2013	2014
Revenues:								
Program Revenues:								
Charges for Services	\$ 47.8	\$ 48.2	\$ 101.8	\$ 102.2	\$ 149.6	\$ 150.4	\$ 13.3	\$ 12.4
Operating Grants and Contributions	109.4	117.4	-	-	109.4	117.4	275.7	276.2
Capital Grants and Contributions	-	-	7.8	7.3	7.8	7.3	.1	.1
General Revenues:								
Property Taxes	355.2	368.0	-	-	355.2	368.0	-	-
Other Taxes	128.2	127.0	-	-	128.2	127.0	-	-
Other	54.5	55.2	2.6	4.7	57.1	59.9	1.0	1.3
Payment from Primary Government	-	-	-	-	-	-	178.7	189.5
Total Revenues	\$ 695.1	\$ 715.8	\$ 112.2	\$ 114.2	\$ 807.3	\$ 830.0	\$ 468.8	\$ 479.5

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2013	2014	2013	2014	2013	2014	2013	2014
Expenses:								
General Government	\$ 96.1	\$ 86.8	\$ -	\$ -	\$ 96.1	\$ 86.8	\$ -	\$ -
Judicial Administration	10.9	10.9	-	-	10.9	10.9	-	-
Public Safety	173.2	179.0	-	-	173.2	179.0	5.4	5.2
Public Works	70.3	77.6	-	-	70.3	77.6	-	-
Health and Welfare	57.7	58.7	-	-	57.7	58.7	-	-
Education	188.0	200.4	-	-	188.0	200.4	472.2	473.2
Parks, Recreation and Cultural	34.8	34.2	-	-	34.8	34.2	-	-
Community Development	28.9	27.7	-	-	28.9	27.7	-	-
Interest on Long-term Debt	21.3	15.9	-	-	21.3	15.9	-	-
Water and Sewer	-	-	89.8	96.9	89.8	96.9	-	-
Golf Course	-	-	1.2	1.1	1.2	1.1	-	-
Total Expenses	\$ 681.2	\$ 691.2	\$ 91.0	\$ 98.0	\$ 772.2	\$ 789.2	\$ 477.6	\$ 478.4
Change in Net Position	13.9	24.6	21.2	16.2	35.1	40.8	(8.8)	1.1
Net Position, beginning of year⁽¹⁾	1,294.8	1,308.7	1,026.6	1,047.8	2,321.4	2,356.5	252.4	243.6
Net Position, end of year	\$ 1,308.7	\$ 1,333.3	\$ 1,047.8	\$ 1,064.0	\$ 2,356.5	\$ 2,397.3	\$ 243.6	\$ 244.7

⁽¹⁾As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. See Note 1 of the Note to the financial statements.

REVENUES

For the fiscal year ended June 30, 2014, revenues from governmental activities totaled \$715.8 million, an increase of \$20.7 million from fiscal year 2013. Real Estate Tax Revenues, the County's largest revenue source, which reflects the recognition of the second half calendar year 2013 and the first half of calendar year 2014 real property tax, collected during fiscal year 2014 totaled \$277.8 million a increase of \$8.7 million, or 3.2 percent from fiscal 2013. The County Board of Supervisor maintained the Real Estate Tax Rate at the current amount of 87 cents per \$100 of assessed value for calendar year 2014.

During fiscal year 2014, the County collected \$73.1 million in personal property tax revenue from County residents, and received Personal Property Tax Relief from the Commonwealth of Virginia (the Commonwealth) of \$37.0 million for a total personal property tax related receipts of \$110.1 million. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth's share of the local personal property tax payment for a calendar year was frozen at 70 percent for qualified vehicles. During the 2004 General Assembly, the Commonwealth's obligation for car tax relief was capped at \$950 million annually. Each jurisdiction's share of the \$950 million is based on the total 2004 reimbursement as of December 31, 2005. The County's share for 2014 of \$37.0 million is paid in three installments. At June 30, 2014, the County accrued \$18.4 million for the first half of the 2014 calendar year.

Business-type activities produced total revenues of \$114.2 million, an increase of \$2.0 million from fiscal year 2013. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$102.2 million in charges for services and \$7.3 million in capital grants and contributions. (Exhibit 2)

EXPENSES

For the fiscal year ended June 30, 2014, expenses for governmental activities totaled \$691.2 million, an increase of \$10.0 million from fiscal year 2013. Included in this activity are employee compensation and

benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as public safety, recreation, and libraries.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include \$186.9 million for School operations and \$2.0 million for School capital improvement projects (Exhibit 4).

The expenses of business-type activities, which result from the operations of the County's Water and Sewer activity and Golf Course activity, totaled \$98.0 million, an increase of \$7.0 million or 7.7 percent over fiscal year 2013 (Exhibit 2). The Water and Sewer activity accounts for \$96.9 million of the total expenses of \$98.0 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2014, the governmental funds reflect a combined fund balance of \$399.0 million, a decrease of \$31.0 million from fiscal year 2013 (Exhibit 3). The General Fund accounts for \$202.6 million (Exhibit 3) of the total combined balance. This is an increase of \$8.2 million or 4.2 percent from the General Fund balance of \$194.4 million recorded at June 30, 2013. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$26.7 million from fiscal year 2013. The most significant increases occurred in General Property Taxes, which increased \$15.2 million and Intergovernmental Revenues, which increased by \$11.8 million. At the same time, General Fund Expenditures increased by \$20.3 million or 3.8 percent from fiscal year 2013. Other Financing Uses, net decreased by \$21.0 million or 19.4 percent over fiscal year 2013. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed \$10.5 million to the Capital Projects Fund to finance various capital projects, \$17.8 million to the Special Revenue Fund and \$58.7 million for debt service.
- The General Fund contributed \$188.9 million to fund the fiscal year 2014 School Board operations, an increase of \$10.8 million or 6.1 percent from the fiscal 2013 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$47.3 million (Exhibit 4) increased \$3.7 million over fiscal year 2013. The increase is due to revenues of \$56.8 million and other financing sources and uses of \$17.4 million which exceeded expenditures of \$70.5 million. The major function of the Special Revenue Fund is to account for State and Federal grants received by the County and solid waste operations. State and Federal grants are received on a reimbursement basis and accounted for \$26.0 million in revenues. The County's solid waste function accounted for \$13.8 million in revenues and \$12.3 million in expenditures during fiscal year 2014.
- The Debt Service Fund Balance remained at \$.7 million (Exhibit 4) during fiscal year 2014. During the fiscal year, expenditures for debt service were \$58.7 million and the Fund received transfers from the General Fund of \$58.7 million.
- The Capital Projects Fund Balance of \$148.4 million (Exhibit 4) is a decrease of \$42.9 million, or 22.4 percent in comparison to fiscal year 2013. During the fiscal year, expenditures for capital projects were \$55.7 million, and transfers from the General Fund totaled \$10.5 million and \$0.5 million from the Special Revenue Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget (in millions)

	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 462.3	\$ 463.8	\$ 487.3
Intergovernmental	121.4	136.0	140.3
Other	<u>26.4</u>	<u>26.5</u>	<u>26.2</u>
Total Revenues	<u>\$ 610.1</u>	<u>\$ 626.3</u>	<u>\$ 653.8</u>
Expenditures and Other Financing Uses:			
Expenditures	\$ 540.7	\$ 571.2	\$ 558.6
Other Financing Uses	<u>88.5</u>	<u>88.5</u>	<u>87.0</u>
Total Expenditures and Other Financing Uses	<u>629.2</u>	<u>659.7</u>	<u>645.6</u>
Change in Fund Balance	<u>\$ (19.1)</u>	<u>\$ (33.4)</u>	<u>\$ 8.2</u>

Revenues and other financing uses exceeded expenditures by \$8.2 million in the General Fund for fiscal year 2014.

Actual General Fund revenues were more than the original budgeted revenues by \$43.7 million during fiscal year 2014. Actual revenue collections exceeded the revised budget by 27.5 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes which exceeded the revised budget by \$19.0 million and other local taxes, such as bank franchise taxes, which exceeded the revised budget by \$4.4 million. Actual General Fund expenditures were more than the original budget by \$17.9 million, and less than the revised budget by \$12.6 million.

During fiscal year 2014, the County Board of Supervisors amended the budget four times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

- To reappropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2013.
- To reappropriate grant revenues authorized in fiscal year 2013 or earlier, but not expended or encumbered as of June 30, 2013.
- To appropriate grants or donations accepted or adjusted in fiscal year 2014.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2014 budget.

CAPITAL ASSETS

At the end of fiscal year 2014, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,430.2 million, which represents a net increase of \$7.7 million or 0.5 percent over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2013	2014	2013	2014	2013	2014	2013	2014
Non-Depreciable Assets:								
Land	\$ 364.9	\$ 367.0	\$ 17.3	\$ 19.0	\$ 382.2	\$ 386.0	\$ 42.0	\$ 42.6
Construction in Progress	127.6	93.9	77.9	103.0	205.5	196.9	15.7	12.6
Other Capital Assets:								
Building	773.2	832.1	360.0	360.2	1,133.2	1,192.3	275.3	276.7
Infrastructure	650.3	656.1	1,017.2	1,033.9	1,667.5	1,690.0	-	-
Equipment	200.9	215.3	116.6	135.4	317.5	350.7	140.0	183.6
Improvements other than Buildings	57.1	60.0	3.7	3.7	60.8	63.7	28.7	29.6
Accumulated Depreciation								
On Other Capital Assets	<u>(751.5)</u>	<u>(794.2)</u>	<u>(461.4)</u>	<u>(490.9)</u>	<u>(1,212.9)</u>	<u>(1,285.1)</u>	<u>(260.3)</u>	<u>(276.3)</u>
Total	<u>\$ 1,422.5</u>	<u>\$ 1,430.2</u>	<u>\$ 1,131.3</u>	<u>\$ 1,164.3</u>	<u>\$ 2,553.8</u>	<u>\$ 2,594.5</u>	<u>\$ 241.4</u>	<u>\$ 268.8</u>

The business-type activities capital assets grew by \$33.0 million to \$1,164.3 million, an increase of 2.9 percent over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities and the County-owned golf course.

The component units' capital assets increased by \$27.4 million to \$268.8 million, an increase of 11.4 percent from the previous fiscal year. The School Board accounted for the major portion of the net increase. More detailed information about the County's capital assets is presented in Note 6 of the notes to the financial statements.

LONG-TERM DEBT

On March 20, 2014, the County issued \$74.2 million of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 1% and 5% and the final maturity will occur on May 1, 2044. The principal payments range from \$370,000 to \$2,875,000. During fiscal year 2014, the Schools entered into capital leases of \$42.9 million for school technology.

In March 2005, the County voters authorized the issuance of \$349.3 million of general obligation bonds. Proceeds from the issuance of these bonds provide financing for future public improvements, including County and School facilities. To date, the County has issued \$339.7 million of the voter approved bonds, which reduced the amount of approved but not issued to \$9.6 million as of June 30, 2014.

At the end of fiscal year 2014, the County had \$425.7 million in outstanding General Obligation Bonds, a decrease of \$33.9 million, or 7.4 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2014, the County had a net increase of 22,743 jobs since 2004, resulting in total employment of 172,420. The County's unemployment rate, which was reported at 5.3 percent as of June 30, 2014, was slightly lower than that posted for the state (5.4

percent) and well below the federal rate (6.3 percent) as of June 30, 2014. As of 2012 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$43,292 registered higher than the national average of \$42,693 and less than the Commonwealth of Virginia average of \$47,082.

OTHER INFORMATION

During fiscal year 2008, the County joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. For the year ended June 30, 2014, the County contributed \$9.4 million, which fully funded the Annual Required Contribution (ARC) of \$9.4 million which maintained the Net OPEB Asset at \$2.4. More detailed information about the County's OPEB Plan is presented in Note 11 of the notes to the financial statements.

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

At June 30, 2014, the County's investment portfolio amounted to \$466.2 million, and contained obligations of the United States and agencies thereof, high quality municipal bonds and prime commercial paper. The County's investment strategy has remained unchanged during fiscal 2014. While this strategy has resulted in reduced yields, which impacted investment earnings available for operations in fiscal year 2014, the County has not experienced any significant adverse decline in the fair value of the County's investments and cash equivalents. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, P.O. Box 90775, Henrico, VA 23273-0775. Additional financial information can be found on our web-site www.co.henrico.va.us.

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and temporary investments	\$ 510,502,555	\$ 24,886,066	\$ 535,388,621	\$ 30,284,515
Receivables, net	23,103,970	20,074,210	43,178,180	-
Due from other governments	33,980,838	-	33,980,838	18,452,177
Internal balances	(2,896,297)	2,896,297	-	-
Due from component unit	765,761	-	765,761	-
Due from Primary Government	-	-	-	-
Inventories	828,054	1,476,723	2,304,777	-
Prepays	-	20,000	20,000	-
Other assets	4,955,763	5,690,253	10,646,016	17,673
Restricted cash	-	111,222,099	111,222,099	44,006
Capital assets:				
Land and construction in progress	460,859,354	121,989,605	582,848,959	55,191,817
Other capital assets, net	969,316,386	1,042,323,983	2,011,640,369	213,638,651
Capital assets, net	1,430,175,740	1,164,313,588	2,594,489,328	268,830,468
Total Assets	2,001,416,384	1,330,579,236	3,331,995,620	317,628,839
Deferred Outflow of Resources:				
Deferred loss on debt refunding, net	-	7,114,249	7,114,249	-
Total Assets and Deferred Outflow of Resources	2,001,416,384	1,337,693,485	3,339,109,869	317,628,839
Liabilities:				
Accounts payable	65,751,349	11,669,642	77,420,991	3,796,661
Deposits payable	-	899,917	899,917	-
Accrued liabilities	25,744,740	2,032,278	27,777,018	1,353,332
Amounts held for others	9,225,201	-	9,225,201	83,738
Unearned revenues	6,164,088	18,397,068	24,561,156	2,878
Due to Primary Government	-	-	-	765,761
Due to component units	-	-	-	-
Long-term liabilities due within one year	69,236,732	8,297,610	77,534,342	20,359,399
Long-term liabilities due in more than one year	476,254,494	232,449,110	708,703,604	35,529,078
Total Liabilities	652,376,604	273,745,625	926,122,229	61,890,847
Deferred Inflow of Resources:				
Unearned revenues	15,700,101	-	15,700,101	10,971,635
Total Liabilities and Deferred Inflow of Resources	668,076,705	273,745,625	941,822,330	72,862,482
Net Position:				
Net Investment in Capital Assets	1,049,919,095	1,015,261,376	2,065,180,471	224,878,255
Restricted for:				
Highways, Streets and Buildings	75,282,760	-	75,282,760	-
Debt service	35,187,411	17,005,077	52,192,488	-
Grants	47,263,564	-	47,263,564	11,340,503
Unrestricted	125,686,849	31,681,407	157,368,256	8,547,599
Total Net Position	\$ 1,333,339,679	\$ 1,063,947,860	\$ 2,397,287,539	\$ 244,766,357

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 86,768,654	\$ 11,117,806	\$ 1,006,071	\$ -
Judicial administration	10,915,621	123,979	5,286,351	-
Public safety	179,029,851	2,951,056	29,234,578	-
Public works	77,624,039	14,851,091	47,539,060	-
Health and welfare	58,681,493	11,254,619	26,677,467	-
Education	200,483,252	-	-	-
Parks, recreation and culture	34,158,830	1,445,541	211,518	-
Community development	27,680,657	6,479,291	7,447,683	-
Interest on long-term debt	15,853,938	-	-	-
Total Governmental Activities	691,196,335	48,223,383	117,402,728	-
Business-type activities:				
Water and Sewer	96,918,304	101,394,693	-	7,329,924
Belmont Park Golf Course	1,150,053	797,063	-	-
Total Business-type Activities	98,068,357	102,191,756	-	7,329,924
Total Primary Government	<u>\$ 789,264,692</u>	<u>\$ 150,415,139</u>	<u>\$ 117,402,728</u>	<u>\$ 7,329,924</u>
Component Units:				
School Board	\$ 473,145,966	\$ 7,851,536	\$ 276,176,696	\$ -
James River Juvenile Detention Commission	5,204,018	4,613,320	-	84,870
Total Component Units	<u>\$ 478,349,984</u>	<u>\$ 12,464,856</u>	<u>\$ 276,176,696</u>	<u>\$ 84,870</u>

General Revenues:

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

Change in net position

Total Net Position at June 30, 2013, as restated

Total Net Position at June 30, 2014

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

Net (Expenses) Revenues and Changes in Net Assets				
Governmental Activities	Business-Type Activities	Total	Component Units	
\$ (74,644,777)	\$ -	\$ (74,644,777)	\$ -	
(5,505,291)	-	(5,505,291)	-	
(146,844,217)	-	(146,844,217)	-	
(15,233,888)	-	(15,233,888)	-	
(20,749,407)	-	(20,749,407)	-	
(200,483,252)	-	(200,483,252)	-	
(32,501,771)	-	(32,501,771)	-	
(13,753,683)	-	(13,753,683)	-	
(15,853,938)	-	(15,853,938)	-	
(525,570,224)	-	(525,570,224)	-	
-	11,806,313	11,806,313	-	
-	(352,990)	(352,990)	-	
-	11,453,323	11,453,323	-	
<u>\$ (525,570,224)</u>	<u>\$ 11,453,323</u>	<u>\$ (514,116,901)</u>	<u>\$ -</u>	
\$ -	\$ -	\$ -	\$ (189,117,734)	
-	-	-	(505,828)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (189,623,562)</u>	
\$ 367,971,413	\$ -	\$ 367,971,413	\$ -	
55,824,515	-	55,824,515	-	
29,827,991	-	29,827,991	-	
11,007,647	-	11,007,647	-	
9,138,480	-	9,138,480	-	
21,250,238	-	21,250,238	-	
1,945,845	2,074,889	4,020,734	7,243	
51,143,325	1,610,975	52,754,300	-	
1,033,758	-	1,033,758	442,271	
1,097,352	1,050,998	2,148,350	828,027	
-	-	-	189,522,001	
<u>\$ 550,240,564</u>	<u>\$ 4,736,862</u>	<u>\$ 554,977,426</u>	<u>\$ 190,799,542</u>	
\$ 24,670,340	\$ 16,190,185	\$ 40,860,525	\$ 1,175,980	
<u>1,308,669,339</u>	<u>1,047,757,675</u>	<u>2,356,427,014</u>	<u>243,590,377</u>	
<u>\$ 1,333,339,679</u>	<u>\$ 1,063,947,860</u>	<u>\$ 2,397,287,539</u>	<u>\$ 244,766,357</u>	

COUNTY OF HENRICO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 250,916,835	\$ 52,431,578	\$ 757,411	\$ 162,641,038	\$ 466,746,862
Receivables, net	20,034,346	3,060,165	-	-	23,094,511
Due from other governmental units	32,727,823	1,231,250	-	21,765	33,980,838
Due from component unit	558,697	-	-	-	558,697
Due from other funds	1,069,833	-	-	-	1,069,833
Advance to other fund	112,500	-	-	-	112,500
Total Assets	\$ 305,420,034	\$ 56,722,993	\$ 757,411	\$ 162,662,803	\$ 525,563,241
Liabilities:					
Accounts payable	\$ 58,014,097	1,950,889	\$ -	\$ 4,901,186	\$ 64,866,172
Accrued liabilities	10,460,995	2,162,086	-	5,212,989	17,836,070
Amounts held for others	9,080,151	145,050	-	-	9,225,201
Unearned revenues	8,630,612	5,015,440	-	-	13,646,052
Due to component units	-	-	-	-	-
Due to other funds	911,349	185,964	-	4,168,228	5,265,541
Total liabilities	87,097,204	9,459,429	-	14,282,403	110,839,036
Deferred Inflow of Resources:					
Unearned revenues	15,700,101	-	-	-	15,700,101
Fund Balances:					
Unspendable	112,500	-	-	-	112,500
Restricted	6,812,318	30,253,065	-	-	37,065,383
Committed	18,841,937	-	-	148,380,400	167,222,337
Assigned	61,821,677	17,010,499	757,411	-	79,589,587
Unassigned	115,034,297	-	-	-	115,034,297
Total fund balances	202,622,729	47,263,564	757,411	148,380,400	399,024,104
Total Liabilities, Deferred Inflows and Fund Balances	\$ 305,420,034	\$ 56,722,993	\$ 757,411	\$ 162,662,803	

Adjustments for the Statement of Net Position:

Capital assets used in government activities are not current financial resources and therefore are not reported as assets in the governmental funds. (Note 6)	\$ 1,417,592,662
Unearned revenue that has not been recognized as revenue in the current period and therefore is reported as liabilities in the governmental funds. (Note 3)	7,481,964
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. (Note 7)	(531,961,830)
Accrued interest on bonds payable, is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(7,520,407)
Other assets reported in governmental activities are not deferred and recorded as assets in the governmental funds.	2,365,897
Internal service funds are used by management to charge the costs of equipment replacement; and, therefore, the assets and liabilities of the internal service fund are included in government activities in the Statement of Net Position.	43,783,225
Internal service fund net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.	2,574,064
Total Net Position of Governmental Activities	\$ 1,333,339,679

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	\$ 364,605,079	\$ 2,515,157	\$ -	\$ -	\$ 367,120,236
Other local taxes	122,666,775	2,446,688	-	-	125,113,463
Licenses and permits	3,731,690	-	-	-	3,731,690
Fines and forfeitures	2,649,202	-	-	-	2,649,202
Revenue from use of money and property	2,919,631	241,585	-	173,983	3,335,199
Charges for services	4,045,938	24,736,661	-	-	28,782,599
Miscellaneous	7,690,620	388,918	-	727,950	8,807,488
Recovered costs	5,150,938	483,895	-	-	5,634,833
Intergovernmental	140,335,950	25,991,407	-	914,857	167,242,214
Total Revenues	653,795,823	56,804,311	-	1,816,790	712,416,924
Expenditures:					
Current operating:					
General government	63,416,972	5,676,048	-	-	69,093,020
Judicial administration	9,997,137	920,372	-	-	10,917,509
Public safety	164,736,112	5,646,240	-	-	170,382,352
Public works	47,341,324	12,388,843	-	-	59,730,167
Health and welfare	19,729,503	38,886,962	-	-	58,616,465
Parks, recreation, and culture	30,022,207	1,774	-	-	30,023,981
Community development	20,555,421	6,992,231	-	-	27,547,652
Education	186,856,394	-	-	1,992,501	188,848,895
Miscellaneous	15,482,597	-	10,952	-	15,493,549
Debt service:					
Principal	359,056	24,723	37,615,000	-	37,998,779
Interest and other charges	43,678	3,509	21,121,081	-	21,168,268
Capital outlay	-	-	-	53,716,039	53,716,039
Total Expenditures	558,540,401	70,540,702	58,747,033	55,708,540	743,536,676
Excess (deficiency) of revenues over (under) expenditures	95,255,422	(13,736,391)	(58,747,033)	(53,891,750)	(31,119,752)
OTHER FINANCING (USES) SOURCES:					
Transfers in	-	17,844,060	58,747,033	10,997,490	87,588,583
Transfers out	(87,138,583)	(450,000)	-	-	(87,588,583)
Capital lease obligations incurred	93,143	8,314	-	-	101,457
Total other financing (uses) sources, net	(87,045,440)	17,402,374	58,747,033	10,997,490	101,457
Net change in fund balance	8,209,982	3,665,983	-	(42,894,260)	(31,018,295)
Total Fund Balances - June 30, 2013	194,412,747	43,597,581	757,411	191,274,660	430,042,399
Total Fund Balances - June 30, 2014	\$ 202,622,729	\$ 47,263,564	\$ 757,411	\$ 148,380,400	\$ 399,024,104

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	\$ (31,018,295)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	37,998,779
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	(1,595,511)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	58,487,052
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(1,204,285)
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(50,316,257)
Interest expense on bonds payable, is not due and payable in the current period and therefore is not reported as expenses in the governmental funds. (Note 7)	5,314,330
Internal service funds charge the costs of maintenance and healthcare services to governmental funds and are a reduction of expenses in the Statement of Activities	6,483,444
Internal service fund revenues not recorded in the governmental funds.	521,083
Change in Net Position of Governmental Activities	<u>\$ 24,670,340</u>

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2014

Exhibit 5

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 24,886,066	\$ -	\$ 24,886,066	\$ 43,755,693
Receivables, net	20,074,210	-	20,074,210	9,459
Due from other funds	4,168,228	-	4,168,228	1,208,219
Due from component unit	-	-	-	207,064
Inventories	1,476,723	-	1,476,723	828,054
Other assets	20,000	-	20,000	15,802
Restricted cash and cash equivalents	111,222,099	-	111,222,099	-
Total current assets	161,847,326	-	161,847,326	46,024,291
Noncurrent assets:				
Other assets	5,690,253	-	5,690,253	-
Capital assets:				
Land and construction in progress	121,739,114	250,491	121,989,605	-
Other capital assets, net	1,040,928,638	1,395,345	1,042,323,983	12,583,078
Capital assets, net	1,162,667,752	1,645,836	1,164,313,588	12,583,078
Total non-current assets	1,168,358,005	1,645,836	1,170,003,841	12,583,078
Total assets	1,330,205,331	1,645,836	1,331,851,167	58,607,369
Deferred Outflow of Resources:				
Deferred loss on debt refunding, net	7,114,249	-	7,114,249	-
Total assets and deferred outflow of resources	1,337,319,580	1,645,836	1,338,965,416	58,607,369
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 11,577,693	\$ 91,949	\$ 11,669,642	\$ 885,177
Deposits payable	899,917	-	899,917	-
Due to other funds	87,878	1,071,553	1,159,431	21,308
Accrued liabilities	2,010,866	21,412	2,032,278	388,263
Unearned revenues	18,397,068	-	18,397,068	-
Long-term liabilities due within one year	8,275,631	21,979	8,297,610	5,602,024
Total current liabilities	41,249,053	1,206,893	42,455,946	6,896,772
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Long-term liabilities due in more than one year	232,438,263	10,847	232,449,110	7,927,372
Total non-current liabilities	232,438,263	123,347	232,561,610	7,927,372
Total liabilities	273,687,316	1,330,240	275,017,556	14,824,144
NET POSITION:				
Net investment in capital assets	1,013,615,540	1,645,836	1,015,261,376	12,580,263
Restricted for debt service	17,005,077	-	17,005,077	-
Unrestricted	33,011,647	(1,330,240)	31,681,407	31,202,962
Total net position	\$ 1,063,632,264	\$ 315,596	\$ 1,063,947,860	\$ 43,783,225

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal
	Water and	Belmont Park	Total	Service
	Sewer Revenue	Golf Course		Funds
Operating Revenues:				
Charges for services:				
Water system	\$ 45,791,013	\$ -	\$ 45,791,013	\$ -
Sewer system	49,502,721	-	49,502,721	-
Golf course fees	-	797,063	797,063	-
Interdepartmental charges	-	-	-	20,409,447
Contributions	-	-	-	82,824,654
Other	995,127	55,871	1,050,998	412,732
Total operating revenues	96,288,861	852,934	97,141,795	103,646,833
Operating Expenses:				
Purchased services	14,066,179	20,616	14,086,795	-
Utility charges	5,486,411	49,561	5,535,972	113,105
Personnel services and benefits	16,826,719	591,100	17,417,819	78,890,189
Professional services	12,433,454	158,299	12,591,753	61,537
Materials and supplies	6,917,734	170,108	7,087,842	13,641,976
Maintenance and repairs	2,203,838	31,385	2,235,223	2,917,689
Other expenses	3,744,160	36,685	3,780,845	1,567,468
Depreciation	30,292,605	92,299	30,384,904	2,047,611
Total operating expenses	91,971,100	1,150,053	93,121,153	99,239,575
Operating income (loss)	4,317,761	(297,119)	4,020,642	4,407,258
Nonoperating Revenues (Expenses):				
Investment income	2,074,889	-	2,074,889	99,853
Connection fees	6,100,959	-	6,100,959	-
Contributions	1,610,975	-	1,610,975	-
Interest expense	(4,490,642)	-	(4,490,642)	-
Gain on sale of equipment	-	-	-	306,838
Other	(456,562)	-	(456,562)	62,564
Total nonoperating revenues, net	4,839,619	-	4,839,619	469,255
Income (loss) before capital contributions	9,157,380	(297,119)	8,860,261	4,876,513
Capital contributions - donated assets	7,329,924	-	7,329,924	51,828
Change in net position	16,487,304	(297,119)	16,190,185	4,928,341
Total net position - June 30, 2013, as restated	1,047,144,960	612,715	1,047,757,675	38,854,884
Total net position - June 30, 2014	<u>\$ 1,063,632,264</u>	<u>\$ 315,596</u>	<u>\$ 1,063,947,860</u>	<u>\$ 43,783,225</u>

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Exhibit 7

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 94,458,524	\$ 852,934	\$ 95,311,458	\$ 103,484,558
Payments to suppliers	(45,881,317)	(183,259)	(46,064,576)	(93,177,655)
Payments to employees	(19,499,280)	(618,835)	(20,118,115)	(3,809,961)
Net cash provided by operating activities	<u>29,077,927</u>	<u>50,840</u>	<u>29,128,767</u>	<u>6,496,942</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(50,378,872)	(50,840)	(50,429,712)	(2,153,078)
Proceeds from sale of capital assets	19,717	-	19,717	423,069
Connection fees paid by contractors	10,444,885	-	10,444,885	-
Proceeds from the issuance of long-term debt	76,700,153	-	76,700,153	-
DEQ grant received	278,421	-	278,421	-
Insurance proceeds received	189,833	-	189,833	-
Debt service contributions	1,610,975	-	1,610,975	-
Virginia nutrient removal credits	363,854	-	363,854	-
Interest paid on bonds	(7,026,046)	-	(7,026,046)	-
Principal paid on debt	(8,025,000)	-	(8,025,000)	(1,509)
Net cash provided by (used in) capital and related financing activities	<u>24,177,920</u>	<u>(50,840)</u>	<u>24,127,080</u>	<u>(1,731,518)</u>
Cash Flows From Investing Activities:				
Investment income received	767,158	-	767,158	99,853
Net Increase in Cash	<u>54,023,005</u>	<u>-</u>	<u>54,023,005</u>	<u>4,865,277</u>
Total Cash and Cash Equivalents - June 30, 2013	<u>82,085,160</u>	<u>-</u>	<u>82,085,160</u>	<u>38,890,416</u>
Total Cash and Cash Equivalents - June 30, 2014	<u>\$ 136,108,165</u>	<u>\$ -</u>	<u>\$ 136,108,165</u>	<u>\$ 43,755,693</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ 4,317,761	\$ (297,119)	\$ 4,020,642	\$ 4,407,258
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	30,292,605	92,299	30,384,904	2,047,611
Increase in accounts receivable	(467,901)	-	(467,901)	(1,979)
Decrease in inventories	158,548	-	158,548	20,278
Increase in due from other funds	-	-	-	(138,100)
Increase in due from component unit	-	-	-	(22,196)
Decrease (increase) in other assets	-	243	243	(2,211)
(Decrease) increase in accounts payable	(4,291,674)	20,037	(4,271,637)	46,588
Increase in deposits payable	20,306	-	20,306	-
Increase in due to other fund	10,427	263,039	273,466	1,999
Increase (decrease) in other liabilities	20,277	(27,659)	(7,382)	137,694
Decrease in unearned revenues	(982,422)	-	(982,422)	-
Net cash provided by operating activities	<u>\$ 29,077,927</u>	<u>\$ 50,840</u>	<u>\$ 29,128,767</u>	<u>\$ 6,496,942</u>
Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets:				
Cash and cash equivalents	\$ 24,886,066	\$ -	\$ 24,886,066	\$ 43,755,693
Restricted cash and cash equivalents	111,222,099	-	111,222,099	-
Total Cash and Cash Equivalents - June 30, 2014	<u>\$ 136,108,165</u>	<u>\$ -</u>	<u>\$ 136,108,165</u>	<u>\$ 43,755,693</u>

Supplemental disclosure of noncash investing and financing activities:

The Water and Sewer Fund received donated infrastructure assets from developers of new subdivisions throughout the County. The value of the assets received during the fiscal year ended June 30, 2014 was \$7,329,924. Interest costs capitalized during the fiscal year ended June 30, 2014 was \$2,198,954.

The Water and Sewer Fund entered into capital lease agreements of \$14,772 for the leasing of copier equipment.

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY
NET POSITION
JUNE 30, 2014

Exhibit 8

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 937,550
Accounts receivable	180
Total Assets	\$ 937,730
Liabilities:	
Amounts held for others	\$ 937,575
Accounts payable	155
Total Liabilities	\$ 937,730

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2014

Exhibit 9

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	\$ 26,764,762	\$ 3,519,753	\$ 30,284,515
Restricted cash	-	44,006	44,006
Due from Primary Government	-	-	-
Due from other governmental units	18,400,008	52,169	18,452,177
Other assets	12,696	4,977	17,673
Total current assets	45,177,466	3,620,905	48,798,371
Capital assets:			
Land and construction in progress	55,161,817	30,000	55,191,817
Other capital assets, net	207,076,629	6,562,022	213,638,651
Capital assets, net	262,238,446	6,592,022	268,830,468
Total assets	307,415,912	10,212,927	317,628,839
Liabilities:			
Accounts payable	\$ 3,571,640	\$ 225,021	\$ 3,796,661
Accrued liabilities	1,353,332	-	1,353,332
Amounts held for others	83,738	-	83,738
Unearned revenues	-	2,878	2,878
Due to Primary Government	190,195	575,566	765,761
Long-term liabilities due within one year	19,560,373	799,026	20,359,399
Total current liabilities	24,759,278	1,602,491	26,361,769
Long-term liabilities due in more than one year	34,879,078	650,000	35,529,078
Total liabilities	59,638,356	2,252,491	61,890,847
Deferred Inflow of Resources:			
Unearned revenues	10,941,398	30,237	10,971,635
Net Position:			
Invested in capital assets, net of related debt	219,556,233	5,322,022	224,878,255
Restricted grants	11,277,709	62,794	11,340,503
Unrestricted	6,002,216	2,545,383	8,547,599
Total net position	\$ 236,836,158	\$ 7,930,199	\$ 244,766,357

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Exhibit 10

	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	JRJDC	Total
Governmental Activities:							
School Board:							
Instructional	\$ 473,145,966	\$ 7,851,536	\$ 276,176,696	\$ -	\$ (189,117,734)	\$ -	\$ (189,117,734)
Total School Board	473,145,966	7,851,536	276,176,696	-	(189,117,734)	-	(189,117,734)
Business-Type Activities:							
James River Juvenile Detention Commission	5,204,018	4,613,320	-	84,870	-	(505,828)	(505,828)
Total Component Units	<u>\$ 478,349,984</u>	<u>\$ 12,464,856</u>	<u>\$ 276,176,696</u>	<u>\$ 84,870</u>	<u>\$ (189,117,734)</u>	<u>\$ (505,828)</u>	<u>\$ (189,623,562)</u>
General revenues:							
Interest and investment earnings					\$ -	\$ 7,243	\$ 7,243
Recovered costs					442,271	-	442,271
Miscellaneous					828,027	-	828,027
Payment from Primary Government					188,848,895	673,106	189,522,001
Total general revenues					<u>\$ 190,119,193</u>	<u>\$ 680,349</u>	<u>\$ 190,799,542</u>
Change in net position					\$ 1,001,459	\$ 174,521	\$ 1,175,980
Total Net Position at June 30, 2013, as restated					235,834,699	7,755,678	243,590,377
Total Net Position at June 30, 2014					<u>\$ 236,836,158</u>	<u>\$ 7,930,199</u>	<u>\$ 244,766,357</u>

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Discretely Presented Component Units:

School Board

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

James River Juvenile Detention Commission

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

Joint Ventures:

Capital Region Airport Commission

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

Greater Richmond Convention Center Authority

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

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

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

Governmental Funds:

General Fund

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Proprietary Funds:

Enterprise Funds

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Internal Service Funds

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

Fiduciary Funds:

Agency Funds

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

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

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

C. Capital Assets and Long-Term Liabilities

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

Proprietary Funds

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

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

The estimated useful lives are as follows:

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

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

D. Estimates

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Government-Wide Financial Statements

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

Governmental Funds' Financial Statements

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

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which are recorded when paid.

Proprietary Funds

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

Fiduciary Funds

Agency Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

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

G. Encumbrances

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

H. Inventories and Prepaid Expenses

Proprietary Funds

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

I. Interest Costs

In accordance with GAAP, the cost of properties for the Water and Wastewater Enterprise Fund includes net interest costs incurred during the construction period on funds borrowed to finance the acquisition or construction of major facilities. For the year ended June 30, 2014, the Water and Sewer Enterprise Fund incurred interest costs of \$6,689,596, of which \$2,198,954 was capitalized.

J. Accrued Compensated Absences

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

financial statements. The amounts attributable to the Proprietary Funds (Enterprise and Internal Service Funds) are charged to expense and corresponding liabilities established in the applicable Proprietary Funds.

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

K. Deferred Loss on Debt Refunding, Net

The Water and Wastewater Enterprise Fund reports the deferred loss on debt refunding, net as a deferred outflow of resources presented on the Business-Type Activities and Proprietary Statements of Net Position. The deferred loss on refunding results from the net difference in the carrying value of refunded debt and its reacquisition price of the refunding debt. This net difference amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt.

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

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

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

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

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Fund balances:				
Non-spendable				
Advance to Fund	\$ 112,500	\$ -	\$ -	\$ -
Restricted for:				
Road Construction	6,531,502	-	-	-
Imaging System Upgrades	280,816	-	-	-
Community Development	-	5,405,885	-	-
Drug Enforcement	-	2,569,474	-	-
Mental Health Programs	-	15,321,827	-	-
Social Service Programs	-	6,955,879	-	-
Total Restricted	<u>6,812,318</u>	<u>30,253,065</u>	<u>-</u>	<u>-</u>
Committed to:				
Public Works	8,751,467	-	-	-
Technology Improvements	1,550,000	-	-	4,101,153
Building and Grounds	950,000	-	-	9,782,657
Road Maintenance	-	-	-	64,491,461
Community Development	-	-	-	234,285
Landfill Expansion	-	-	-	3,527,246
Public Safety Projects	1,600,000	-	-	4,863,188
Parks and Recreation	1,500,000	-	-	6,569,001
Libraries	-	-	-	21,846,773
Education Projects	4,490,470	-	-	32,964,636
Total Committed	<u>18,841,937</u>	<u>-</u>	<u>-</u>	<u>148,380,400</u>
Assigned to:				
Public Works	2,348,000	17,010,499	-	-
General Government	25,907,354	-	-	-
Capital projects	33,566,323	-	-	-
Debt Service	-	-	757,411	-
Total Assigned	<u>61,821,677</u>	<u>17,010,499</u>	<u>757,411</u>	<u>-</u>
Unassigned	<u>115,034,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance	<u>\$ 202,622,729</u>	<u>\$47,263,564</u>	<u>\$ 757,411</u>	<u>\$ 148,380,400</u>

Schools have \$6,356,981 in assigned and \$1,587,618 in unassigned fund balance in the Schools General Fund. Schools also have restricted fund balance for various education program grants of \$11,277,709 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of \$11,746,372 for various high school, middle school and elementary school construction and renovation projects.

M. Statement of Cash Flows

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

N. New Accounting Pronouncements

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB 65 requires debt issuance costs, other than prepaid insurance costs, to be recognized as an expense in the period incurred. In prior years, the County deferred and amortized the bond issuance costs over the life of the bond. As a result of implementing GASB 65 retrospectively during fiscal year 2014, bond issuance costs are no longer reported as an asset on the statement of net position.

Total Governmental Activities net position at the beginning of fiscal year 2014 was restated as follows:

Total net position – June 30, 2013, as reported	\$1,311,472,092
Adoption of GASB 65	<u>(2,802,753)</u>
Total net position – June 30, 2013, as restated	<u>\$1,308,669,339</u>

Total Business-Type Activities net position at the beginning of fiscal year 2014 was restated as follows:

Total net position – June 30, 2013, as reported	\$1,048,849,416
Adoption of GASB 65	<u>(1,091,741)</u>
Total net position – June 30, 2013, as restated	<u>\$1,047,757,675</u>

Total Component Units net position at the beginning of fiscal year 2014 was restated as follows:

Total net position – June 30, 2013, as reported	\$243,594,325
Adoption of GASB 65	<u>(3,948)</u>
Total net position – June 30, 2013, as restated	<u>\$243,590,377</u>

In accordance with GASB 65, the County has also reclassified unearned revenue of \$15,700,101 to deferred inflow of resources on the Governmental Activities Statement of Net Position and the Governmental Funds Balance Sheet as of June 30, 2014. These funds are tax collections received in advance for 2014 2nd half received as of June 30, 2014 (due December 5th, 2014) and 2013 2nd half received as of June 30, 2013 (due December 5th, 2013). The County has also reclassified deferred loss on the refunding of debt of \$7,114,249 from long-term liabilities to deferred outflow of resources on the Business-Type Activities and Proprietary Funds Statements of Net Position. The County has also reclassified unearned revenue of \$10,971,635 as a deferred inflow of resources on the Component Units Statement of Net Position. These funds were received in advance and will fund expenditures in fiscal year 2015.

In March 2012, GASB issued Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and No.62*. This objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted for the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement did not have an impact on the financial statements.

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement will enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees. This Statement also will augment the ability of financial statement users to assess the probability that governments will repay obligation holders by requiring disclosures about obligations that are issued with this type of financial guarantee. This Statement did not have an impact on the financial statements.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

O. Future Accounting Pronouncements

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB No. 27*. This objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Government Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for the fiscal year ending June 30, 2015.

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals for government operations. Government combinations include mergers, acquisitions, and transfers of operations. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements. The County will adopt this Statement for the fiscal year ending June 30, 2015.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB 68*. The objective of this Statement is to resolve an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. It also eliminates a potential source of understatement of restated beginning net position and expense in a government's first year of implementing GASB 68. The County will adopt this Statement concurrent with GASB 68 for the fiscal year ending June 30, 2015.

NOTE 2. DEPOSITS AND INVESTMENTS

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

The County maintains a cash and temporary investment pool that is available for use by all funds, except School Activity Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, banker's acceptances, Treasury and Agency obligations that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2014, the difference between amortized cost and the fair value of those securities held at amortized cost is immaterial to the basic financial statements. Fair value is based on quoted market prices, which are provided by the County's Investment Manager, Sterling Capital, as of June 30, 2014. The net increase in fair value of investments during the year ended June 30, 2014, was \$281,590. This amount takes into account all changes in fair value that occurred during the fiscal year.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Deposits - Bank

At June 30, 2014, the carrying value of the County's deposits with banks was \$170,487,847 and the bank balance was \$182,381,866. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

The carrying amount of deposits for the School Board, a discretely presented component unit, was \$10,287,480 and the bank balance was \$11,005,080. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was \$2,926,874, and the bank balance was \$2,926,874. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

Deposits – Fiscal Agent

At June 30, 2014, the County had deposits of \$10,691,510 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The County further limits a maximum 5 percent of the portfolio for any single Banker's Acceptance or Commercial Paper issuer. The County maintains bond proceeds in the State Non-Arbitrage Pool ("SNAP"), an SEC-registered money market fund. In April, 2014, the County issued \$74,165,000 Water and Sewer Revenue Bonds, which were deposited in SNAP. The timing of the deposit caused a temporary variance above the investment guidelines. The County's total investment percentages in comparison to the investment guidelines are as follows:

Primary Government

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 36,259,948	70%	7.78%
U.S Government Agencies	167,769,942	70%	35.98%
Commercial Paper	59,376,549	35%	12.74%
U.S. Government Money Market Funds	202,795,531	40%	43.50%
Total Investments	<u>\$ 466,201,970</u>		<u>100.00%</u>

Component Units

	<u>Fair Value</u>	<u>Percent of Policy</u>	<u>Portfolio</u>
Municipal Bonds	\$ 2,187,957	70%	12.79%
U.S Government Agencies	10,123,383	70%	59.16%
Commercial Paper	3,582,833	35%	20.93%
U.S. Government Money Market Funds	1,218,494	40%	7.12%
Total Investments	<u>\$ 17,112,667</u>		<u>100.00%</u>

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2014. In addition, the County's contract with the portfolio manager requires that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, Branch Banking and Trust (BB&T) Bank. The County and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

As of June 30, 2014, the County had the following investments and maturities:

Primary Government

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	\$ 36,259,948	\$ 11,128,883	\$ 25,131,065
U.S. Government Agencies	167,769,942	-	167,769,942
Commercial Paper	59,376,549	59,376,549	-
W&S Reserve	7,472,566	-	7,472,566
U.S. Government Money Market Funds	195,322,965	195,322,965	-
Total Investments	<u>\$ 466,201,970</u>	<u>\$ 265,828,397</u>	<u>\$ 200,373,573</u>
Total Deposits	170,489,372		
Total Held By Fiscal Agent	10,691,510		
Total Cash on Hand	113,509		
Total Deposits and Investments	<u>\$ 647,496,361</u>		

Component Units:

School Board

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	\$ 2,187,957	\$ 671,527	\$ 1,516,430
U.S. Government Agencies	10,123,384	-	10,123,384
Commercial Paper	3,582,832	3,582,832	-
U.S. Government Money Market Funds	582,109	582,109	-
Total Investments	<u>\$ 16,476,282</u>	<u>\$ 4,836,468</u>	<u>\$ 11,639,814</u>
Total Deposits	10,287,480		
Total Cash on Hand	1,000		
Total Deposits and Investments	<u>\$ 26,764,762</u>		

James River Juvenile Detention Commission

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
U.S. Government Money Market Funds	<u>\$ 636,385</u>	<u>\$ 636,385</u>	<u>\$ -</u>
Total Deposits	2,926,874		
Total Cash on Hand	500		
Total Deposits and Investments	<u>\$ 3,563,759</u>		
Total Deposit and Investments-Reporting Entity	<u>\$ 677,824,882</u>		

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The School Activity Funds' cash of \$5,126,679 and Mental Health and Developmental Services Fund cash of \$51,852, not under the control of the Director of Finance, is not pooled with the Reporting Entity cash and investments, and therefore, is not included in the above presentation. These deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

NOTE 3. RECEIVABLES

Receivables at June 30, 2014 consist of the following:

Primary Government

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 951,151	\$ -	\$ -	\$ 951,151
Taxes	25,245,780	-	-	25,245,780
Accounts	<u>1,095,332</u>	<u>3,807,550</u>	<u>20,358,110</u>	<u>25,260,992</u>
Gross Receivables	27,292,263	3,807,550	20,358,110	51,457,923
Less: Allowances for Doubtful Accounts	<u>7,257,917</u>	<u>747,385</u>	<u>283,900</u>	<u>8,289,202</u>
Receivables, net	<u>\$ 20,034,346</u>	<u>\$ 3,060,165</u>	<u>\$ 20,074,210</u>	<u>\$ 43,168,721</u>

Central Automotive Maintenance has a receivable of \$9,459 as of June 30, 2014 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$7,481,964 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax revenue reported in the government-wide statements includes \$1,595,511 of revenue that does not provide current financial resources, and therefore, is not included in the governmental funds.

Component Units

	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
Receivables:			
Intergovernmental	<u>\$ 18,400,008</u>	<u>\$ 52,169</u>	<u>\$ 18,452,177</u>

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

NOTE 4. PROPERTY TAXES

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

The Virginia General Assembly passed SB 4005, the Personal Property Tax Relief Act ("PPTRA") in April 1998. The bill provides for the State to reimburse a portion of the tangible Personal Property Tax levied on personal use cars, motorcycles and trucks. In 1998, the reimbursement was 12.5 percent of the tax on the first \$20,000 of the value of the qualifying vehicle. The reimbursement rate was 27.5 percent for tax year 1999, and increased to 47.5 percent for tax year 2000 and 70.0 percent for tax years 2001 through 2005. The reimbursement rate for 2006 and thereafter is determined by each locality based upon their share of the \$950 million allocated by the Commonwealth for personal property tax relief on qualifying vehicles. For tax year 2013, the State reimbursement receivable is reflected as a due from other governments. Revenue for the State reimbursement is recorded as non-categorical aid from the State. Localities will continue to assess and administer the Personal Property Tax Relief program.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2014 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	\$ 4,863,330	\$ -	\$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	192,454	-	-
State Recordation Fees	347,867	-	-
Richmond Center	2,769,779	-	-
Categorical aid for:			
Public Works	-	-	15,015
Public Safety	1,636,877	7	-
Social Services	1,200,158	570	-
Treasurer	2,892,381	-	-
Correction & Detention	308	52,442	-
Finance	60,547	-	-
Mental Health & Development Services	-	85,962	-
Circuit Court	126,940	-	-
Library	4,553	-	-
Commonwealth's Attorney	172,166	13,492	-
Total due from the Commonwealth of Virginia	<u>32,727,823</u>	<u>152,473</u>	<u>15,015</u>
Federal Government:			
Categorical aid:			
Work Training Grants (CRWP)	-	511,573	-
Public Safety	-	97,782	-
MH/DS	-	13,125	-
Social Services	-	4,498	-
Commonwealth Attorney	-	2,261	-
Community Development Block Grant	-	449,538	6,750
Total due from the Federal government	<u>-</u>	<u>1,078,777</u>	<u>6,750</u>
Total due from other governmental units	<u>\$ 32,727,823</u>	<u>\$ 1,231,250</u>	<u>\$ 21,765</u>

Amounts due from other governmental units for the School Board Component Unit at June 30, 2014 include:

	<u>School Board</u>
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	\$ 4,143,483
Categorical aid for:	
Education	<u>1,476,119</u>
Total due from the Commonwealth of Virginia	<u>5,619,602</u>
Federal Government Categorical Aid:	
Education	<u>12,780,406</u>
Total due from the Federal government	<u>12,780,406</u>
Total due from other governmental units	<u>\$ 18,400,008</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2014 follows:

Governmental Activities	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 364,921,924	\$ 2,360,074	\$ 341,895	\$ 366,940,103
Construction in progress	127,593,605	38,918,682	72,593,036	93,919,251
Total Capital Assets Not Being Depreciated	<u>\$ 492,515,529</u>	<u>\$ 41,278,756</u>	<u>\$ 72,934,931</u>	<u>\$ 460,859,354</u>
Other Capital Assets:				
Buildings	\$ 773,155,283	\$ 61,085,850	\$ 2,146,426	\$ 832,094,707
Infrastructure	650,336,744	5,765,146	-	656,101,890
Equipment	200,897,304	23,616,090	9,254,635	215,258,759
Improvements other than buildings	57,106,145	3,035,256	118,241	60,023,160
Total Other Capital Assets	<u>\$1,681,495,476</u>	<u>\$ 93,502,342</u>	<u>\$ 11,519,302</u>	<u>\$1,763,478,516</u>
Less Accumulated Depreciation for:				
Buildings	\$ (183,675,175)	\$ (16,348,091)	\$ (938,167)	\$ (199,085,099)
Infrastructure	(403,419,247)	(18,165,983)	-	(421,585,230)
Equipment	(138,733,713)	(15,322,336)	(8,670,435)	(145,385,614)
Improvements other than buildings	(25,696,970)	(2,527,458)	(118,241)	(28,106,187)
Total Accumulated Depreciation	<u>\$ (751,525,105)</u>	<u>\$ (52,363,868)</u>	<u>\$ (9,726,843)</u>	<u>\$ (794,162,130)</u>
Total Net of Depreciation	<u>\$1,422,485,900</u>	<u>\$ 82,417,230</u>	<u>\$ 74,727,390</u>	<u>\$1,430,175,740</u>

Government activities capital assets net of accumulated depreciation at June 30, 2014 are comprised of the following:

General Capital Assets, Net	\$1,430,175,740
Internal Service Fund Capital Assets, Net	(12,583,078)
Combined Adjustment	<u>\$1,417,592,662</u>

Depreciation for the fiscal year ended June 30, 2014 was charged to governmental functions as follows:

General Government Administration	\$ 7,077,526
Judicial Administration	91,154
Public Safety	8,697,041
Public Works	20,224,843
Education	11,273,810
Health and Welfare	293,864
Parks and Recreation	4,500,972
Community Development	204,658
Total Depreciation	<u>\$ 52,363,868</u>
Internal Service Fund Depreciation	(2,047,611)
Combined Adjustment	<u>\$ 50,316,257</u>

Business Type Activities

Water and Sewer:	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 16,990,313	\$ 1,733,618	\$ -	\$ 18,723,931
Construction in progress	77,935,570	56,608,488	31,528,875	103,015,183
Total Capital Assets Not Being Depreciated	<u>\$ 94,925,883</u>	<u>\$ 58,342,106</u>	<u>\$ 31,528,875</u>	<u>\$ 121,739,114</u>
Other Capital Assets:				
Buildings	\$ 358,121,215	\$ 358,283	\$ 179,142	\$ 358,300,356
Equipment	115,621,540	19,259,976	371,116	134,510,400
Improvements	1,426,652	-	-	1,426,652
Infrastructure	1,017,246,360	17,859,806	1,315,394	1,033,790,772
Total Other Capital Assets	<u>\$ 1,492,415,767</u>	<u>\$ 37,478,065</u>	<u>\$ 1,865,652</u>	<u>\$ 1,528,028,180</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

<u>Water and Sewer (cont'd):</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Less Accumulated Depreciation for:				
Buildings	\$ (98,823,893)	\$ (7,077,331)	\$ (79,563)	\$ (105,821,661)
Equipment	(73,035,892)	(7,654,331)	(363,306)	(80,326,917)
Improvements	(998,167)	(39,671)	-	(1,037,838)
Infrastructure	(284,844,282)	(15,521,272)	(452,428)	(299,913,126)
Total Accumulated Depreciation	\$ (457,702,234)	\$ (30,292,605)	\$ (895,297)	\$ (487,099,542)
Total Net of Depreciation	\$ 1,129,639,416	\$ 65,527,566	\$ 32,499,230	\$ 1,162,667,752

<u>Belmont Park Golf Course:</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land	\$ 250,491	\$ -	\$ -	\$ 250,491
Total Capital Assets Not Being Depreciated	\$ 250,491	\$ -	\$ -	\$ 250,491
Other Capital Assets:				
Buildings	\$ 1,907,587	\$ 33,350	\$ -	\$ 1,940,937
Equipment	901,950	17,490	5,500	913,940
Improvements	2,341,902	-	-	2,341,902
Total Other Capital Assets	\$ 5,151,439	\$ 50,840	\$ 5,500	\$ 5,196,779
Less Accumulated Depreciation for:				
Buildings	\$ (924,417)	\$ (30,476)	\$ -	\$ (954,894)
Equipment	(570,408)	(45,340)	(5,500)	(610,248)
Improvements	(2,219,810)	(16,483)	-	(2,236,293)
Total Accumulated Depreciation	\$ (3,714,635)	\$ (92,299)	\$ (5,500)	\$ (3,801,434)
Total Net of Depreciation	\$ 1,687,295	\$ (41,459)	\$ -	\$ 1,645,836

Component Units

<u>School Board:</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land	\$ 41,931,277	\$ 603,575	\$ -	\$ 42,534,852
Construction in progress	15,656,418	213,285	3,242,738	12,626,965
Total Capital Assets Not Being Depreciated	\$ 57,587,695	\$ 816,860	\$ 3,242,738	\$ 55,161,817
Other Capital Assets:				
Buildings	\$ 266,109,558	\$ 1,365,346	\$ -	\$ 267,474,904
Equipment	139,528,277	47,800,359	4,198,273	183,130,363
Improvements	28,526,619	798,804	-	29,325,423
Total Other Capital Assets	\$ 434,164,454	\$ 49,964,509	\$ 4,198,273	\$ 479,930,690
Accumulated Depreciation	(257,217,279)	(19,811,176)	(4,174,394)	(272,854,061)
Total Net of Depreciation	\$ 234,534,870	\$ 30,970,193	\$ 3,266,617	\$ 262,238,446

All depreciation for the fiscal year ended June 30, 2014 was charged to the education function.

<u>James River Juvenile Detention Center:</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	43,101	-	43,101	-
Total Capital Assets Not Being Depreciated	\$ 73,101	\$ -	\$ 43,101	\$ 30,000
Other Capital Assets:				
Building	\$ 9,243,433	\$ -	\$ -	\$ 9,243,433
Improvements	237,874	-	-	237,874
Equipment	506,515	53,165	48,449	511,231
Total Other Capital Assets	\$ 9,987,822	\$ 53,165	\$ 48,449	\$ 9,992,538

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Balance</u> <u>June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
Water and Sewer:				
Less Accumulated Depreciation for:				
Buildings	\$ (2,813,148)	\$ (231,085)	\$ -	\$ (3,044,233)
Equipment	(233,016)	(49,239)	(48,449)	(233,806)
Improvements	(140,583)	(11,894)	-	(152,477)
Total Accumulated Depreciation	<u>\$ (3,186,747)</u>	<u>\$ (292,218)</u>	<u>\$ (48,449)</u>	<u>\$ (3,430,516)</u>
Total Net of Depreciation	<u>\$ 6,874,176</u>	<u>\$ (239,053)</u>	<u>\$ 43,101</u>	<u>\$ 6,592,022</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the total long-term liabilities for the year ended June 30, 2014:

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
General obligation (GO) bonds	\$ 459,610,000	\$ -	\$ 33,910,000	\$ 425,700,000
Capital lease obligations	31,648,127	101,457	4,095,299	27,654,285
Accrued claims payable	23,506,715	11,357,928	10,247,547	24,617,096
Accrued compensated absences	20,296,938	20,442,746	20,768,143	19,971,541
Pension liabilities	3,494,053	52,760	-	3,546,813
Landfill post-closure costs	<u>9,938,815</u>	<u>525,723</u>	<u>154,344</u>	<u>10,310,194</u>
Total	<u>\$ 548,494,648</u>	<u>\$ 32,480,614</u>	<u>\$ 69,175,333</u>	<u>\$ 511,799,929</u>
Premium on bonds	<u>38,510,008</u>	<u>-</u>	<u>4,818,711</u>	<u>33,691,297</u>
Total long-term debt	<u>\$ 587,004,656</u>			<u>\$ 545,491,226</u>
Current maturities	<u>(69,245,914)</u>			<u>(69,236,732)</u>
Net long-term liabilities	<u>\$ 517,758,742</u>			<u>\$ 476,254,494</u>

The current maturity of long-term liabilities at June 30, 2014 consists of the following:

General obligation bonds	\$ 34,430,000
Capital lease obligations	4,222,980
Accrued claims payable	10,452,100
Accrued compensated absences	19,971,541
Landfill post-closure costs	160,111
Total current maturities	<u>\$ 69,236,732</u>

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

All liabilities, both current and long-term, are reported in the Statement of Net Assets. The adjustment from modified accrual to full accrual at June 30, 2014 is as follows:

Long-term liabilities (detail above)	\$ 545,491,226
Internal Service Fund long-term liabilities	(13,529,396)
Combined adjustment	<u>\$ 531,961,830</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. The adjustment from modified accrual to full accrual is \$5,314,330, which represents the change in accrued interest on bonds payable of \$495,619 and the amortization of bond premium of \$4,818,711 as of June 30, 2014.

In November 2000 and March 2005, the County's voters authorized the issuance of general obligation bonds. In 2000, voters authorized \$237,000,000, of which \$236,948,800 has been issued as of June 30, 2013. In 2005, voters authorized an additional \$349,300,000 in bonds, of which \$339,700,000 has been issued as of June 30, 2014. The County plans to issue the remaining bonds in future fiscal years.

In January 2003, the County issued \$107,545,000 General Obligation Refunding Bonds to provide funding for certain School capital improvements, fire stations, recreation and park facilities, road projects and the refunding of existing bonds. Of the total issued, \$50,230,000 was new general obligation debt, \$16,650,000 was issued to refund, prior to maturity, \$16,000,000 of the 1993 VPSA bond issue, and \$40,665,000 was issued to refund, prior to maturity, \$42,085,000 of the 1993 Refunding issue. The interest rate on the 2003 bond issue is between 2 percent and 5 percent and the final maturity will occur on January 15, 2023. The principal payments range from \$1,610,000 to \$8,335,000. The County reduced its aggregate debt service payments by approximately \$4.1 million over the next 11 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$3.9 million.

In June 2004, the County issued \$38,920,000 General Obligation Public Improvement Bonds, Series 2004 to provide funding for certain School capital improvements, fire stations, recreation and park facilities and road construction projects. The interest rates on these bonds range between 4 percent and 5.25 percent. The principal payments range from \$1,945,000 to \$1,950,000 and the final maturity will be on July 15, 2024.

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

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

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

On July 2, 2008, the County issued Virginia Public School Authority (VPSA) Special Obligation School Financing Bonds, Series 2008, in the aggregate principal amount of \$44,440,000 to provide funding for various school capital improvement projects. The interest rates on these bonds range between 3.5 percent and 5.0 percent. The bonds mature on July 15th in each of the years 2009 through 2028.

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

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

On May 3, 2010, the County issued \$119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from \$475,000 to \$18,040,000. The County reduced its aggregate debt service payments by approximately \$3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

new debt service payments) of \$6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$95,420,000 remained outstanding at June 30, 2013) nor the assets placed in the trust fund are reflected in the County's financial statements.

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

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

On September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012 in the aggregate principal amount of \$37,500,000. The proceeds of the Bonds will be applied (i) to advance refund and defease \$19,450,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2005, dated August 17, 2005 and maturing on July 15th in each of the years 2021 through 2025, which are subject to redemption and are to be redeemed on July 15, 2015, (ii) to advance refund and defease \$17,975,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2006, dated November 15, 2006 and maturing on December 1st in each of the years 2022 through 2026, which are subject to redemption and are to be redeemed on December 1, 2016, and (iii) to advance refund and defease \$2,155,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated August 10, 2010 and maturing on August 1, 2013, which were paid at their stated maturity on August 1, 2013. The Bonds mature on February 1, 2013 and on August 1st in each of the years 2014 through 2026. The County reduced its aggregate debt service payments by approximately \$2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$2.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$132,845,000 remained outstanding at June 30, 2014) nor the assets placed in the trust fund are reflected in the County's financial statements.

As of June 30, 2014, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of \$288,734 at June 30, 2014.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2014 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>
VPSA 1996 Bonds	5.00-6.00	11/01/96	07/15/16	\$ 30,595,000	\$ 4,585,000
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	35,740,000	10,710,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	5,320,000
VPSA 2008 Bonds	4.00-5.00	07/02/08	07/15/28	44,440,000	33,315,000
2004 G.O. Bonds	4.00-5.25	05/15/04	07/15/24	38,920,000	1,945,000
2005 G.O. Bonds	3.25-5.00	08/17/05	07/15/25	77,815,000	7,780,000
2006 G.O. Bonds	4.00-5.00	11/15/06	12/01/26	71,915,000	10,785,000
2008 G.O. Bonds	3.25-5.00	1/31/08	12/01/27	29,810,000	14,910,000

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>
2008A G.O. Bonds	3.50-5.00	11/14/08	12/01/28	93,090,000	37,230,000
2009 G.O. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	24,130,000
2010 G.O. Bonds	3.00-5.00	05/27/10	07/15/25	119,735,000	116,995,000
2010A G.O. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	61,370,000
2011 G.O. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	59,475,000
2012 G.O. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	<u>37,150,000</u>
TOTAL					<u>\$ 425,700,000</u>

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2015	\$34,430,000	\$18,463,162
2016	34,425,000	16,935,077
2017	34,390,000	15,350,471
2018	32,900,000	13,739,435
2019	32,850,000	12,252,374
2020-2024	144,370,000	39,477,491
2025-2029	95,210,000	12,414,619
2030-2032	<u>17,125,000</u>	<u>808,637</u>
TOTAL	<u>\$ 425,700,000</u>	<u>\$ 129,441,266</u>

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

Business-Type Activities

A summary of the Water and Sewer Fund ("Fund") and the Belmont Park Golf Course, long-term debt and the individual components of long-term debt at June 30, 2014 are as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Water and Sewer Revenue Bonds:				
2006 Revenue and Refunding Bonds - \$86,265,000, 4.25% to 5.00%	\$ 6,100,000	\$ -	\$ 2,365,000	\$ 3,735,000
2009 Refunding Bonds - \$70,360,000, 2.25% to 5.00%	55,350,000	-	4,890,000	50,460,000
2010 Refunding Bonds - \$22,915,000, 2.25% to 5.00%	22,915,000	-	1,175,000	21,740,000
2010 Build America Bonds - \$9,800,000, 2.25% to 5.00%	9,800,000	-	-	9,800,000

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Water and Sewer Revenue Bonds (continued):				
2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00%	68,410,000		210,000	68,200,000
2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00%	<u>-</u>	<u>74,165,000</u>	<u>-</u>	<u>74,165,000</u>
Total bonds payable	\$ 162,575,000	\$ 74,165,000	\$ 8,640,000	\$ 228,100,000
Other Liabilities:				
Capital lease obligations	\$ 21,719	\$ 14,772	\$ 8,343	\$ 28,148
Accrued compensated absences	1,238,307	1,053,669	1,058,972	1,233,004
Pension liabilities	<u>245,516</u>	<u>3,708</u>	<u>-</u>	<u>249,224</u>
Total long-term liabilities	\$ 164,080,542	\$ 75,237,149	\$ 9,707,315	\$ 229,610,376
Premium on bonds payable	<u>9,190,474</u>	<u>2,535,153</u>	<u>589,283</u>	<u>11,136,344</u>
Total long-term debt	\$ 173,271,016			\$ 240,746,720
Current maturities	<u>(9,164,054)</u>			<u>(8,297,610)</u>
Net long-term liabilities	<u>\$ 164,106,962</u>			<u>\$ 232,449,110</u>

Current maturities of long-term debt at June 30, 2014 consist of the following:

Revenue bonds	\$ 7,230,000
Capital lease obligations	11,436
Accrued compensated absences	1,056,174
Total current maturities	<u>\$ 8,297,610</u>

In prior years, the County defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not reflected in the County's financial statements. At June 30, 2014, \$65,945,000 of Water and Sewer System Revenue Bonds, which were considered defeased, remained outstanding.

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

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

Net operating revenues were 2.4 times the annual debt service requirements for the year ended June 30, 2014.

On March 15, 2002, the County issued \$17,345,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the 1992 bond series. The interest rate on these bonds is between 3% and 4.625% and the final maturity will occur on May 1, 2013. The principal payments range from \$1,230,000 to \$1,740,000. Although the advance refunding resulted in the recognition of an accounting loss of \$213,595 for the year ended June 30, 2002, the Fund reduced its aggregate debt service payments by approximately \$2.3 million over the next 12 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$1.7 million. The interest due on the bonds as of July 1 has been accrued as of June 30, in accordance with the related covenants. Cash has been restricted for these accruals. In addition, net assets have been restricted and cash has been restricted in an amount equal to the maximum annual debt service requirement for the bonds.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

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

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

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 7,230,000	\$ 9,521,429
2016	7,705,000	9,054,388
2017	7,930,000	8,822,001
2018	8,185,000	8,561,626
2019	8,490,000	8,260,126
2020-2024	48,075,000	35,651,428
2025-2029	54,265,000	23,396,022
2030-2034	39,525,000	13,786,831
2035-2039	27,715,000	6,423,233
2040-2044	<u>18,980,000</u>	<u>2,412,094</u>
Total	<u>\$ 228,100,000</u>	<u>\$ 125,889,178</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Component Units

School Board:

The Board of Supervisors has authorized the School Board to borrow funds from the Literary Fund of the Commonwealth of Virginia (the "Literary Fund") to finance repairs to eligible educational facilities. For each facility qualifying for a loan, the School Board borrowed funds from the Literary Fund in the form of a demand note with interest ranging from 3.00 percent to 5.00 percent with maturities through May 1, 2009, to cover the repair costs incurred. Once the repair of a facility has been completed, the demand note was converted into a 20-year note payable with annual installments due on the anniversary date of the note. There were no outstanding Literary Fund loans at June 30, 2014.

The School Board's outstanding debt as of June 30, 2014 is as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital lease obligations	\$ 7,246,929	\$ 42,967,531	\$ 7,532,247	\$ 42,682,213
Accrued claims payable	8,368,290	2,744,448	5,042,918	6,069,820
Accrued compensated absences	<u>5,912,797</u>	<u>4,830,521</u>	<u>5,055,900</u>	<u>5,687,418</u>
Total School Board Current Maturities	\$ 21,528,016 <u>(14,329,518)</u>	\$ 50,542,500	\$ 17,631,065	\$ 54,439,451 <u>(19,560,373)</u>
Net long-term liabilities	<u>\$ 7,198,498</u>			<u>\$ 34,879,078</u>

Current maturities of long-term debt at June 30, 2014, consist of the following:

Capital lease obligations	\$ 11,039,381
Accrued claims payable	3,657,809
Accrued compensated absences	<u>4,863,183</u>
Total current maturities	<u>\$ 19,560,373</u>

James River Juvenile Detention Commission:

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

JRJDC's outstanding debt as of June 30, 2014 is as follows:

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Facility revenue bond	\$ 1,860,000	\$ -	\$ 590,000	\$ 1,270,000
Capital lease obligations	1,397	-	1,397	-
Accrued compensated absences	<u>167,235</u>	<u>198,055</u>	<u>186,264</u>	<u>179,026</u>
Total JRJDC	\$ 2,028,632	\$ 198,055	\$ 777,661	1,449,026
Current Maturities	<u>(758,632)</u>			<u>(799,026)</u>
Net long-term liabilities	<u>\$ 1,270,000</u>			<u>\$ 650,000</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Current maturities of long-term debt at June 30, 2014, consist of the following:

Revenue bonds	\$ 620,000
Accrued compensated absences	<u>179,026</u>
Total current maturities	<u>\$ 799,026</u>

Principal and interest payments for future fiscal years subsequent to June 30, 2014 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 620,000	\$ 47,964
2016	<u>650,000</u>	<u>16,327</u>
Total	<u>\$ 1,270,000</u>	<u>\$ 64,291</u>

Capital Leases

The County has entered into agreements for the leasing of buildings, computer hardware, automotive vehicles and equipment. These leases meet the criteria of a capital lease as defined by GAAP, which states a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$43,785,055 of equipment and \$26,850,000 of buildings has been capitalized as of June 30, 2014. The acquisition of capital assets through capital lease obligations is reflected as expenditure and other financing source in the General or Capital Projects Funds when the obligations are incurred. Payments to satisfy capital lease obligations are recorded as debt service expenditure in the General or Debt Service Funds when the cash outlays are made. Capital assets capitalized under these lease agreements are pledged as collateral on the obligations.

The County and the Economic Development Authority of the County of Henrico, Virginia ("EDA" or "Authority") have entered into several lease agreements. The first was a \$28,765,000 Lease Revenue Bond for construction of a new Fire and Police building for training and communications, computer equipment and renovation of the current public safety building issued on November 1, 1996. The second was a \$24,765,000 Lease Revenue Bond for construction of a parking deck and computer equipment issued on February 1, 1998. The County is required to pay rent in an amount sufficient to pay the principal and interest. The County has recorded lease obligations for these agreements. Also, on October 1, 1999, the County entered into a \$39,605,000 Public Facility lease Revenue Refunding Bond agreement with the EDA. These bonds were sold November 1, 1999.

The bond proceeds along with \$27,743,200 from the Commonwealth of Virginia were used to refund the EDA's Public Facility Lease Revenue Bond (Henrico County Regional Jail Project) series 1994, in the aggregate outstanding principal amount of \$62,695,000 maturing through 2021. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be paid and the liability has been removed from the County's financial statements. This advanced refunding was undertaken to reduce the total debt service payments over 22 years by \$5,525,405 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$1,623,790.

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

<u>Years</u>	<u>Equipment Lease Obligations</u>	<u>EDA Lease Obligations</u>	<u>Schools</u>	<u>Total Future Minimum Lease Payments</u>
2015	\$ 395,332	\$ 4,951,675	\$ 11,183,278	\$ 16,530,285
2016	292,236	4,950,650	10,976,282	16,219,168
2017	150,455	4,965,250	10,988,225	16,103,930
2018	9,035	3,961,825	7,453,015	11,423,875
2019	-	3,142,975	1,509,634	4,652,609
2020-2022	<u>-</u>	<u>9,423,088</u>	<u>828,961</u>	<u>10,252,049</u>
Total minimum lease payments	\$ 847,058	\$ 31,395,463	\$ 42,939,395	\$ 75,181,916
Less amount representing interest	<u>42,773</u>	<u>4,545,463</u>	<u>257,182</u>	<u>4,845,418</u>
Present value of future minimum lease payments	<u>\$ 804,285</u>	<u>\$ 26,850,000</u>	<u>\$ 42,682,213</u>	<u>\$ 70,336,498</u>

JRJDC entered into a capital lease agreement for \$8,400 during fiscal year 2010 for the leasing of copier equipment. JRJDC paid off this capital lease during fiscal year 2014.

The Water and Sewer Fund entered into capital lease agreements for copier equipment for \$14,772 and \$12,794 during fiscal years 2014 and 2013, respectively. Future minimum lease payments under this capital lease for fiscal years ending June 30, 2014 are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>
2015	\$ 14,677
2016	11,855
2017	6,174
2018	<u>862</u>
Total minimum lease payments	33,568
Less amount representing interest	<u>5,420</u>
Present value of future minimum lease payments	<u>\$ 28,148</u>

NOTE 8. CONTINGENCIES AND COMMITMENTS

A. Litigation

The County and School Board are named as defendants in several cases including tax assessment, construction contract, personal injury, special education, civil rights and other contract cases. The maximum exposure amount that can be reasonably estimated is \$2,091,030 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately \$50,000 of these claims will result in an unfavorable outcome for the County. These claims are covered under the County's self-insurance program as discussed in note 8C. The County intends to defend its position in these claims vigorously. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred as a result of claims existing as of June 30, 2014 will not be material to the County's financial statements.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

B. Federal Grant Awards

The County and School Board participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2013 have not yet been completed. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, will not be material to the County's financial statements.

C. Risk Management

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks, health care and other claims. Insurance carriers cover workers' compensation claims in excess of \$1,000,000 per occurrence. VaCOR, through the Travelers Insurance Company, covers property claims in excess of \$1,000,000 per occurrence. VaCOR, through Genesis Insurance Company covers liability claims between \$2,000,000 and \$7,000,000 per occurrence. The County's estimated and recorded liability for claims payable at June 30, 2013 includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$970,428 in the General Fund to reflect the liability for the estimated settlement value of all reported workers' compensation and property and casualty claims covered by the Program at June 30, 2014, that are expected to be liquidated with current resources. The amount of settlements has not exceeded insurance coverage in each of the past three years.

Effective January 1, 2008, the County began participating in a self-funded health care program covering medical and prescription drug costs. The County pays all covered claims up to \$500,000 per individual per year. Individual claims that exceed \$500,000 per year are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of projected claims for the year are covered by aggregate excess risk insurance. The carrier of the excess risk policy is Coventry Health and Life Insurance Company. The County has recorded \$7,430,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2014.

In addition, the County has recorded \$17,187,096 for the County and \$6,069,820 for the School Board in the Government-wide Statement of Net Assets to reflect the liability for the estimated settlement value of workers' compensation and property and casualty claims covered by the Program at June 30, 2014 that are not expected to be liquidated with current resources. Also, the County has assigned \$7,500,000 of the June 30, 2014 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2014, the County and Schools had an outstanding claims liability as follows:

	<u>FY 2014</u>		<u>FY 2013</u>	
	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>
Balance, July 1	\$ 23,506,715	\$ 8,368,290	\$ 24,212,473	\$ 6,030,824
Current year claims and changes in estimates	11,357,928	2,744,448	11,051,367	6,369,243
Claim payments	<u>(10,247,547)</u>	<u>(5,042,918)</u>	<u>(11,757,125)</u>	<u>(4,031,777)</u>
Balance, June 30	<u>\$ 24,617,096</u>	<u>\$ 6,069,820</u>	<u>\$ 23,506,715</u>	<u>\$ 8,368,290</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

D. Commitments

At June 30, 2014, the County had contractual commitments for the construction of various projects as follows:

	Primary Government	Component Unit-Schools
Capital Projects Funds:		
Computer and Technology Improvements	\$ 1,456,205	\$ -
Buildings and Grounds	3,960,649	-
Road Maintenance and Drainage	5,906,472	-
Community Development	418,070	-
Landfill Expansion and Development	914,520	-
Public Safety Projects	6,900,849	-
Parks and Recreation	774,205	-
Libraries	32,940,912	-
Education Projects	21,041,594	3,879,197
Total	<u>\$ 74,313,476</u>	<u>\$ 3,879,197</u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 37,042,462	
Water Plant Projects	36,091,627	
Computer and Information Systems	892,968	
Total	<u>\$ 74,027,057</u>	

E. Operating Leases

The County leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated \$3,248,180 for fiscal year 2014.

At June 30, 2014, the approximate annual long-term commitments for these operating leases were as follows:

<u>Years</u>	<u>County</u>		<u>School Board</u>		<u>Total</u>
	<u>Real Property</u>	<u>Other Equipment</u>	<u>Real Property</u>	<u>Other Equipment</u>	
2015	\$ 2,682,946	\$ 193	\$ 570,349	\$ 2,993	\$ 3,256,481
2016	2,353,390	-	582,960	-	2,936,350
2017	1,681,333	-	571,912	-	2,253,245
2018	1,243,881	-	227,259	-	1,471,140
2019	1,019,932	-	130,966	-	1,150,898
2020-2024	1,406,001	-	-	-	1,406,001
2025 & After	<u>233,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,352</u>
Total	<u>\$10,620,835</u>	<u>\$ 193</u>	<u>\$2,083,446</u>	<u>\$ 2,993</u>	<u>\$12,707,467</u>

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

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2014, was \$9,335,221 and \$423,401, respectively.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

At June 30, 2014, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2015	\$ 251,111
2016	192,407
2017	186,153
2018	165,823
2019	134,004
2020-2024	456,301
2025-2029	358,706
2030-2034	<u>240,186</u>
Total	<u>\$ 1,984,691</u>

The Water and Sewer Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to thirty years. The cost and accumulated depreciation on leased property at June 30, 2014, was \$4,425,485 and \$1,006,096, respectively.

At June 30, 2014, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2015	\$ 45,609
2016	24,638
2017	24,638
2018	24,638
2019	24,638
2020-2024	<u>2,054</u>
Total	<u>\$ 146,215</u>

The School Board is the lessor of real estate under an operating lease agreement for a period of twenty-five years. The cost of the leased property at June 30, 2014, was \$3,040,145.

At June 30, 2014, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2015	\$ 37,819
2016	38,954
2017	40,122
2018	40,906
2019	37,954
2020-2024	228,802
2025-2029	269,837
2030-2032	<u>625,017</u>
Total	<u>\$ 1,319,411</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

G. Contingent Liabilities

Capital Region Airport Commission

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

Environmental Risk

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

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

A. Plan Description

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

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/Publications/2013-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

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

In addition, the County and School Board Non-Professional Group are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board Non-Professional Group's contribution rates for the fiscal year ended 2013 were 14.98 percent and 39.52 percent, respectively, of annual covered payroll.

C. Annual Pension Cost

For 2014, the County annual pension cost of \$53,164,342 was not equal to the required and actual contributions; the School Board Non-Professional Group's cost of \$288,631 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method and a closed level percent of pay amortization method. The actuarial assumptions included (a) 7.0 percent investment rate of return, (b) projected salary increases ranging from 3.50 percent to 5.35 percent per year for general government employees and 3.50 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) 2.5 percent per year cost-of-living adjustment for VRS Plan 1 members and 2.25 percent per year cost-of-living adjustment for VRS Plan 2 members. Both (a) and (b) included an inflation component of 2.5 percent. The actuarial value of the County and School Board Non-Professional assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The remaining amortization period at June 30, 2013 was 30 years.

NET PENSION OBLIGATION (NPO)

Annual Required Contribution (ARC)	\$ 53,107,874
Interest on NPO	261,770
Adjustment to the ARC	<u>(205,302)</u>
Annual Pension Cost	53,164,342
Contributions made	<u>(53,107,874)</u>
Increase in NPO	56,468
NPO beginning of year	<u>3,739,569</u>
NPO end of year	<u><u>\$ 3,796,037</u></u>

The Net Pension Obligation at June 30, 2014 consists of \$3,546,813 for Governmental Activities and \$249,224 for Business-Type Activities as presented in Note 7.

TREND INFORMATION FOR COUNTY

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
June 30, 2012	\$37,635,742	99.9%	\$ 3,686,484
June 30, 2013	\$45,137,808	99.9%	\$ 3,739,569
June 30, 2014	\$53,164,342	99.9%	\$ 3,796,037

TREND INFORMATION FOR SCHOOL BOARD NON-PROFESSIONAL

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
June 30, 2012	\$ 127,028	100.00%	\$ 0
June 30, 2013	\$ 265,410	100.00%	\$ 0
June 30, 2014	\$ 288,632	100.00%	\$ 0

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

D. Funded Status and Funding Progress

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

SCHEDULE OF FUNDING PROGRESS FOR COUNTY

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Un-funded Actuarial Accrued Liability (UAAL)</u>	<u>Ratio Funded Obligation</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2011	\$818,539,851	\$1,115,413,687	\$296,873,836	73.38%	\$217,173,997	136.70%
June 30, 2012	\$820,238,489	\$1,167,012,673	\$346,774,184	70.29%	\$218,635,705	158.61%
June 30, 2013	\$846,178,860	\$1,176,689,998	\$330,511,138	71.91%	\$225,680,711	146.45%

SCHEDULE OF FUNDING PROGRESS FOR SCHOOL BOARD NON-PROFESSIONAL

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Un-funded Actuarial Accrued Liability (UAAL)</u>	<u>Ratio Funded Obligation</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2011	\$5,729,701	\$8,930,153	\$ 3,200,452	64.16%	\$ 551,917	579.88%
June 30, 2012	\$5,222,052	\$8,934,344	\$ 3,712,292	58.45%	\$ 512,727	724.03%
June 30, 2013	\$5,048,381	\$8,671,261	\$ 3,622,880	58.22%	\$ 646,550	560.34%

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

A. Plan Description

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

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

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

VRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/2013-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

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

In addition, the School Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia (1950) and approved by the VRS Board of Trustees. The School Board's contribution rate for the fiscal year ended 2014 was 16.66 percent of covered payroll. The School Board's contributions to VRS for the years ending 2014, 2013, and 2012 were \$45,770,536, \$40,074,413, and \$26,519,992, respectively, and are equal to the required contributions for each year.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

Plan Provisions

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

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

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

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

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

Membership

At June 30, 2014, membership consisted of:

Retirees and beneficiaries	1,548
Active employees	<u>10,466</u>
Total participants	<u>12,014</u>

Funding Policy

The County currently plans to contribute amounts to the Virginia Pooled OPEB Trust Fund sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined contribution amount in accordance with the parameters of GAAP.

Annual OPEB Cost and Net OPEB Obligation (Asset)

In accordance with GAAP, an actuarial study was prepared calculating the postemployment healthcare cost as of June 30, 2014. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at \$55,641,056 and an ARC of \$9,400,891. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method. The calculation was based on a 7.0 percent discount rate and the amortization of the UAAL over 30 years. This represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and the amortization of the UAAL over 30 years. The actuarial evaluation was calculated using a level percentage of projected payroll amortization method and an open amortization period. An inflation rate assumption was not applicable to the actuarial evaluation. The current ARC of \$9,400,891 is 1.79 percent of annual covered payroll.

The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the year ended June 30, 2014.

NET OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	\$ 9,400,891
Interest on Net OPEB Asset	(165,613)
Adjustment to the ARC	<u>142,070</u>
Annual OPEB Cost	9,377,348
Contributions made	<u>(9,377,348)</u>
Change in Net OPEB Asset	-
Net OPEB Asset beginning of year	<u>(2,365,897)</u>
Net OPEB Asset end of year	<u><u>\$ (2,365,897)</u></u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2014 is as follows:

TREND INFORMATION FOR COUNTY

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB CONTRIBUTED</u>	<u>NET OPEB ASSET</u>
June 30, 2012	\$9,252,073	83.04%	\$ (4,583,915)
June 30, 2013	\$9,904,121	77.61%	\$ (2,365,897)
June 30, 2014	\$9,377,348	100.00%	\$ (2,365,897)

The Net OPEB Asset is included in the Statement of Net Assets. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2014 were:	
Net OPEB Asset (detail above)	\$ 2,365,897
Net asset adjustment	<u>\$ 2,365,897</u>

Funded Status and Funding Progress

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

SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Ratio Funded Obligation</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
June 30, 2012	\$27,448,869	\$93,258,737	\$65,809,868	29.43%	\$453,649,907	14.51%
June 30, 2013	\$32,336,432	\$93,927,209	\$61,590,777	34.43%	\$466,788,116	13.19%
June 30, 2014	\$38,959,417	\$94,600,473	\$55,641,056	41.18%	\$524,795,561	10.60%

Actuarial Methods and Assumptions

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

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

NOTE 12. DEFINED COMPENSATION PLAN

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

for lack of funds.

Eligible retirees receive 24 percent of their final compensation annually for a period not to exceed 7 years or until they reach full, unreduced Social Security retirement age, whichever occurs first. Retirees' final compensation includes regular pay, including supplements but does not include overtime. Retirement compensation is adjusted pro-rata for the cost of living increases or decreases that are approved by the School Board. As a condition of the Program, participants are required to work 20 days per year. The total maximum days worked is limited to 140 days over a 7-year period. During the fiscal year ended June 30, 2013, an expenditure of \$4,930,955 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

NOTE 13. INTERFUND AND COMPONENT UNIT OBLIGATIONS

The General Fund has an advance due from Belmont Park Golf Course for \$112,500 for a loan. The General Fund also has a receivable due from Belmont Park Golf Course for \$806,481 for a loan. The Water and Sewer Fund has a receivable due from the Capital Projects Fund for a loan. The Health Care Fund has a receivable due from each of the funds listed below for health care contributions due as of June 30, 2014.

Receivables and payables balances at June 30, 2014 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,069,833	\$ 911,349
Special Revenue Fund	-	185,964
Water and Sewer Fund	4,168,228	87,878
Capital Projects Fund	-	4,168,228
Belmont Park Golf Course	-	1,071,553
Central Automotive Maintenance	-	21,308
Health Care Fund	1,208,219	-
	<u>\$ 6,446,280</u>	<u>\$ 6,446,280</u>

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

Component unit receivables and payables balances at June 30, 2014 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 558,697	\$ -
Component Unit – School Board	-	190,195
Component Unit – JRJDC	-	575,566
Health Care Fund	207,064	-
	<u>\$ 765,761</u>	<u>\$ 765,761</u>

NOTE 14. FUND TRANSFERS

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

Inter-fund transfers for the year ended June 30, 2014 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds:		
General Fund	\$ 87,138,583	\$ -
Special Revenue Fund	450,000	17,844,060
Debt Service Fund	-	58,747,033
Capital Projects Fund	-	10,997,490
	<u>\$ 87,588,583</u>	<u>\$ 87,588,583</u>

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2014, the County contributed \$778,777 to the Economic Development Authority, to foster economic development within the County, and the County received \$239,998 from the Capital Region Airport Commission for water and sewer services.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16. UNEARNED REVENUES

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling \$40,287,551 is comprised of the following:

A. Advance Grant Funding

This represents a liability incurred by the County for monies accepted from a grantor using an advancement method for payments. The liability is reduced and revenue is recorded when expenditures are made in accordance with the grantor's requirements. Advanced grant funding at June 30, 2014 totaled \$5,015,440 and \$10,928,702 in the Special Revenue Funds for the County and the School Board respectively.

B. Unearned Tax Revenue

Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$7,868,068 at June 30, 2014.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2014, but paid in advance by the taxpayers, totaled \$15,700,101 at June 30, 2014.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2014. The County recorded \$762,544 in the General Fund for monies received in advance of expenditures being made as of June 30, 2014. Unearned grant revenues for the Schools Special Revenue Fund totaled \$12,696 for USDA donated food inventory on hand at June 30, 2014.

Also, the Water and Sewer Enterprise Fund recorded unearned revenue in the amount of \$18,397,068, which consists of an advance payment from a customer of \$8,310,969 for water capacity and amounts held for contractors of \$10,086,099.

NOTE 17. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2014:

Constitutional Officers - Self-Insurance Plan, Commonwealth of Virginia

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

Travelers Casualty and Surety Company of America

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

Fidelity and Deposit Company of Maryland

John Vithoulkas – County Manager	\$ 100,000
John H. Neal – Director of Department of General Services	\$ 100,000
Joseph P. Casey – Deputy County Manager	\$ 100,000
Randall R. Silber – Deputy County Manager	\$ 100,000
Jane D. Crawley – Deputy County Manager	\$ 100,000
Timothy A. Foster – Deputy County Manager	\$ 100,000
Cynthia Steinhauser – Director of Department of Social Services	\$ 100,000

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Deborah N. Ward – School Board Deputy Clerk	\$ 10,000
Debra Sue M. Largen – School Board Clerk	\$ 10,000
Patrick C. Kinlaw – School Superintendent and Deputy Agent	\$ 10,000
Kevin D. Smith – School Board Agent	\$ 10,000

NOTE 18. JOINT VENTURES

A. The Capital Region Airport Commission

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

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

The percentage shares of the jurisdictions involved include the following:

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

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

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

B. The Greater Richmond Convention Center Authority

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

The Convention Authority has issued \$158,415,000 in Hotel Tax Revenue Bonds, which are secured by an 8 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of \$10,939,840 for transient occupancy tax to the Convention Authority during the year ended June 30, 2014.

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

NOTE 19. LANDFILL CLOSURE AND POSTCLOSURE CARE LIABILITY

State and Federal laws and regulations require the County to place a final cover on each phase of its Springfield Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the Springfield and Charles City Road Landfill site for thirty years after closure. In accordance with GAAP, \$10,310,194 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2014. The balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase and Phase I, 98.9 percent of Phase II's estimated capacity, and 98.0 percent of Phase III's and 98.0 percent of Phase IV's estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$124,636 of Phase II and Phase III as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

NOTE 20. SPECIAL ASSESSMENT

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

On October 10, 2006, the Board of Supervisors adopted an ordinance authorizing the levy of the Special Assessments on the properties within the RCC District. On January 7, 2007, the Authority authorized the issuance of the Reynolds Crossing Community Development Authority, \$14,594,000, Special Assessment Revenue bonds, Series 2007 (2007 Bonds). On June 19, 2007, the 2007 bonds were issued in accordance with provisions of the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5100 of the Code of Virginia, 1950, as amended. The 2007 bonds will finance (a) the cost of certain infrastructure improvements to benefit the RCC District (b) the payment of capitalized interest (c) fund the Debt Service Reserve fund and (d) pay certain costs of issuance. Neither the faith nor credit of the Commonwealth, or the RCC Authority, or any political subdivision thereof, including the County, is pledged to the payment of the principal or interest on the 2007 bonds. At June 30, 2014, the total Bonds outstanding were \$5,620,000. As of June 30, 2014, \$618,269 of interest was paid from the Debt Service Reserve Fund. A principal payment of \$587,000 was paid March 1, 2014.

By memorandum of understanding between the County and the RCC District, dated November 1, 2006, the County will collect and pay to the District the Special Assessments levied on the District. The Special Assessments for 2014 and 2013 were \$1,001,415 and \$912,000, respectively. As of June 30, 2014, the County has collected \$500,708 for the 2014 first half special assessment and \$456,000 for the 2013 second half special assessments. These special assessment collections were paid to the RCC District on August 15, 2013 and February 15, 2014, respectively.

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

and outparcel development, with four major anchor stores.

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

At June 30, 2014, the total Bonds outstanding were \$10,523,000 and interest of \$999,211 was paid out of the Debt Service Reserve Fund. A principal payment of \$3,161,000 was paid on March 1, 2014. By memorandum of understanding, between the County and the SWOV District, dated September 1, 2007, the County will collect and pay to the SWOV District the Special Assessments levied on the SWOV District. The Special Assessments for 2014 and 2013 were \$3,819,000 and \$3,806,000, respectively. As of June 30, 2014, the County has collected \$1,909,500 for the 2014 first half special assessment and \$1,903,000 for the 2013 second half special assessments. These special assessment collections were paid to the SWOV District on August 15, 2013 and February 15, 2014, respectively.

NOTE 21. JOINTLY GOVERNED ORGANIZATIONS

A. Central Virginia Waste Management Authority

1. The Central Virginia Waste Management Authority (the "CVWM Authority") was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg and Richmond, and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The CVWM Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2014 were \$2,538,516.

B. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has one representative serving on the Greater Richmond Partnership's Board of Directors and the County contributed \$320,000 for the year ended June 30, 2014.

C. Richmond Metropolitan Convention and Visitors Bureau

The Richmond Metropolitan Convention and Visitors Bureau ("RMCVB") serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico by promoting conventions, tourism and development in the metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The County has six representatives serving on RMCVB's Board of Directors and contributed \$2,053,870 to RMCVB for the year ended June 30, 2014.

D. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission ("RRPDC") is comprised of members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major functions of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has six representatives serving on the RRPDC and paid total dues of \$188,929 for the year ended June 30, 2014.

REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN
MANAGEMENT'S DISCUSSION AND ANALYSIS



COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 11
Page 1 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 269,800,000	\$ 269,800,000	\$ 277,776,971	\$ 7,976,971
Current personal property taxes	70,228,217	70,228,217	73,131,116	2,902,899
Delinquent real property taxes	4,000,000	4,000,000	5,619,444	1,619,444
Delinquent personal property taxes	1,200,000	1,200,000	7,544,924	6,344,924
Interest	275,000	275,000	516,220	241,220
Land redemption	55,000	55,000	16,404	(38,596)
Total general property taxes	345,558,217	345,558,217	364,605,079	19,046,862
Other local taxes:				
County recordation taxes	3,400,000	3,400,000	3,326,012	(73,988)
Local sales and use taxes	58,056,000	58,056,000	55,824,515	(2,231,485)
Consumer utility taxes	2,600,000	2,600,000	2,725,264	125,264
Business and professional license taxes	29,458,000	29,458,000	29,827,991	369,991
Motor vehicle license taxes	6,325,000	6,325,000	6,714,426	389,426
Meals Tax	-	-	1,990,470	1,990,470
Hotel and motel taxes	9,660,000	11,160,000	11,007,648	(152,352)
Bank franchise taxes	5,000,000	5,000,000	9,138,480	4,138,480
Grantor's taxes	900,000	900,000	865,568	(34,432)
Daily rental tax	150,000	150,000	114,241	(35,759)
Consumption tax	1,200,000	1,200,000	1,132,160	(67,840)
Total other local taxes	116,749,000	118,249,000	122,666,775	4,417,775
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	155,000	155,000	132,908	(22,092)
Transfer fees	10,800	10,800	7,717	(3,083)
Zoning application fees	150,000	150,000	173,152	23,152
Structure and equipment permits	2,650,000	2,650,000	2,720,076	70,076
Septic tank permits	5,000	5,000	43,160	38,160
Taxi cab certificates	10,000	10,000	19,825	9,825
Permits to purchase precious metal	5,000	5,000	11,200	6,200
Dog licenses	200,000	200,000	126,834	(73,166)
Other	469,100	490,562	496,818	6,256
Total permits, privilege fees and regulatory licenses	3,654,900	3,676,362	3,731,690	55,328
Fines and forfeitures:				
False alarm penalties	65,000	65,000	72,750	7,750
Traffic violations	2,300,000	2,300,000	2,546,183	246,183
Parking violations	25,000	25,000	30,269	5,269
Total fines and forfeitures	2,390,000	2,390,000	2,649,202	259,202
Revenue from use of money and property:				
Sale of equipment and publications	98,200	98,200	467,411	369,211
Rented county property	594,000	594,000	794,086	200,086
Use of money	7,144,000	7,144,000	1,658,134	(5,485,866)
Total revenue from use of money and property	7,836,200	7,836,200	2,919,631	(4,916,569)
Charges for services:				
Public works	150,000	150,000	173,400	23,400
Library	389,200	389,200	483,535	94,335
Sheriff fees	1,091,000	1,091,000	1,475,495	384,495
Commonwealth's Attorney fees	12,000	12,000	27,336	15,336
Public safety	15,000	15,000	27,831	12,831
Finance charges	365,000	365,000	290,100	(74,900)
Recreation	633,200	633,200	811,741	178,541
Information technology	750,000	750,000	756,500	6,500
Total charges for services	3,405,400	3,405,400	4,045,938	640,538
				continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 11
Page 2 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	\$ 4,537,000	\$ 4,562,533	\$ 7,690,620	\$ 3,128,087
Total miscellaneous	4,537,000	4,562,533	7,690,620	3,128,087
Recovered costs:				
Finance	2,287,370	2,287,370	2,282,876	(4,494)
General services	799,403	799,403	1,675,677	876,274
Public health	55,000	55,000	-	(55,000)
Public works	483,000	483,000	441,670	(41,330)
Sheriff	1,000,000	1,000,000	750,715	(249,285)
Public safety	5,000	5,000	-	(5,000)
Total recovered costs	4,629,773	4,629,773	5,150,938	521,165
Total revenue from local sources	488,760,490	490,307,485	513,459,873	23,152,388
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	131,000	131,000	226,773	95,773
Recovery of central costs	475,000	475,000	461,196	(13,804)
Mobile home sales and use tax	12,500	12,500	9,711	(2,789)
Motor vehicle rental tax	2,600,000	2,600,000	3,526,538	926,538
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	14,000,000	14,000,000	13,226,685	(773,315)
Overweight truck citations	1,000	1,000	157,880	156,880
Total non-categorical aid	54,221,283	54,221,283	54,610,566	389,283
Shared expenses:				
Sheriff	10,715,698	10,715,698	11,196,067	480,369
Commonwealth's Attorney	1,907,000	1,907,000	1,861,682	(45,318)
Election commission	84,400	84,400	75,002	(9,398)
Finance	684,000	684,000	764,850	80,850
Circuit court	2,780,000	2,965,475	2,930,844	(34,631)
Total shared expenses	16,171,098	16,356,573	16,828,445	471,872
Categorical aid:				
Library	183,000	183,000	193,684	10,684
Public safety	11,883,000	12,053,150	11,749,778	(303,372)
Social services	2,614,555	4,465,734	3,723,113	(742,621)
Public works	28,745,000	39,189,603	43,142,087	3,952,484
Juvenile and domestic relations	506,500	574,004	606,083	32,079
Total categorical aid	43,932,055	56,465,491	59,414,745	2,949,254
Total revenue from the Commonwealth	114,324,436	127,043,347	130,853,756	3,810,409
Revenue from the Federal government:				
Social services	7,003,280	8,946,110	9,293,038	346,928
Public safety	27,005	27,005	189,156	162,151
Total revenue from the Federal government	7,030,285	8,973,115	9,482,194	509,079
Total intergovernmental	121,354,721	136,016,462	140,335,950	4,319,488
Total General Fund	\$ 610,115,211	\$ 626,323,947	\$ 653,795,823	\$ 27,471,876

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 11
Page 3 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ -	\$ 4,718,000	\$ 2,024,386	\$ (2,693,614)
Current personal property taxes	-	-	490,771	490,771
Total general property taxes	-	4,718,000	2,515,157	(2,202,843)
Other local taxes:				
Local sales and use taxes	-	-	1,913,477	1,913,477
Business and professional license taxes	-	-	533,211	533,211
Total other local taxes	-	-	2,446,688	2,446,688
Revenue from use of money and property	(117,286)	264,216	241,585	(22,631)
Charges for services:				
Miscellaneous charges for services	9,709,543	10,104,548	10,826,609	722,061
Refuse collection billing	7,000,000	7,000,000	7,721,513	721,513
Landfill weighing fees	1,225,604	1,225,604	1,314,867	89,263
Recycle fees	213,086	213,086	191,617	(21,469)
Bulky waste collection fees	1,535,383	1,535,383	1,900,990	365,607
Leaf collection	3,049,001	3,049,001	2,709,207	(339,794)
Charges for street lights	83,100	83,100	71,858	(11,242)
Total charges for services	22,815,717	23,210,722	24,736,661	1,525,939
Miscellaneous revenues	1,288,705	1,307,229	388,918	(918,311)
Recovered costs:				
Recovered costs	34,137	432,303	468,354	36,051
Recoveries and rebates	1,300	166,054	15,541	(150,513)
Total recovered costs	35,437	598,357	483,895	(114,462)
Total revenue from local sources	24,022,573	30,098,524	30,812,904	714,380
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	25,000	25,000	41,890	16,890
Social services	4,503,745	4,516,095	3,154,247	(1,361,848)
Mental health and developmental services	7,461,012	7,333,467	7,256,599	(76,868)
Virginia department of corrections	1,396,716	1,537,760	1,537,760	-
Commonwealth's Attorney	212,306	212,306	312,644	100,338
Miscellaneous state grants	1,274,499	1,538,955	2,402,862	863,907
Total revenue from the Commonwealth	14,873,278	15,163,583	14,706,002	(457,581)
Revenue from the Federal government:				
Workforce investment	5,522,134	5,755,354	5,185,251	(570,103)
Community development block grants	-	2,179,649	2,262,432	82,783
Public safety	-	563,897	392,533	(171,364)
Mental health and developmental services	1,889,107	1,933,085	1,802,464	(130,621)
Miscellaneous federal grants	296,829	1,968,387	1,642,725	(325,662)
Total revenue from the Federal government	7,708,070	12,400,372	11,285,405	(1,114,967)
Total intergovernmental	22,581,348	27,563,955	25,991,407	(1,572,548)
Total Special Revenue Fund	\$ 46,603,921	\$ 57,662,479	\$ 56,804,311	\$ (858,168)
Grand Total Revenues - Primary Government	\$ 656,719,132	\$ 683,986,426	\$ 710,600,134	\$ 26,613,708

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 12
Page 1 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 1,032,301	\$ 1,059,776	\$ 996,678	\$ 63,098
Total legislative	1,032,301	1,059,776	996,678	63,098
General and financial administration:				
County Manager	3,401,282	3,500,531	3,478,045	22,486
County Attorney	2,154,270	2,161,130	2,123,876	37,254
Human resources	10,057,596	18,958,685	18,112,849	845,836
Finance	11,742,107	13,086,857	12,241,191	845,666
General services	14,716,471	13,836,418	12,549,319	1,287,099
Internal audit	403,223	418,856	415,937	2,919
Real property agent	596,134	638,457	631,837	6,620
Information technology	12,779,697	12,794,868	11,626,260	1,168,608
Total general and financial administration	55,850,779	65,395,802	61,179,314	4,216,488
Board of elections:				
Election commission	1,473,793	1,339,647	1,240,980	98,667
Total board of elections	1,473,793	1,339,647	1,240,980	98,667
Total general government administration	58,356,873	67,795,225	63,416,972	4,378,253
Judicial administration:				
Courts:				
Circuit Court	2,985,979	3,430,147	2,998,248	431,899
General District Court	211,244	270,739	238,630	32,109
Juvenile and Domestic Relations Court	2,353,793	2,399,063	2,324,702	74,361
Total Courts	5,551,017	6,099,949	5,561,580	538,369
Commonwealth's Attorney:				
Commonwealth's Attorney	4,510,214	4,532,862	4,435,557	97,305
Total Commonwealth's Attorney	4,510,214	4,532,862	4,435,557	97,305
Total judicial administration	10,061,231	10,632,811	9,997,137	635,674
Public safety:				
Law enforcement:				
Police department	64,647,057	66,399,999	65,882,673	517,326
Total law enforcement	64,647,057	66,399,999	65,882,673	517,326
Fire services:				
Fire department	50,174,867	51,063,865	50,725,027	338,838
Total fire services	50,174,867	51,063,865	50,725,027	338,838
Correction and detention:				
Sheriff	35,221,685	38,031,326	38,020,591	10,735
Juvenile and Domestic Relations District Court	3,265,711	3,296,887	3,296,887	(0)
Total correction and detention	38,487,396	41,328,212	41,317,478	10,734
Inspections:				
Building	4,031,114	4,050,231	3,810,325	239,906
Total inspections	4,031,114	4,050,231	3,810,325	239,906
Other protection:				
Office of emergency services	381,502	380,029	378,344	1,685
Animal protection	1,453,654	1,388,261	1,329,100	59,161
Building security	1,423,208	1,427,804	1,293,165	134,639
Total other protection	3,258,364	3,196,094	3,000,609	195,485
Total public safety	160,598,797	166,038,402	164,736,112	1,302,290

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 12
Page 2 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General administration	\$ 1,358,230	\$ 1,421,523	\$ 1,397,698	\$ 23,825
Mass transit	6,349,910	6,407,167	5,581,203	825,964
Design	1,930,792	2,002,000	1,880,286	121,714
Construction and maintenance	22,102,957	31,982,194	31,148,118	834,076
Traffic engineering	3,224,575	3,609,325	2,840,280	769,045
Miscellaneous	1,704,262	1,900,959	1,784,532	116,427
Total maintenance of highways and streets	36,670,726	47,323,167	44,632,117	2,691,050
Sanitation and waste removal:				
Leaf collection	3,049,001	3,049,001	2,709,207	339,794
Total sanitation and waste removal	3,049,001	3,049,001	2,709,207	339,794
Total public works	39,719,727	50,372,168	47,341,324	3,030,844
Health and social services:				
Health:				
Public health department	1,734,819	1,771,094	1,811,947	(40,853)
Total health	1,734,819	1,771,094	1,811,947	(40,853)
Social services:				
Service staff	-	1	-	1
Service/Eligibility Administration	-	-	21,217	(21,217)
Welfare programs	12,978,360	14,368,003	13,515,488	852,515
Public assistance	1,737,862	4,536,985	4,380,851	156,134
Total social services	14,716,222	18,904,988	17,917,556	987,432
Total health and social services	16,451,041	20,676,082	19,729,503	946,579
Parks, recreation and cultural:				
Parks and recreation:				
Department of recreation and parks	17,258,155	17,527,638	16,171,423	1,356,215
Sandston Community House	14,000	14,000	11,392	2,608
Total parks and recreation	17,272,155	17,541,638	16,182,815	1,358,823
Library:				
Library public services	14,739,798	14,581,369	13,839,392	741,977
Total library	14,739,798	14,581,369	13,839,392	741,977
Total parks, recreation and cultural	32,011,953	32,123,006	30,022,207	2,100,799
Community development:				
Planning and community development:				
Economic development	15,502,958	17,053,090	16,647,679	405,411
Planning and rezoning	3,820,389	3,799,395	3,572,992	226,403
Total planning and community development	19,323,347	20,852,485	20,220,671	631,814
Cooperative extension program:				
Agriculture	353,581	355,431	334,750	20,681
Total cooperative extension program	353,581	355,431	334,750	20,681
Total community development	19,676,928	21,207,916	20,555,421	652,495
Education:				
School Board	186,856,394	186,856,394	186,856,394	-
Total education	186,856,394	186,856,394	186,856,394	-

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 12
Page 3 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative projects	\$ 16,514,488	\$ 15,134,713	\$ 15,482,597	\$ (347,884)
Total miscellaneous	16,514,488	15,134,713	15,482,597	(347,884)
Debt service:				
Capital lease principal	359,056	359,056	359,056	-
Capital lease interest	43,678	43,678	43,678	-
Total debt service	402,734	402,734	402,734	-
Total General Fund	\$ 540,650,166	\$ 571,239,452	\$ 558,540,401	\$ 12,699,051
Special Revenue Fund:				
General government administration:				
General and financial administration:				
Workforce investment	\$ 5,957,328	\$ 9,457,143	\$ 5,676,048	\$ 3,781,095
Total general government administration	5,957,328	9,457,143	5,676,048	3,781,095
Judicial administration:				
Commonwealth's Attorney	883,288	1,415,646	920,372	495,274
Total judicial administration	883,288	1,415,646	920,372	495,274
Public safety:				
Law enforcement:				
Traffic accident investigation	1,504,499	4,703,633	2,482,296	2,221,337
Total law enforcement	1,504,499	4,703,633	2,482,296	2,221,337
Fire	-	1,013,185	547,965	465,220
Correction and detention:				
Community Diversion Program	1,764,972	2,105,547	1,673,503	432,044
Juvenile and Domestic Relations District Court	884,095	1,033,475	942,476	90,999
Total correction and detention	2,649,067	3,139,023	2,615,979	523,044
Total public safety	4,153,566	8,855,841	5,646,240	3,209,601
Public works:				
General administration	897,000	1,191,862	19,570	1,172,292
Maintenance of highways and streets	83,100	83,100	66,186	16,914
Solid waste collection and disposal	12,262,599	12,995,106	12,303,087	692,019
Total public works	13,242,699	14,270,067	12,388,843	1,881,224
Health and social services:				
Social services	8,106,276	11,579,001	7,569,090	4,009,911
Mental health and developmental services:				
Related services	4,500,132	5,615,149	4,284,728	1,330,421
Mental health	11,056,173	11,455,040	9,933,687	1,521,353
Developmental Services	10,234,909	11,149,613	9,877,887	1,271,726
Substance abuse	2,465,248	2,509,958	2,355,978	153,980
MH/DS administration	4,921,108	5,132,994	4,865,592	267,402
Total mental health and developmental services	33,177,570	35,862,754	31,317,872	4,544,882
Total health and social services	41,283,846	47,441,755	38,886,962	8,554,793
Parks, recreation and culture:				
Parks and recreation grants	-	9,359	1,774	7,585
Total parks, recreation and culture	-	9,359	1,774	7,585

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Exhibit 12
Page 4 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Community development:				
Planning and community development	\$ -	\$ 3,995,498	\$ 2,274,231	\$ 1,721,267
Economic development	50,000	6,033,000	4,718,000	1,315,000
Total community development	50,000	10,028,498	6,992,231	3,036,267
Debt service:				
Capital lease principal	24,723	24,723	24,723	-
Capital lease interest	3,509	3,509	3,509	-
Total debt service	28,232	28,232	28,232	-
Total Special Revenue Fund	\$ 65,598,959	\$ 91,506,541	\$ 70,540,702	\$ 20,965,839
Grand Total Expenditures - Primary Government	\$ 606,249,125	\$ 662,745,993	\$ 629,081,103	\$ 33,664,890



COUNTY OF HENRICO, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION
JUNE 30, 2014

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



OTHER SUPPLEMENTAL INFORMATION



COUNTY OF HENRICO

VIRGINIA

DEBT SERVICE FUND

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 1

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 2

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	\$ 50,000	\$ 50,000	\$ 10,952	\$ 39,048
Debt Service:				
Principal payments	37,615,001	37,615,001	37,615,000	1
Interest payments	21,323,993	21,323,993	21,121,081	202,912
Total Debt Service	<u>58,938,994</u>	<u>58,938,994</u>	<u>58,736,081</u>	<u>202,913</u>
Total Debt Service Fund	<u>\$ 58,988,994</u>	<u>\$ 58,988,994</u>	<u>\$ 58,747,033</u>	<u>\$ 241,961</u>



COUNTY OF HENRICO

VIRGINIA

INTERNAL SERVICE FUNDS

Financial Statements

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

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

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2014

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	\$ 7,030,975	\$ 5,105,057	\$ 31,619,661	\$ 43,755,693
Receivables, net	9,459	-	-	9,459
Due from other funds	-	-	1,208,219	1,208,219
Due from component unit	-	-	207,064	207,064
Inventories	828,054	-	-	828,054
Other assets	-	-	15,802	15,802
Total current assets	<u>7,868,488</u>	<u>5,105,057</u>	<u>33,050,746</u>	<u>46,024,291</u>
Capital Assets:				
Other capital assets, net	12,583,078	-	-	12,583,078
Capital assets, net	<u>12,583,078</u>	<u>-</u>	<u>-</u>	<u>12,583,078</u>
Total Assets	<u>\$ 20,451,566</u>	<u>\$ 5,105,057</u>	<u>\$ 33,050,746</u>	<u>\$ 58,607,369</u>
Liabilities:				
Accounts payable	\$ 851,632	\$ 33,545	\$ -	\$ 885,177
Accrued liabilities	-	-	388,263	388,263
Due to other funds	21,308	-	-	21,308
Long-term liabilities due within one year	207,495	-	5,394,529	5,602,024
Long-term liabilities due in more than one year	113,369	-	7,814,003	7,927,372
Total liabilities	<u>1,193,804</u>	<u>33,545</u>	<u>13,596,795</u>	<u>14,824,144</u>
Net Position:				
Net investment in capital assets	12,580,263	-	-	12,580,263
Unrestricted	6,677,499	5,071,512	19,453,951	31,202,962
Total net position	<u>\$ 19,257,762</u>	<u>\$ 5,071,512</u>	<u>\$ 19,453,951</u>	<u>\$ 43,783,225</u>

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	\$ 20,409,447	\$ -	\$ -	\$ 20,409,447
Contributions:				
Employer	-	-	65,695,592	65,695,592
Employee	-	-	17,052,175	17,052,175
Retiree	-	-	1,907	1,907
Disabled	-	-	74,980	74,980
Other	-	-	412,732	412,732
Total operating revenues	20,409,447	-	83,237,386	103,646,833
Operating Expenses:				
Utility charges	113,105	-	-	113,105
Personnel services and benefits	3,827,443	-	75,062,746	78,890,189
Professional services	61,537	-	-	61,537
Materials and supplies	12,192,299	1,449,677	-	13,641,976
Maintenance and repairs	2,917,689	-	-	2,917,689
Other expenses	206,306	-	1,361,162	1,567,468
Depreciation	2,047,611	-	-	2,047,611
Total operating expenses	21,365,990	1,449,677	76,423,908	99,239,575
Operating (loss) income	(956,543)	(1,449,677)	6,813,478	4,407,258
Nonoperating Revenues:				
Gain on sale of equipment	306,838	-	-	306,838
Other income	62,564	-	-	62,564
Investment income	-	-	99,853	99,853
Total nonoperating revenues, net	369,402	-	99,853	469,255
Loss before capital contributions	(587,141)	(1,449,677)	6,913,331	4,876,513
Capital contributions - donated assets	51,828	-	-	51,828
Change in net position	(535,313)	(1,449,677)	6,913,331	4,928,341
Total Net Position - June 30, 2013	19,793,075	6,521,189	12,540,620	38,854,884
Total Net Position - June 30, 2014	\$ 19,257,762	\$ 5,071,512	\$ 19,453,951	\$ 43,783,225

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 20,407,468	\$ -	\$ 83,077,090	\$ 103,484,558
Payments to suppliers	(15,451,910)	(1,419,086)	(76,306,659)	(93,177,655)
Payments to employees	(3,809,961)	-	-	(3,809,961)
Net cash provided by (used in) operating activities	1,145,597	(1,419,086)	6,770,431	6,496,942
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,153,078)	-	-	(2,153,078)
Payment for capital lease obligations	(1,509)	-	-	(1,509)
Proceeds from sale of capital assets	423,069	-	-	423,069
Net cash used in capital and related financing activities	(1,731,518)	-	-	(1,731,518)
Cash Flows From Investing Activities:				
Investment income received	-	-	99,853	99,853
Net (decrease) increase in Cash	(585,921)	(1,419,086)	6,870,284	4,865,277
Cash and cash equivalents - June 30, 2013	7,616,896	6,524,143	24,749,377	38,890,416
Cash and cash equivalents - June 30, 2014	<u>\$ 7,030,975</u>	<u>\$ 5,105,057</u>	<u>\$ 31,619,661</u>	<u>\$ 43,755,693</u>
Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used In) Operating Activities:				
Operating (loss) income	\$ (956,543)	\$ (1,449,677)	\$ 6,813,478	\$ 4,407,258
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	2,047,611	-	-	2,047,611
Change in assets and liabilities:				
Receivables	(1,979)	-	-	(1,979)
Inventories	20,278	-	-	20,278
Due from other funds	-	-	(138,100)	(138,100)
Due from component unit	-	-	(22,196)	(22,196)
Other assets	-	-	(2,211)	(2,211)
Accounts payable	15,997	30,591	-	46,588
Due to other funds	1,999	-	-	1,999
Accrued liabilities	18,234	-	119,460	137,694
Net cash provided by (used in) operating activities	<u>\$ 1,145,597</u>	<u>\$ (1,419,086)</u>	<u>\$ 6,770,431</u>	<u>\$ 6,496,942</u>

Supplemental disclosures fo noncash investing and financing activities:

Central Automotive Maintenance received donated equipment during the fiscal year end June 30, 2014 valued at \$51,82

COUNTY OF HENRICO

VIRGINIA

AGENCY FUNDS

Financial Statements

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

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

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

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

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014

Schedule 6

	Long-Term Disability	Agency Funds Special Welfare	Mental Health and Retardation	Non-Judicial Tax Sales	Total
Assets:					
Cash and cash equivalents	\$ 792,714	\$ 91,273	\$ 51,852	\$ 1,711	\$ 937,550
Accounts receivable	-	-	-	180	180
Total Assets	<u><u>\$ 792,714</u></u>	<u><u>\$ 91,273</u></u>	<u><u>\$ 51,852</u></u>	<u><u>\$ 1,891</u></u>	<u><u>\$ 937,730</u></u>
Liabilities:					
Amounts due to others	\$ 792,714	\$ 91,118	\$ 51,852	\$ 1,891	\$ 937,575
Accounts payable	-	155	-	-	155
Total Liabilities	<u><u>\$ 792,714</u></u>	<u><u>\$ 91,273</u></u>	<u><u>\$ 51,852</u></u>	<u><u>\$ 1,891</u></u>	<u><u>\$ 937,730</u></u>

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 7

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	\$ 686,907	\$ 552,583	\$ 446,776	\$ 792,714
Total assets	\$ 686,907	\$ 552,583	\$ 446,776	\$ 792,714
Liabilities:				
Amounts due to others	\$ 686,907	\$ 552,583	\$ 446,776	\$ 792,714
Total liabilities	\$ 686,907	\$ 552,583	\$ 446,776	\$ 792,714
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 100,401	\$ 150,995	\$ 160,123	\$ 91,273
Total assets	\$ 100,401	\$ 150,995	\$ 160,123	\$ 91,273
Liabilities:				
Amounts due to others	\$ 100,246	\$ 150,995	\$ 160,123	\$ 91,118
Accounts payable	155	-	-	155
Total liabilities	\$ 100,401	\$ 150,995	\$ 160,123	\$ 91,273
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	\$ 49,622	\$ 327,976	\$ 325,746	\$ 51,852
Total assets	\$ 49,622	\$ 327,976	\$ 325,746	\$ 51,852
Liabilities:				
Amounts due to others	\$ 49,622	\$ 327,976	\$ 325,746	\$ 51,852
Total liabilities	\$ 49,622	\$ 327,976	\$ 325,746	\$ 51,852
Non-Judicial Tax Sales:				
Assets:				
Cash and cash equivalents	\$ -	\$ 1,711	\$ -	\$ 1,711
Accounts receivable	-	180	-	180
Total assets	\$ -	\$ 1,891	\$ -	\$ 180
Liabilities:				
Amounts due to others	\$ -	\$ 1,891	\$ -	\$ 1,891
Total liabilities	\$ -	\$ 1,891	\$ -	\$ 1,891
Totals:				
Assets:				
Cash and cash equivalents	\$ 836,930	\$ 1,033,265	\$ 932,645	\$ 937,550
Accounts receivable	-	180	-	180
Total assets	\$ 836,930	\$ 1,033,445	\$ 932,645	\$ 937,730
Liabilities:				
Amounts due to others	\$ 836,775	\$ 1,033,445	\$ 932,645	\$ 937,575
Accounts payable	155	-	-	155
Total liabilities	\$ 836,930	\$ 1,033,445	\$ 932,645	\$ 937,730



COUNTY OF HENRICO

VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT - **SCHOOL BOARD**

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

**COUNTY OF HENRICO, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2014**

Schedule 8

	Governmental Funds			Totals
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Assets:				
Cash and cash equivalents	\$ 6,363,601	\$ 8,529,467	\$ 11,871,694	\$ 26,764,762
Other assets	-	12,696	-	12,696
Due from Primary Government	-	-	-	-
Due from other governmental units	4,144,113	14,255,895	-	18,400,008
Total Assets	<u>\$ 10,507,714</u>	<u>\$ 22,798,058</u>	<u>\$ 11,871,694</u>	<u>\$ 45,177,466</u>
Liabilities:				
Accounts payable	\$ 1,111,280	\$ 527,309	\$ 1,534	\$ 1,640,123
Accrued liabilities	1,183,442	46,102	123,788	1,353,332
Amounts held for others	83,738	-	-	83,738
Due to Primary Government	184,655	5,540	-	190,195
Total liabilities	<u>2,563,115</u>	<u>578,951</u>	<u>125,322</u>	<u>3,267,388</u>
Deferred Inflow of Resources:				
Unearned revenues	-	10,941,398	-	10,941,398
Fund balances:				
Restricted	-	11,277,709	-	11,277,709
Committed	-	-	11,746,372	11,746,372
Assigned	6,356,981	-	-	6,356,981
Unassigned	1,587,618	-	-	1,587,618
Total fund balances	<u>7,944,599</u>	<u>11,277,709</u>	<u>11,746,372</u>	<u>30,968,680</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 10,507,714</u>	<u>\$ 22,798,058</u>	<u>\$ 11,871,694</u>	<u>\$ 45,177,466</u>

Adjustments for the Statement of Net Position:

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	\$ (1,931,517)
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	262,238,446
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(54,439,451)</u>
Net Position of Discretely Presented Component Unit - School Board	<u><u>\$ 236,836,158</u></u>

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 9

	Governmental Funds			Total
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Revenues:				
Permits, privilege fees and regulatory licenses	\$ 433,125	\$ -	\$ -	\$ 433,125
Charges for services	146,597	7,704,939	-	7,851,536
Miscellaneous	-	251,768	-	251,768
Recovered costs	442,271	-	-	442,271
Intergovernmental:				
Federal	-	40,132,459	-	40,132,459
State	226,029,903	10,014,334	-	236,044,237
Total revenues	<u>227,051,896</u>	<u>58,103,500</u>	<u>-</u>	<u>285,155,396</u>
Expenditures:				
Education	444,486,768	54,105,997	-	498,592,765
Capital projects	-	-	3,837,096	3,837,096
Debt service:				
Principal retirement	7,532,247	-	-	7,532,247
Interest	38,982	-	-	38,982
Total expenditures	<u>452,057,997</u>	<u>54,105,997</u>	<u>3,837,096</u>	<u>510,001,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(225,006,101)</u>	<u>3,997,503</u>	<u>(3,837,096)</u>	<u>(224,845,694)</u>
Other Financing Sources:				
Capital lease obligations incurred	42,967,531	-	-	42,967,531
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Payment from Primary Government	186,856,394	-	1,992,501	188,848,895
Total other financing sources	<u>229,823,925</u>	<u>-</u>	<u>1,992,501</u>	<u>231,816,426</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>4,817,824</u>	<u>3,997,503</u>	<u>(1,844,595)</u>	<u>6,970,732</u>
Total Fund Balances - June 30, 2013	<u>3,126,775</u>	<u>7,280,206</u>	<u>13,590,967</u>	<u>23,997,948</u>
Total Fund Balances - June 30, 2014	<u>\$ 7,944,599</u>	<u>\$ 11,277,709</u>	<u>\$ 11,746,372</u>	<u>\$ 30,968,680</u>

Adjustments for the Statement of Activities:

Excess of revenues and other sources over expenditures and other uses	\$ 6,970,732
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	7,532,247
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds.	(19,811,176)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	47,514,750
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(42,967,531)
Internal service funds are used to charge the costs of maintenance to governmental funds and are a reduction of related expenses in the Statement of Activities.	(761,412)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	<u>2,523,848</u>
Change in Net Position of Discretely Presented Component Unit - School Board	<u>\$ 1,001,459</u>



COUNTY OF HENRICO

VIRGINIA

DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD

AGENCY FUND

Financial Statements

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
JUNE 30, 2014

Schedule 10

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 11

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 12
Page 1 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 100,000	\$ 100,000	\$ 115,627	\$ 15,627
Facilities rental	350,000	350,000	317,498	(32,502)
Total permits, privilege fees and regulatory licenses	<u>450,000</u>	<u>450,000</u>	<u>433,125</u>	<u>(16,875)</u>
Charges for services:				
School fees and tuitions	160,000	160,000	146,597	(13,403)
Total charges for services	<u>160,000</u>	<u>160,000</u>	<u>146,597</u>	<u>(13,403)</u>
Recovered cost:				
Sale of vehicles, textbooks and equipment	115,000	115,000	112,697	(2,303)
Lost/damaged textbook payments	22,000	22,000	5,384	(16,616)
Payment for services - parks and recreation	175,000	175,000	136,201	(38,799)
Recovered cost - student activities	170,000	170,000	187,989	17,989
Total recovered cost	<u>482,000</u>	<u>482,000</u>	<u>442,271</u>	<u>(39,729)</u>
Total revenue from local sources	<u>1,092,000</u>	<u>1,092,000</u>	<u>1,021,993</u>	<u>(70,007)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,280,000	1,280,000	1,298,541	18,541
English as a second language	1,570,000	1,570,000	1,554,933	(15,067)
General appropriation - basic aid	123,400,000	123,400,000	123,137,632	(262,368)
Foster child reimbursement	152,000	152,000	236,094	84,094
Textbooks	2,500,000	2,500,000	2,533,001	33,001
Social security reimbursement	7,140,000	7,140,000	7,226,662	86,662
Retirement reimbursement	11,920,000	11,920,000	12,082,075	162,075
Life insurance reimbursement	446,000	446,000	451,666	5,666
Remedial education	2,790,000	2,790,000	2,822,915	32,915
Share of State sales tax - schools	50,200,000	50,200,000	48,642,987	(1,557,013)
SOQ - basic special education	14,620,000	14,620,000	14,876,761	256,761
Special education - homebound	179,000	179,000	134,348	(44,652)
Vocational education - local administrative and supervisory	515,000	515,000	543,137	28,137
Vocational education - adult education	-	-	-	-
Vocational education - SOQ occupational	1,590,000	1,590,000	1,609,061	19,061
Handicapped - foster home	728,000	728,000	397,253	(330,747)
Salary incentive K-3	3,870,000	3,870,000	3,218,332	(651,668)
R.O.T.C.	350,000	350,000	366,872	16,872
Adult basic aid	-	-	79,038	79,038
At risk	2,380,000	2,380,000	2,409,804	29,804
Preschool	-	-	2,252,588	2,252,588
Other categorical aid	110,000	110,000	156,203	46,203
Total categorical aid	<u>225,740,000</u>	<u>225,740,000</u>	<u>226,029,903</u>	<u>289,903</u>
Total revenue from the Commonwealth	<u>225,740,000</u>	<u>225,740,000</u>	<u>226,029,903</u>	<u>289,903</u>

continued

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Schedule 12
Page 2 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund, continued:				
Total revenue from the Federal government	-	-	-	-
Total intergovernmental	225,740,000	225,740,000	226,029,903	289,903
Total Component Unit - General Fund	\$ 226,832,000	\$ 226,832,000	\$ 227,051,896	\$ 219,896
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 8,562,385	\$ 8,562,385	\$ 7,704,939	\$ (857,446)
Total charges for services	8,562,385	8,562,385	7,704,939	(857,446)
Miscellaneous:				
Miscellaneous	-	-	2,917	2,917
Recoveries and rebates	150,000	150,000	248,851	98,851
Total miscellaneous	150,000	150,000	251,768	101,768
Total revenue from local sources	8,712,385	8,712,385	7,956,707	(755,678)
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,329,747	1,329,747	1,263,723	(66,024)
Technology	1,766,000	1,766,000	1,142,934	(623,066)
Summer school	1,607,789	1,607,789	480,042	(1,127,747)
General adult education	464,943	464,943	774,254	309,311
State SOL	512,382	512,382	345,349	(167,033)
School lunch program	380,000	380,000	447,598	67,598
Other state educational grants	6,467,204	6,467,204	5,560,434	(906,770)
Total revenue from the Commonwealth	12,528,065	12,528,065	10,014,334	(2,513,731)
Revenue from the Federal Government:				
Title I	8,957,371	8,957,371	10,071,467	1,114,096
Title VI-B	9,978,903	9,978,903	10,916,400	937,497
Vocational federal act	-	-	742,303	742,303
Head start	1,399,422	1,399,422	1,345,995	(53,427)
Pre-school	266,253	266,253	322,780	56,527
School lunch program	10,666,915	10,666,915	8,723,581	(1,943,334)
School breakfast program	-	-	2,621,334	2,621,334
Other Federal educational grants	8,783,037	8,783,037	5,388,599	(3,394,438)
Total revenue from the Federal government	40,051,901	40,051,901	40,132,459	80,558
Total intergovernmental	52,579,966	52,579,966	50,146,793	(2,433,173)
Total Component Unit - Special Revenue Fund	\$ 61,292,351	\$ 61,292,351	\$ 58,103,500	\$ (3,188,851)
Grand Total Revenues - Component Unit - School Board	\$ 288,124,351	\$ 288,124,351	\$ 285,155,396	\$ (2,968,955)

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	\$ 45,224,279	\$ 55,654,231	\$ 45,402,774	\$ 10,251,457
Instructional	327,294,962	319,338,271	327,300,011	(7,961,740)
Educational programs and services	5,060,637	5,019,355	4,774,481	244,874
Transportation	24,664,351	27,971,485	25,456,833	2,514,652
Operation and maintenance	43,424,130	43,745,887	41,552,669	2,193,218
Total administration of schools	<u>445,668,359</u>	<u>451,729,230</u>	<u>444,486,768</u>	<u>7,242,462</u>
Debt Service:				
Principal retirement	7,532,247	7,532,247	7,532,247	(0)
Interest	38,982	38,982	38,982	0
Total debt service	<u>7,571,229</u>	<u>7,571,229</u>	<u>7,571,229</u>	<u>(0)</u>
Total education	<u>453,239,588</u>	<u>459,300,458</u>	<u>452,057,997</u>	<u>7,242,462</u>
Total Component Unit - General Fund	<u>\$ 453,239,588</u>	<u>\$ 459,300,458</u>	<u>\$ 452,057,997</u>	<u>\$ 7,242,462</u>
Special Revenue Fund:				
Education:				
Instruction	\$ 40,703,576	\$ 68,732,877	\$ 35,217,480	\$ 33,515,397
Other educational programs	829,475	839,597	212,764	626,833
Total education	<u>41,533,051</u>	<u>69,572,474</u>	<u>35,430,244</u>	<u>34,142,230</u>
School food service	<u>19,772,186</u>	<u>20,370,649</u>	<u>18,675,753</u>	<u>1,694,896</u>
Total Component Unit - Special Revenue Fund	<u>\$ 61,305,237</u>	<u>\$ 89,943,123</u>	<u>\$ 54,105,997</u>	<u>\$ 35,837,126</u>
Grand Total Expenditures - Component Unit - School Board	<u>\$ 514,544,825</u>	<u>\$ 549,243,581</u>	<u>\$ 506,163,994</u>	<u>\$ 43,079,588</u>

Statistical Section

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

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

Contents

Financial Trends

Tables I - IV

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

Revenue Capacity

Tables V - VIII

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

Debt Capacity

Tables IX - X

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

Demographic and Economic Information

Tables XI - XII

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

Operating Information

Tables XIII - XV

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

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

(accrual basis of accounting)
(\$ in thousands)

Table I

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 660,171	\$ 734,506	\$ 795,307	\$ 846,377	\$ 917,136	\$ 921,623	\$ 946,772	\$ 1,009,019	\$ 1,029,263	\$ 1,049,919
Restricted For:										
Highways, Streets and Buildings	45,800	42,176	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283
Debt Service	28,288	27,293	30,881	32,847	40,667	38,006	35,199	37,787	34,667	35,187
Grants	18,937	19,422	22,060	26,128	25,768	29,488	39,207	40,738	43,598	47,264
Unrestricted	114,439	143,902	161,949	184,450	214,984	203,684	182,965	129,229	107,902	125,687
Total Governmental Activities Net Position	\$ 867,635	\$ 967,299	\$1,093,240	\$1,177,273	\$1,272,390	\$1,279,506	\$1,298,860	\$ 1,297,501	\$ 1,308,669	\$ 1,333,340
Business-type Activities:										
Net Investment in Capital Assets	\$ 773,417	\$ 815,710	\$ 826,625	\$ 863,944	\$ 885,430	\$ 909,604	\$ 923,622	\$ 946,577	\$ 969,304	\$ 940,236
Debt Service	11,470	11,453	15,885	15,699	15,129	16,704	16,516	16,516	15,070	17,005
Unrestricted	51,800	54,911	73,696	74,206	78,038	76,418	73,779	64,471	63,384	106,707
Total Business-Type Activities Net Position	\$ 836,687	\$ 882,074	\$ 916,205	\$ 953,849	\$ 978,597	\$1,002,727	\$1,013,917	\$ 1,027,564	\$ 1,047,758	\$ 1,063,948
Primary Government:										
Net Investment in Capital Assets	\$ 1,433,588	\$ 1,550,216	\$1,621,931	\$ 1,710,321	\$ 1,802,566	\$1,831,227	\$1,870,394	\$ 1,955,596	\$ 1,998,567	\$ 1,990,155
Restricted For:										
Highways, Streets, and Buildings	45,800	42,176	83,043	87,472	73,835	86,705	94,717	80,728	93,239	75,283
Debt Service	28,288	27,293	30,881	32,847	55,796	54,710	51,715	54,303	49,737	52,192
Grants	30,407	30,875	37,945	41,827	25,768	29,488	39,207	40,738	43,598	47,264
Unrestricted	166,239	198,813	235,645	258,656	293,022	280,102	256,744	193,700	171,286	232,394
Total Primary Government Net Position	\$ 1,704,322	\$ 1,849,373	\$2,009,446	\$2,131,122	\$2,250,987	\$2,282,233	\$2,312,777	\$ 2,325,065	\$ 2,356,427	\$ 2,397,288

Note: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Table may not foot due to rounding

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

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

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

Table II

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
Expenses										
Governmental Activities:										
General Government	\$ 72,848	\$ 67,016	\$ 79,015	\$ 100,488	\$ 97,244	\$ 102,595	\$ 88,351	\$ 96,745	\$ 98,911	\$ 86,769
Judicial Administration	6,475	6,835	7,585	8,053	8,493	10,943	11,100	11,158	10,908	10,916
Public Safety	128,215	142,050	151,289	161,509	167,439	165,026	169,856	172,498	173,219	179,030
Public Works	53,711	54,640	60,957	61,590	65,154	77,785	71,986	75,272	70,303	77,624
Health and Welfare	50,924	54,016	57,777	60,903	62,145	67,543	60,937	60,572	57,700	58,681
Education	176,443	182,180	180,070	196,102	190,186	193,146	209,564	205,558	188,025	200,483
Parks, Recreation and Culture	24,497	26,090	28,748	33,624	34,829	35,204	34,329	34,987	34,781	34,159
Community Development	29,639	26,838	29,359	30,083	26,080	25,428	26,692	27,903	28,869	27,681
Interest and Long-term Debt	13,755	16,804	17,171	17,522	23,609	27,698	18,520	19,177	21,289	15,854
Total Government Activities Expenses	556,507	576,469	611,971	669,874	675,178	705,368	691,335	703,870	684,005	691,197
Business-Type Activities:										
Water and Sewer	65,604	71,522	81,415	84,792	86,688	87,290	92,028	90,830	90,905	96,918
Belmont Park Golf Course	1,642	1,129	1,122	1,106	1,200	1,237	1,227	1,241	1,166	1,150
Total Business-Type Activities Expenses	67,246	72,651	82,537	85,898	87,888	88,527	93,255	92,071	92,071	98,068
Total Primary Government Expenses	\$ 623,753	\$ 649,120	\$ 694,508	\$ 755,772	\$ 763,066	\$ 793,895	\$ 784,590	\$ 795,941	\$ 776,076	\$ 789,265
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$ 18,509	\$ 18,439	\$ 18,941	\$ 16,298	\$ 18,208	\$ 15,207	\$ 11,461	\$ 12,212	\$ 11,094	\$ 11,118
Judicial Administration	126	101	113	103	104	81	88	90	106	124
Public Safety	4,826	4,770	4,107	2,160	2,129	2,765	3,153	3,190	3,464	2,951
Public Works	9,844	10,313	10,566	11,601	12,738	13,741	15,760	13,667	15,077	14,851
Health and Welfare	6,283	8,303	8,062	8,436	9,059	9,645	9,507	10,225	10,234	11,255
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,240	1,148	1,285	1,395	1,351	1,444	1,439	1,497	1,494	1,446
Community Development	586	528	691	605	472	547	4,901	5,749	6,328	6,479
Interest and Long-term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contribution:	115,674	125,012	143,668	120,155	141,967	111,874	-	-	109,426	117,403
Capital grants and contribution:	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	157,088	168,614	187,433	160,753	186,027	155,304	46,309	46,630	157,223	165,627
Business-Type Activities:										
Water and Sewer	92,605	113,022	108,688	116,085	110,179	106,220	91,827	97,318	100,998	101,395
Belmont Park Golf Course	691	943	931	986	964	868	867	979	844	797
Total Business-Type Activities Revenues	93,296	113,965	109,619	117,071	111,143	107,088	92,694	98,297	101,842	102,192
Total Primary Government Revenues	\$ 250,384	\$ 282,579	\$ 297,052	\$ 277,824	\$ 297,170	\$ 262,392	\$ 139,003	\$ 144,927	\$ 259,065	\$ 267,819

Note: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Table may not foot due to rounding

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

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

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

Table II (Cont'd)

	2005	2006	2007	2008	2009	2010	2011	2012	2013 (1)	2014
<u>Net (Expense) Revenue</u>										
Governmental Activities:										
General Government	\$ (53,265)	\$ (46,055)	\$ (59,019)	\$ (83,011)	\$ (77,796)	\$ (86,579)	\$ (75,510)	\$ (83,065)	\$ (86,689)	\$ (74,645)
Judicial Administration	445	703	(1,081)	(1,445)	(2,398)	(5,795)	(5,874)	(5,869)	(5,498)	(5,505)
Public Safety	(97,640)	(109,490)	(112,189)	(126,924)	(136,612)	(135,030)	(137,288)	(139,818)	(142,236)	(146,844)
Public Works	3,083	11,465	18,264	(4,879)	17,121	(26,246)	(12,395)	(20,548)	(13,665)	(15,234)
Health and Welfare	(17,429)	(17,912)	(20,361)	(20,980)	(20,828)	(25,890)	(21,057)	(21,047)	(21,664)	(20,749)
Education	(176,443)	(182,180)	(180,070)	(196,102)	(190,186)	(193,146)	(209,564)	(205,558)	(188,025)	(200,483)
Parks, Recreation and Culture	(23,023)	(24,706)	(27,140)	(31,998)	(33,158)	(33,555)	(32,711)	(33,296)	(33,103)	(32,502)
Community Development	(21,392)	(22,875)	(25,770)	(26,260)	(21,685)	(16,125)	(14,153)	(15,847)	(14,613)	(13,754)
Interest and Long-term Debt	(13,755)	(16,804)	(17,171)	(17,522)	(23,609)	(27,698)	(18,520)	(19,177)	(21,289)	(15,854)
Total Governmental Activities Net Expense	<u>(399,419)</u>	<u>(407,854)</u>	<u>(424,537)</u>	<u>(509,121)</u>	<u>(489,151)</u>	<u>(550,064)</u>	<u>(527,072)</u>	<u>(544,225)</u>	<u>(526,782)</u>	<u>(525,570)</u>
Business-Type Activities:										
Water and Sewer	27,001	41,500	27,273	31,293	23,491	18,929	8,137	13,392	17,885	11,806
Belmont Park Golf Course	(951)	(186)	(191)	(120)	(236)	(369)	(360)	(262)	(323)	(353)
Total Business-Type Activities Net Revenue	<u>26,050</u>	<u>41,314</u>	<u>27,082</u>	<u>31,173</u>	<u>23,255</u>	<u>18,560</u>	<u>7,777</u>	<u>13,130</u>	<u>17,562</u>	<u>11,453</u>
Total Primary Government Net Expense	<u>\$(373,369)</u>	<u>\$(366,540)</u>	<u>\$(397,455)</u>	<u>\$(477,948)</u>	<u>\$(465,896)</u>	<u>\$(531,504)</u>	<u>\$(519,295)</u>	<u>\$(531,095)</u>	<u>\$(509,220)</u>	<u>\$(514,117)</u>
<u>General Revenues and Other Changes in Net Position</u>										
Governmental Activities:										
Taxes										
Property	\$ 288,230	\$ 312,238	\$ 350,196	\$ 377,200	\$ 383,557	\$ 366,203	\$ 356,285	\$ 355,138	\$ 355,171	\$ 367,971
Local Sales and Use	50,213	53,254	54,472	53,742	54,109	53,256	55,342	55,913	55,852	55,825
Business License	25,510	28,628	31,173	30,848	29,849	27,313	27,525	28,487	29,641	29,828
Hotel and Motel	8,308	9,139	10,305	10,489	9,640	9,006	9,389	10,627	10,851	11,008
Bank Franchise	7,901	4,904	5,120	11,114	17,220	14,579	18,906	17,440	11,740	9,138
Other	29,570	33,151	33,992	35,570	31,658	17,069	16,931	18,075	20,158	21,250
Interest and Investment Earnings	7,695	14,032	22,818	25,520	12,849	4,656	2,689	2,225	1,519	1,946
Grants and Contributions	43,063	50,635	39,482	47,612	43,735	61,238	57,854	54,053	51,426	51,143
Miscellaneous/Donated Assets	1,469	1,537	2,919	1,059	1,651	3,861	1,505	908	1,592	2,131
Total Governmental Activities	<u>461,960</u>	<u>507,518</u>	<u>550,478</u>	<u>593,154</u>	<u>584,268</u>	<u>557,181</u>	<u>546,426</u>	<u>542,866</u>	<u>537,950</u>	<u>550,240</u>
Business-Type Activities:										
Interest and Investment Earnings	788	1,079	5,811	4,788	1,015	646	714	1,051	1,024	2,075
Grants and Contributions	1,427	1,185	1,332	1,187	983	661	436	492	436	1,611
Miscellaneous/Donated Assets	1,790	1,810	(94)	495	(505)	4,262	2,264	(1,026)	1,172	1,051
Total Business-Type Activities	<u>4,005</u>	<u>4,074</u>	<u>7,049</u>	<u>6,471</u>	<u>1,493</u>	<u>5,569</u>	<u>3,414</u>	<u>517</u>	<u>2,632</u>	<u>4,737</u>
Total Primary Government	<u>\$ 465,965</u>	<u>\$ 511,591</u>	<u>\$ 557,527</u>	<u>\$ 599,625</u>	<u>\$ 585,761</u>	<u>\$ 562,750</u>	<u>\$ 549,840</u>	<u>\$ 543,383</u>	<u>\$ 540,582</u>	<u>\$ 554,977</u>
<u>Change in Net Position</u>										
Government Activities	\$ 62,541	\$ 99,664	\$ 125,941	\$ 84,033	\$ 95,116	\$ 7,117	\$ 19,354	\$ (1,359)	\$ 11,168	\$ 24,670
Business Activities	30,055	45,388	34,131	37,644	24,748	24,129	11,191	13,647	20,194	16,190
Total Primary Government Net Position	<u>\$ 92,596</u>	<u>\$ 145,051</u>	<u>\$ 160,072</u>	<u>\$ 121,677</u>	<u>\$ 119,865</u>	<u>\$ 31,246</u>	<u>\$ 30,545</u>	<u>\$ 12,288</u>	<u>\$ 31,362</u>	<u>\$ 40,860</u>

Note: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Table may not foot due to rounding

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

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

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

Table III

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Unspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113	\$ 113	\$ 113	\$ 113
Restricted	-	-	-	-	-	-	4,512	4,532	5,026	6,812
Committed	-	-	-	-	-	-	5,000	10,000	2,920	18,842
Assigned	-	-	-	-	-	-	79,631	89,409	72,184	61,822
Unassigned	-	-	-	-	-	-	133,005	109,597	114,170	115,034
Total General Fund	156,001	194,614	203,279	234,792	247,327	242,864	222,261	213,651	194,413	202,623
All Other Governmental Funds:										
Unspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	26,738	28,532	28,448	30,253
Committed	-	-	-	-	-	-	208,320	212,618	191,275	-
Assigned	-	-	-	-	-	-	15,238	14,964	15,907	17,010
Unassigned	-	-	-	-	-	-	-	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	122,734	176,926	220,633	217,357	282,424	214,957	250,296	256,114	235,630	47,263
Total Fund Balances	\$ 278,735	\$ 371,540	\$ 423,912	\$ 452,149	\$ 529,751	\$ 457,822	\$ 472,557	\$ 469,765	\$ 430,043	\$ 249,886
General Fund:										
Reserved for:										
Advance to Other Funds	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113				
Encumbrances	8,335	4,398	5,823	6,076	7,116	4,298				
Unreserved, reported in:										
Designated	40,111	76,912	74,614	98,599	100,889	101,927				
Undesignated	107,442	113,191	122,729	130,004	139,209	136,526				
Total General Fund	156,001	194,614	203,279	234,792	247,327	242,865				
All Other Governmental Funds:										
Reserved for:										
Encumbrances	34,090	87,000	70,168	70,725	96,054	69,556				
Unreserved, reported in:										
Designated:										
Special Revenue Fund	16,240	18,154	21,324	24,859	24,373	24,333				
Debt Service Fund	7,602	4,067	4,606	5,216	7,422	6,496				
Capital Project Fund	64,802	67,705	124,535	116,557	154,575	114,572				
Undesignated	-	-	-	-	-	-				
Total All Other Governmental Funds	122,734	176,926	220,633	217,357	282,424	214,957				
Total Fund Balances	\$ 278,735	\$ 371,540	\$ 423,912	\$ 452,149	\$ 529,751	\$ 457,822				

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

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

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

Table IV

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
General Property Taxes	287,165	\$ 316,998	\$ 346,403	\$ 371,556	\$ 377,532	\$ 367,444	\$ 353,555	\$ 351,142	\$ 352,275	\$ 367,120
Other Local Taxes	121,502	129,075	129,919	127,268	126,270	119,791	127,013	129,354	125,872	125,113
Licenses and Permits	4,421	4,345	4,596	4,202	3,032	2,665	2,963	3,486	3,177	3,732
Fines and Forfeitures	2,150	2,445	2,640	2,404	2,333	2,480	3,187	2,958	3,415	2,649
Use of Money and Property	8,236	14,459	23,310	26,302	13,761	7,185	3,673	3,117	2,746	3,335
Charges for Services	25,328	27,798	23,026	22,105	23,825	25,928	25,993	26,279	27,446	28,783
Miscellaneous	6,586	4,207	7,360	7,451	9,075	7,191	8,545	6,861	8,639	8,807
Recovered Costs	5,261	5,416	5,928	5,455	6,392	6,246	6,319	6,908	6,231	5,635
Intergovernmental Revenue	137,462	148,376	148,941	176,600	164,086	168,695	165,570	160,862	155,590	167,242
Total Government Revenue:	598,111	653,119	694,123	743,343	726,306	707,625	696,818	690,967	685,391	712,416
Expenditures:										
General Government	58,125	61,718	62,556	66,566	65,526	68,009	66,831	67,384	70,513	69,093
Judicial Administrator	6,429	6,847	7,527	8,210	8,609	10,933	10,872	11,055	10,811	10,918
Public Safety	125,721	141,916	149,915	159,842	167,650	161,797	166,872	168,379	170,502	170,382
Public Works	40,558	42,139	45,339	47,226	50,799	52,693	47,941	54,071	59,730	59,730
Health and Welfare	50,789	53,855	57,681	61,420	62,776	61,632	60,487	60,342	57,369	58,616
Parks, Recreation and Culture	23,230	24,742	27,298	30,377	31,698	30,639	29,873	30,826	30,508	30,024
Community Development	29,600	26,800	29,358	30,076	26,134	25,615	26,416	27,711	28,687	27,548
Education	174,162	179,897	176,899	188,503	184,328	192,895	200,633	195,626	177,967	188,849
Miscellaneous	9,387	1,851	13,507	20,092	21,545	21,209	16,072	17,821	14,964	15,494
Debt Service - Principal	22,747	26,442	29,306	32,890	30,452	35,155	32,477	32,542	38,869	37,999
- Interest	14,471	15,576	18,578	18,996	22,384	20,125	19,260	22,610	22,162	21,168
Capital Outlay	42,676	59,510	97,470	82,761	118,776	100,066	82,574	80,574	51,801	53,716
Total Government Expenditure	597,895	641,293	715,434	746,959	790,677	780,768	760,308	768,941	725,497	743,537
Excess (Deficiency) of Revenue Over (Under) Expenditures	216	11,826	(21,311)	(3,616)	(64,371)	(73,143)	(63,490)	(77,974)	(40,106)	(31,121)
Other Financing Sources (Uses)										
Transfers-in	89,401	105,108	146,445	108,134	115,122	96,503	96,801	84,029	109,077	87,589
Transfers-out	(89,401)	(105,108)	(146,445)	(108,134)	(115,122)	(96,503)	(96,801)	(84,029)	(109,077)	(87,589)
Issuance of Bonds	-	77,815	71,915	29,810	171,315	156,160	72,205	66,075	37,500	-
Issuance of Bond Premium	-	3,096	1,664	1,335	7,389	21,307	5,714	7,885	7,566	-
Issuance of Capital Lease Obligations	-	-	104	709	67	140	306	1,222	126	101
Payment to Escrow Agen	-	-	-	-	(36,799)	(176,393)	-	-	(44,809)	-
Total Other Financing Sources, Net	29	80,980	73,683	31,854	141,972	1,214	78,225	75,182	383	101
Net Change in Fund Balances	245	\$ 92,806	\$ 52,372	\$ 28,238	\$ 77,601	\$ (71,929)	\$ 14,735	\$ (2,792)	\$ (39,723)	\$ (31,020)
Debt service as a percentage of noncapital expenditures	7.07%	7.76%	8.31%	8.12%	8.28%	8.22%	7.94%	8.17%	9.26%	8.64%

Notes: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Table may not foot due to rounding

Source: County of Henrico Comprehensive Annual Financial Reports Exhibit 4

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

Table V

Year	Real Property				Personal Property				Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property	
	Residential Property	Commercial Property (1)	Public (3)		Real Property	Tax Rate (2)	Total Personal Property	Personal Property Tax Rate (2)				
			Service Corp.	Property								Property
2005	17,046,539	8,288,217	797,890	26,132,646	0.92	3,030,117	5,487	3,035,604	3.50	29,168,250	7.57 (4)	29,168,250
2006	20,093,473	9,188,028	801,743	30,083,244	0.90	3,721,480	3,789	3,725,269	3.50	33,808,513	7.55 (4)	33,808,513
2007	22,769,740	10,017,942	850,902	33,638,584	0.87	3,807,727	3,419	3,811,146	3.50	37,449,730	7.37 (4)	37,449,730
2008	24,247,110	10,492,965	851,142	35,591,217	0.87	4,022,204	3,803	4,026,007	3.50	39,617,224	7.37 (5)	39,617,224
2009	24,154,886	10,820,982	913,716	35,889,584	0.87	3,789,013	2,763	3,791,776	3.50	39,681,360	7.37 (5)	39,681,360
2010	22,613,681	9,403,294	976,312	32,993,287	0.87	3,068,020	3,704	3,071,724	3.50	36,065,011	7.37 (5)	36,065,011
2011	22,439,661	9,262,487	988,146	32,690,294	0.87	3,208,453	3,324	3,211,777	3.50	35,902,071	7.37 (5)	35,902,071
2012	21,340,606	9,326,319	980,339	31,647,264	0.87	3,432,535	3,433	3,435,968	3.50	35,083,232	7.37 (5)	35,083,232
2013	21,059,811	9,716,301	938,957	31,715,069	0.87	3,586,164	3,143	3,589,307	3.50	35,304,376	7.37 (5)	35,304,376
2014	21,988,906	9,919,518	908,401	32,816,825	0.87	3,585,703	3,305	3,589,008	3.50	36,405,833	7.37 (5)	36,405,833

Source: County of Henrico Director of Finance

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

(1) Includes commercial, industrial, manufacturing and agriculture

(2) Per \$100 of assessed value

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

(4) Includes Machinery and Tools (\$1.00), Aircraft (\$1.60) and Semi-Conductor (\$.55)

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

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

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

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

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

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi- Conductor	Total Direct Rate
2014	\$ 0.87	\$ 3.50	\$ 1.00	\$ 1.60	\$ 0.40	\$ 7.37
2013	0.87	3.50	1.00	1.60	0.40	7.37
2012	0.87	3.50	1.00	1.60	0.40	7.37
2011	0.87	3.50	1.00	1.60	0.40	7.37
2010	0.87	3.50	1.00	1.60	0.40	7.37
2009	0.87	3.50	1.00	1.60	0.40	7.37
2008	0.87	3.50	1.00	1.60	0.40	7.37
2007	0.87	3.50	1.00	1.60	0.55	7.52
2006	0.90	3.50	1.00	1.60	0.55	7.55
2005	0.92	3.50	1.00	1.60	0.55	7.57

Source: County of Henrico Director of Finance

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

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

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

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

Table VII

Taxpayer	Type of Business	Calendar Year 2014				Calendar Year 2013				Calendar Year 2005			
		Real/Personal		Percent		Real/Personal		Percent		Real/Personal		Percent	
		Property Assessed	Valuation	Rank	of Total Valuation	Property Assessed	Valuation	Rank	of Total Valuation	Property Assessed	Valuation	Rank	of Total Valuation
Virginia Power Company	Utility	492,287,626	1	1.35%		486,322,607	1	1.38%		356,169,447	2	1.23%	
Forest City (Short Pump TC, White Oak, etc)	Retail and Offices	270,597,900	2	0.74%		271,182,400	2	0.77%		193,368,100	4	0.67%	
Highwoods Properties	Offices and Warehouses	252,115,000	3	0.69%		247,842,800	3	0.70%		181,574,400	6	0.63%	
General Services Corporation	Apartments	230,479,500	4	0.63%		218,288,900	6	0.62%		-	N/A	-	
Verizon	Utility	224,264,870	5	0.62%		246,657,830	4	0.70%		198,544,664	3	0.68%	
The Wilton Companies	Office, Retail & Warehouse	220,243,100	6	0.61%		219,226,700	5	0.62%		151,650,000	8	0.52%	
Weinstein Family	Apartments	181,384,200	7	0.50%		172,613,600	8	0.49%		-	N/A	-	
HCA Health Services of VA	Hospital	176,107,056	8	0.48%		176,048,778	7	0.50%		126,153,065	9	0.43%	
United Dominion Realty Trust	Apartments	132,713,200	9	0.37%		123,893,600	10	0.35%		95,189,300	10	0.33%	
Excel Realty Holdings (West Broad Village)	Offices	128,490,700	10	0.35%		127,464,700	9	0.36%		-	N/A	-	
Liberty Property, LP	Warehouses and Offices	-	N/A	-		-	N/A	-		186,333,600	5	0.64%	
Qimonda AG (Infineon Technologies)	Industrial	-	N/A	-		-	N/A	-		519,104,800	1	1.79%	
VAC Limited	Apartments	-	N/A	-		-	N/A	-		173,421,300	7	0.60%	
Totals		\$ 2,308,683,152		6.34%		\$ 2,289,541,915		6.49%		\$ 2,181,508,676		7.52%	
Total Assessed Values		\$ 36,405,832,733				\$ 35,304,375,594				\$28,991,561,452			

Source: County of Henrico Director of Finance

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

Table VIII

Year	Original Fiscal Year Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2005	324,711,836	310,097,233	95.5%	9,581,896	319,679,129	98.5%
2006	339,091,487	323,450,975	95.4%	8,538,873	331,989,848	97.9%
2007	352,305,000 (1)	331,949,276	94.2%	7,810,096	339,759,372	96.4%
2008	369,929,993	364,474,006	98.5%	4,881,310	369,355,316	99.8%
2009	380,661,375	371,078,746	97.5%	9,305,798	380,384,544	99.9%
2010	365,521,825	357,859,027	97.9%	7,479,652	365,338,679	99.9%
2011	349,268,894	336,136,985	96.2%	5,970,478	342,107,463	97.9%
2012	347,803,213	341,709,567	98.2%	5,359,194	347,068,761	99.8%
2013	357,613,295	351,926,258	98.4%	5,368,128	357,294,386	99.9%
2014	361,689,033	358,676,284	99.2%	N/A (2)	358,676,284	99.2%

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

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

(2) Fiscal year 2014 collections in subsequent years will be available as of the next reporting period.

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

Table IX

Fiscal Year	General Bonded Debt				Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases			
	General Obligation Bonds (2)	Less, Amounts		Net Bonded Debt							
		Designated for Principal Payments									
2005	243,361,502	7,602,585		235,758,917	2.0%	0.8%	803.59	61,436,460			
2006	302,815,368	4,067,585		298,747,783	2.4%	0.9%	997.68	55,748,161			
2007	352,206,984	4,606,347		347,600,637	2.6%	0.9%	1,149.02	49,771,138			
2008	356,022,994	5,216,511		350,806,483	2.5%	0.9%	1,148.00	43,865,892			
2009	472,480,255	7,421,544		465,058,711	3.6%	1.2%	1,510.75	41,106,810			
2010	451,492,866	6,496,004		444,996,862	3.4%	1.2%	1,427.53	36,568,194			
2011	494,358,769	4,768,994		489,589,775	3.5%	1.4%	1,553.48	35,902,455			
2012	533,781,559	2,757,410		531,024,149	3.6%	1.5%	1,669.06	35,011,636			
2013	498,120,008	757,411		497,362,597	3.3%	1.4%	1,547.57	31,648,127			
2014	425,700,000	757,411		424,942,589	2.8%	1.2%	1,308.97	27,654,285			
Fiscal Year	Business-Type Activities				Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Component Units			
	Water & Sewer Revenue Bonds	Capital Leases	Total Primary Government	School Board							
				Capital Leases				Facility Bond	Capital Leases		
2005	132,718,365	-		437,516,327	3.7%	1.5%	1,491.29	5,261,503	5,695,000	-	-
2006	125,784,456	-		484,347,985	3.8%	1.4%	1,617.50	15,453,321	5,290,000	13,343	13,343
2007	201,471,701	12,444		603,462,267	4.5%	1.6%	1,994.80	19,268,975	4,870,000	9,661	9,661
2008	193,498,758	7,718		593,395,362	4.3%	1.5%	1,941.87	21,733,285	4,425,000	5,780	5,780
2009	184,941,553	2,729		698,531,347	5.4%	1.8%	2,269.20	11,963,471	3,960,000	1,688	1,688
2010	187,913,854	23,332		675,998,246	5.1%	1.9%	2,168.57	20,337,101	3,470,000	7,549	7,549
2011	181,293,222	16,110		711,570,556	5.1%	2.0%	2,257.83	21,698,861	2,960,000	5,963	5,963
2012	172,866,644	20,562		741,680,401	5.1%	2.1%	2,331.17	11,606,052	2,425,000	3,906	3,906
2013	164,219,306	21,719		694,009,160	4.7%	2.0%	2,159.45	7,246,929	1,860,000	1,397	1,397
2014	228,100,000	28,148		681,482,433	4.5%	1.9%	2,099.20	42,682,213	1,270,000	-	-

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

(1) There are no limitations imposed by State Law or Local Ordinance on the amount of general obligation debt that may be issued either directly or indirectly.

However, with certain exceptions, all debt, which is secured by the general obligation of a county, must be approved at public referendum prior to issuance.

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

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

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

Table X

Fiscal Year	Operating Revenue	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2005	71,356,235	41,407,841	29,948,394	6,910,000	5,890,723	12,800,723	2.34
2006	81,934,311	41,915,291	40,019,020	7,070,000	5,980,027	13,050,027	3.07
2007	82,750,017	44,816,131	37,933,886	8,470,000	9,708,681	18,178,681	2.09
2008	86,691,475	52,062,041	34,629,434	8,205,000	9,252,708	17,457,708	1.98
2009	87,194,067	54,609,318	32,584,749	8,680,000	7,302,706	15,982,706	2.04
2010	83,321,061	54,265,948	29,055,113	6,780,000	8,162,621	14,942,621	1.94
2011	88,550,725	57,029,837	31,520,888	6,260,000	8,471,819	14,731,819	2.14
2012	91,838,857	55,519,463	36,319,394	8,070,000	8,582,853	16,652,853	2.18
2013	93,653,734	55,270,283	38,383,451	8,280,000	7,085,027	15,365,027	2.50
2014	97,868,671	61,678,495	36,190,176	8,025,000	7,044,891	15,069,891	2.40

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

(1) Water and Sewer Fund only.

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

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

Table XI

Year	County Population (1)	Total Personal Income (2) (\$000)	Per Capita Income (2)	Average Daily Student Enrollment (3)	Unemployment Rate (4)
2005	293,382	11,954,001	41,733	46,030	3.6%
2006	299,443	12,641,949	43,375	46,910	3.0%
2007	302,518	13,348,887	45,036	47,537	2.8%
2008	305,580	13,839,779	46,102	48,226	3.9%
2009	307,832	12,978,091	42,584	48,822	7.6%
2010	311,726	13,265,139	43,151	48,230	7.0%
2011	315,157	13,823,694	44,529	48,431	6.2%
2012	318,158	14,578,842	46,292	49,769	5.9%
2013	321,382 (5)	14,851,071 (6)	46,590 (6)	49,871	5.6%
2014	324,639 (5)	15,128,382 (6)	46,890 (6)	50,501	5.3%

Sources:

- (1) Henrico County 3-C Reports. Estimates from these reports are as of December 31 of the respective year.
- (2) U.S. Department of Commerce (Bureau of Economic Analysis in Henrico County, Annual)
- (3) Commonwealth of Virginia Superintendent's Annual Report
- (4) Virginia Employment Commission (Henrico County Economic Profile 6/30/2014)
- (5) Based on a trend average 2008 - 2012
- (6) Calculation based on trend average 2008 - 2012

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

Table XII

Employer	2014 (1)			2013			2012			2011			2010		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Henrico County School Board	5,000-9,999	1	3.4%	5,000-9,999	1	3.6%	5,000-9,999	1	3.9%	5,000-9,999	1	4.2%	5,000-9,999	1	4.3%
Capital One Bank	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%	1,000-4,999	3	2.5%	1,000-4,999	3	2.5%
County of Henrico	1,000-4,999	3	1.9%	1,000-4,999	3	1.9%	1,000-4,999	3	2.4%	1,000-4,999	2	2.5%	1,000-4,999	2	2.6%
Bon Secours Richmond Health System (2)	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.8%	1,000-4,999	4	1.9%	1,000-4,999	4	1.9%
Henrico Doctors' Hospital (HCA)	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	5	1.8%	1,000-4,999	6	1.9%	1,000-4,999	6	1.9%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	6	1.8%	1,000-4,999	8	1.8%	1,000-4,999	7	1.8%	1,000-4,999	5	1.9%	1,000-4,999	5	1.9%
Bank of America	1,000-4,999	7	1.8%	1,000-4,999	7	1.8%	1,000-4,999	8	1.8%	1,000-4,999	8	1.9%	1,000-4,999	7	1.9%
Wells Fargo Bank NA	1,000-4,999	8	1.8%	1,000-4,999	9	1.8%	1,000-4,999	9	1.8%	1,000-4,999	9	1.9%	1,000-4,999	9	1.9%
Walmart	1,000-4,999	9	1.8%	1,000-4,999	11	1.8%	1,000-4,999	11	1.8%	1,000-4,999	11	1.9%	1,000-4,999	11	1.9%
United States Postal Service	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%	1,000-4,999	10	1.8%	1,000-4,999	10	1.9%	1,000-4,999	12	1.9%
GNA Corporation	1,000-4,999	11	1.8%	1,000-4,999	13	1.8%	1,000-4,999	12	1.8%	1,000-4,999	13	1.9%	1,000-4,999	10	1.9%
Martin's Food Market	1,000-4,999	12	1.8%	1,000-4,999	12	1.8%	1,000-4,999	13	1.8%	1,000-4,999	12	1.9%	500-999	15	0.5%
Kroger	1,000-4,999	13	1.8%	500-999	15	0.5%	500-999	15	1.8%	500-999	15	0.5%	500-999	17	0.5%
SunTrust Bank	1,000-4,999	14	1.8%	1,000-4,999	14	1.8%	500-999	19	0.5%	500-999	19	0.5%	-	N/A	-
Apex Systems, Inc.	500-999	15	0.5%	500-999	17	0.5%	-	N/A	-	-	N/A	-	-	N/A	-
Market Service, Inc	500-999	16	0.5%	500-999	16	0.5%	500-999	17	0.5%	500-999	18	0.5%	500-999	20	0.5%
Virginia Department of Social Services	500-999	17	0.5%	500-999	19	0.5%	500-999	20	0.5%	-	N/A	-	500-999	18	0.5%
Dominion Resources	500-999	18	0.5%	500-999	18	0.5%	500-999	19	0.5%	500-999	16	0.5%	500-999	14	0.5%
Verizon Virginia, Inc.	500-999	19	0.5%	500-999	20	0.5%	-	N/A	-	500-999	20	0.5%	500-999	16	0.5%
J. Sargeant Reynolds Community College	500-999	20	0.5%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Admiral Security Services	-	N/A	-	1,000-4,999	6	1.8%	1,000-4,999	6	1.8%	1,000-4,999	7	1.9%	1,000-4,999	8	1.9%
Altria Corporate Services Inc	-	N/A	-	-	N/A	-	500-999	14	1.8%	500-999	14	0.5%	1,000-4,999	13	1.9%
Access America	-	N/A	-	-	N/A	-	500-999	16	0.5%	500-999	17	0.5%	-	N/A	-
Utkrops	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	19	0.5%
Totals			30.6%			30.8%			32.6%			31.9%			32.2%
Total County Employment (3)			<u>172,420</u>			<u>164,450</u>			<u>166,525</u>			<u>155,163</u>			<u>154,233</u>

Source: Virginia Employment Commission
Employees and percentage of employment based on size code as published by VEC
(1) 2014 Data as of 1st Qtr 2014
(2) Non-Resident Employer of Henrico County Citizens
(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

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

Table XIII

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Agriculture & Home Extension	5	5	3	3	3	3	3	2	2	2
Belmont Golf Course	9	9	9	9	9	9	9	9	9	9
Board of Supervisors	5	5	5	5	5	5	5	5	5	4
Building Inspections	55	59	59	61	61	58	58	56	54	53
Central Automotive Maintenance	61	64	65	65	65	65	65	67	67	67
Circuit Court Services	7	7	8	8	8	8	8	8	8	8
Commonwealth's Attorney	45	45	50	56	56	54	54	56	56	56
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	17	17	19	19	19	18	18	17	17	16
County Attorney	18	18	18	18	18	18	18	18	19	19
County Manager	13	13	13	13	13	13	13	13	13	13
Electoral Board	9	10	10	9	9	9	9	8	8	8
Finance	160	160	166	166	167	159	159	157	153	169
Fire	477	491	522	531	540	539	539	539	539	548
General Services	149	150	157	160	161	156	156	155	147	120
Human Resources	51	50	55	57	56	53	53	52	48	58
Hold Complement (2)	-	-	-	-	-	-	-	19	43	36
Information Technology	85	85	91	90	89	83	83	85	89	88
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	31	31	31	33	33	33	33	33	33	33
Library	131	144	178	178	183	173	173	168	164	161
Mental Health	223	223	224	225	225	220	220	220	218	219
Permit Centers	17	17	19	19	19	18	18	17	17	16
Planning	43	46	50	50	50	49	49	46	43	44
Police	763	785	810	799	799	797	799	798	798	807
Public Relations & Media Services	19	19	20	20	20	19	19	19	19	19
Public Utilities	310	310	316	320	320	308	309	307	306	306
Public Works	259	259	265	266	266	258	258	254	254	254
Real Property	7	7	8	8	8	7	7	7	7	7
Recreation & Parks	144	152	167	172	172	168	178	178	177	173
Sheriff	360	360	362	378	377	371	371	371	371	371
Social Services	146	149	154	157	168	168	168	168	168	168
Solid Waste	69	78	78	75	75	70	69	69	69	69
Sub-total General Government	3,694	3,774	3,938	3,976	4,000	3,915	3,927	3,927	3,927	3,927
Education	5,908	6,081	6,231	6,422	6,588	6,634	6,567	6,564	6,564	6,643
Total Government Employees	9,602	9,855	10,168	10,397	10,587	10,549	10,494	10,491	10,491	10,570

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

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by non-County funds (287 as of February 3, 2014) are not included. General Government positions are based on headcount while Education positions are measured using FTE.

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

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

Table XIV

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Finance:										
Standard & Poor G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	103,487	105,742	107,533	109,333	109,970	110,369	112,383	112,490	112,986	113,624
Vehicles Assessed	339,000	347,000	348,862	349,306	328,204	347,913	347,790	354,721	354,419	347,795
GFOA Award CAFR - # of Years	23	24	25	26	27	28	29	30	31	32
GFOA Award Budget - # of Years	16	17	18	19	20	21	22	23	24	25
General Services:										
Fleet Annual Miles Driven	22,135,909	22,170,727	22,601,564	24,000,000	24,594,634	25,112,408	24,681,815	24,553,438	24,588,773	24,581,640
Gallons of Fuel Consumed	2,595,253	2,649,446	2,723,080	2,867,559	2,963,209	3,007,474	2,955,906	2,940,537	2,909,914	2,895,364
Total Work Orders Completed	19,247	26,963	28,301	30,490	24,589	20,361	22,308	24,550	23,000	20,200
Information Technology										
Internet Pages Accessed	8,840,785	8,840,785	12,207,405	13,861,882	16,629,902	19,212,527	19,121,527	6,365,812	6,486,961	6,437,452
Internet Site Visits	1,870,150	1,870,150	2,637,719	2,744,028	2,280,415	2,269,242	2,269,242	1,857,899	2,155,914	2,153,538
Central Computer Average Uptime	99.2%	99.1%	99.6%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%	99.8%
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	75,432	82,426	76,146	67,768	50,160	50,440	37,682	48,972	48,926	51,257
Civil Cases	2,947	2,831	2,881	3,001	2,852	3,104	3,034	3,113	3,135	3,237
Criminal Cases	8,196	8,113	8,613	8,001	6,971	7,133	6,431	5,616	5,833	5,375
General District Courts:										
New Criminal Cases Filed	9,271	10,422	10,475	7,878	10,386	10,620	15,196	13,057	13,267	13,967
New Civil Cases Filed	38,855	39,095	37,502	33,134	43,284	42,329	40,411	40,011	39,300	39,300
New Traffic Cases Filed	63,727	68,642	72,102	62,073	66,924	76,218	80,481	71,329	70,555	73,555
Commonwealth Attorney:										
Criminal Cases	26,163	25,980	25,532	26,000	25,084	25,038	34,061	34,227	35,617	35,250
Traffic Cases	98,664	99,567	96,553	97,000	94,356	107,397	109,152	99,262	97,580	110,100
Public Safety										
Police:										
Calls for Service	202,244	200,158	205,189	209,292	197,808	193,173	192,726	198,373	194,029	197,910
Criminal Arrests	21,132	21,925	24,815	25,311	21,399	20,330	20,716	19,989	20,690	21,104
Traffic Arrests	51,945	56,811	51,496	52,525	53,051	63,009	65,481	59,062	58,269	59,434
Fire Protection:										
Calls For Service	34,192	35,365	37,962	39,043	36,931	37,575	39,120	40,963	43,348	44,489
EMS and Rescue Calls	23,114	24,229	25,722	27,100	27,293	28,028	29,114	30,189	36,176	36,516
Fire Incidents	1,092	1,223	1,204	1,183	1,025	915	1,110	983	817	879
Sheriff:										
Civil Papers Served	119,079	120,370	121,201	123,098	115,186	120,746	116,434	115,948	100,626	120,000
Annual Commitments to Jail	11,610	12,201	12,588	12,600	13,605	16,888	17,623	12,157	16,134	15,478
Average Daily Inmate Population	1,005	1,169	1,234	1,300	1,164	1,140	1,167	1,138	1,183	1,200
Building Inspections:										
Total Permits Issued	21,928	20,907	18,509	20,000	12,819	11,975	12,208	13,771	14,274	14,000
Total Inspections	98,185	95,661	86,130	85,500	59,795	51,495	51,351	56,236	67,036	72,470
Public Works										
Public Works:										
Lane Miles Maintained	3,212	3,277	3,231	3,310	3,348	3,385	3,402	3,433	3,452	3,452
Traffic Signals Maintained	131	136	138	130	138	140	144	144	149	150
Development Plans Reviewed	1,420	1,415	1,630	1,536	1,026	776	653	691	880	750
Health and Social Services										
Public Health:										
Patient Visits	25,190	25,700	26,000	26,050	26,308	28,545	27,531	27,153	27,584	27,894
Water/Sewer Inspection Applications	400	397	350	350	195	179	179	243	243	243
Social Services:										
Clients Entering Employment	476	369	531	525	545	609	483	632	650	675
Clients Employed After 90 Days	319	277	409	404	436	493	367	512	527	547

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

Table XIV

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Education										
Schools:										
Cost Per Student	\$ 7,642	\$ 7,832	\$ 8,485	\$ 8,957	\$ 9,369	\$ 9,485	\$ 9,015	\$ 9,041	\$ 9,110	\$ 8,978
Teaching Positions	3,394	3,489	3,554	3,657	3,791	3,815	3,720	3,737	3,719	3,740
Student/Teacher Ratio	13.6	13.4	13.4	13.2	12.7	13.0	13.0	13.0	13.4	13.5
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	3,253,600	3,595,204	3,401,181	3,500,000	3,537,272	4,001,371	3,951,571	3,829,590	3,787,758	4,100,000
Program Participants	267,912	264,393	306,575	350,000	306,498	396,900	397,000	397,000	397,000	23,223
Recreation Programs	13,604	13,514	16,364	16,550	17,234	15,848	16,400	16,400	16,400	1,197
Library:										
Customer Visits	1,487,188	1,447,124	1,446,004	1,632,666	1,865,118	1,904,924	2,046,163	2,040,073	2,063,468	2,032,388
Annual Circulation of Materials	2,637,910	2,637,296	2,695,776	2,690,534	3,584,375	3,786,229	3,905,151	3,860,738	3,881,526	3,935,828
Community Development										
Economic Development:										
Prospects Available	95	95	95	95	95	95	95	95	95	95
Retention Calls	690	690	464	580	690	650	650	650	650	30
Successful Prospects	30	38	36	38	30	38	38	35	35	20
Planning:										
Reviews Completed	604	490	537	289	326	256	300	260	232	275
Petitions and Permits Processed	300	275	262	122	110	85	87	87	86	90
Maps Prepared	2,591	2,200	1,603	1,588	848	743	1,036	1,048	1,048	1,000
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	8,861	8,882	8,996	9,075	10,985	11,345	11,004	10,421	10,766	10,500
Inspections Completed	21,903	21,304	22,133	22,500	27,513	29,138	27,499	26,626	27,406	27,000
Volunteers Hours Worked	4,903	7,423	7,154	7,511	5,024	6,242	2,488	4,076	2,708	4,000
Permit Center:										
Permit Applications Received	7,500	6,886	6,298	5,873	4,253	4,225	4,519	4,734	5,123	5,503
Permit Applications Reviewed	14,010	13,675	11,605	11,307	6,954	7,156	7,113	7,191	6,558	7,409
Permits Issued	4,775	4,229	5,763	5,151	4,168	4,035	4,447	4,646	5,076	5,472
Inquires	21,621	24,184	23,348	20,404	15,248	14,072	13,295	12,793	12,581	12,816
Public Utilities										
Solid Waste:										
Number of Customers	31,085	32,346	34,364	36,000	37,647	39,117	39,862	41,121	42,578	43,000
Tons of Waste Collected	78,561	100,079	108,614	97,800	91,855	81,785	83,264	90,495	93,860	93,850
Tons Deposited in Public Use Areas	39,539	32,346	37,078	30,000	40,272	32,212	29,700	29,888	29,091	31,000
Water and Sewer:										
Number of Water Customers	88,200	90,000	91,482	92,800	94,886	91,776	92,243	92,946	94,006	95,000
Number of Sewer Customers	86,600	88,391	89,790	91,000	91,631	88,854	89,355	90,068	91,110	92,100
Fire Hydrants in Service	10,264	10,561	11,054	11,200	11,567	11,799	11,969	12,167	12,321	12,500

Source: Approved County Budget

(1) FY2014 column data is revised budget not actual, where actual data is not yet available

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

Table XV

Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Vehicles	337	340	410	533	728	487	575	559	534	920
Building Square Footage	2,079,633	2,132,633	2,182,633	2,194,808	2,194,808	2,203,193	2,225,054	2,669,214	2,691,018	2,672,574
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Police Stations	2	2	2	2	2	2	2	2	2	3
Police Field Offices	2	2	2	2	2	2	3	3	3	2
Vehicles	636	648	650	638	651	711	740	734	808	1,064
Sheriff:										
Vehicles	55	54	55	55	55	60	59	61	61	5
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
Juvenile & Domestic Relations										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
Fire Protection:										
Stations	19	19	20	20	20	20	20	20	20	20
Vehicles	193	164	169	168	168	175	177	177	175	135
Public Works:										
Miles of Maintained Roads	1,279	1,298	1,311	1,317	1,327	1,338	1,339	1,349	1,354	1,354
Miles of Storm Drainage	1,042	1,062	1,078	1,093	1,102	1,116	1,116	1,116	959	1,519
Vehicles	298	311	306	299	323	323	315	333	333	241
Education										
Schools:										
School Facilities	68	68	70	70	71	71	71	73	73	74
Vehicles	911	1,033	1,070	1,096	1,158	1,131	1,137	1,173	1,183	1,184
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	15	17	17	17	20	17	20	20	20	14
Developed Park Acreage	1,772	1,800	1,897	1,900	2,505	2,505	2,505	2,505	2,515	2,539
Athletic Fields/Courts	403	407	417	419	419	423	410	410	187	227
County Golf Courses	1	1	1	1	1	1	1	1	1	1
Library:										
Number of Libraries	10	10	10	10	11	10	11	11	11	11
Titles in Collection	275,065	298,528	326,326	331,242	327,455	329,141	324,527	314,907	321,108	338,485
Volumes in Collection	656,680	823,864	895,954	1,042,188	901,837	924,076	860,640	863,149	899,266	903,125
Public Utilities										
Water and Sewer:										
Miles of Water Mains	1,403	1,431	1,463	1,495	1,515	1,528	1,548	1,558	1,572	1,582
Miles of Sewer Mains	1,345	1,364	1,391	1,420	1,445	1,443	1,450	1,456	1,463	1,470
Vehicles	328	341	341	347	354	353	358	358	358	218
Landfills	1	1	1	1	1	1	1	1	1	1

Source: Approved County Budget

(1) FY2014 column data is revised budget not actual, where actual data is not yet available