

COUNTY OF HENRICO

VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2013**

**Prepared By
The Director of Finance**



**COUNTY OF HENRICO, VIRGINIA
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INTRODUCTORY SECTION





John A. Vithoulkas
County Manager

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

November 20, 2013

The Honorable Board of Supervisors
County of Henrico
Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. 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. 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 Management's Discussion and Analysis, a required supplemental narrative overview of the financial statements included in this document. 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 www.co.henrico.va.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 data presented in this report are complete and accurate in all material respects.

KPMG LLP, a certified public accounting firm, audited the County's financial statements as of and for the fiscal year ended June 30, 2013. 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 the County's financial statements as of and for the fiscal year ended June 30, 2013, 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 audited government’s compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control 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 the financial statements.

Economic Overview

As the nation approaches the 7th year of the protracted economic downturn, Henrico County continues to adapt and respond to its fiscal challenges, avoiding severely reducing or interrupting services during this time. Despite the many issues faced by a sluggish economy that is uniquely challenging in terms of depth and duration, Henrico County continues to exemplify excellence in local government finance and administration.

Because Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation, the local economy is well positioned to continue to persevere through these tough economic conditions better than most localities. 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 superior 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, in April 2013, the Wall Street Journal's MarketWatch recently named the Richmond area among the top 100 metro areas for business growth, while in September 2013, Forbes recognized Richmond and the surrounding region as one of ten up and coming cities for entrepreneurs. Acknowledgements such as these 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 local 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 U.S. and over 12 foreign countries. 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 \$41.5 million in tax revenue and income generated through the fan's patronage of local stores, restaurants and hotels.

Despite the continuing tough economic climate, and the loss of jobs attributable to the recession, employment statistics for Henrico County exhibit a better picture when compared to national averages. According to the Virginia Employment Commission, as of August 2013 the County's unemployment rate (not seasonally adjusted) of 5.4 percent is below Virginia's overall rate of 5.6 percent. This rate is considerably lower than the National rate of 7.3 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 0.9 percent from Q1 2012 to Q1 2013, rising to \$1,041, and has increased by 9.9 percent since Q1 2009. The Q1 2013 figure is 1.3 percent higher than the State average weekly wage of \$1,028, and 26.7 percent higher than the U.S. figure of \$821.45 for the same period.

The economic downturn has also affected the real estate market in Henrico in both the residential and commercial sectors. Residential foreclosures increased sharply 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. In 2011, foreclosures began to decline slightly, and in 2012 totaled 778, representing 9.3 percent of total sales transactions. Through the first two quarters of calendar year 2013, the number of foreclosures as a percentage of total sales transactions is about level with the prior year, representing about 9.0 percent of total transactions. As evidenced by these statistics, foreclosures continue to cause distress in the local residential housing market.

As of January 1, 2013, the total taxable assessed value of the County was approximately \$30.8 billion, representing a modest increase of 0.36 percent, or about \$109 million compared to January 1, 2012. While Henrico experienced a slight decline in residential assessed values, dropping by 1.53 percent for 2013, this was offset by an increase in commercial values of approximately \$390 million, or 4.2 percent, yielding the net positive increase in the County's tax base. This increase in commercial values represents a significant improvement from the prior year's modest increase of 0.7 percent, which had followed two preceding years of declines. While the total year-over-year increase of 0.36 percent is small, it is a significant improvement from the prior year, in which the real estate tax base fell by approximately 3.3 percent and is much improved from the 7.98 percent drop recognized in 2010. Despite the increase in the 2013 tax base, values still remain significantly below 2008 levels. However, for the fiscal year ended June 30, 2013, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, was at a five year high, indicative of a slowly recovering market. Henrico's business friendly environment, combined with a well educated workforce, should position the County for a healthy economic recovery and corresponding housing recovery.

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 2012 were \$5.04 billion, a 3.6 percent increase from 2011, and nearly 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. Henrico County's 2012 total taxable sales per capita is among the Commonwealth's top 15 localities in total annual taxable sales, 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.co.henrico.va.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%
- Debt Service 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 area of Education.

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% | FY09: 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% |

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

In response to the economic challenges presented by the recession, Henrico County has engaged in an ongoing effort to make substantive reforms to the way it operates in order to yield both short and long term spending reductions and greater operational efficiencies. In pursuit of these cost saving and efficiency objectives, during the development of the FY2010-11 and FY2011-12 budgets, a committee was established whose purpose was to change the way Henrico County does business. The efforts of the County Manager, the Committee and the collective contribution of both General Government and Schools staff culminated in the “Changing the Way Henrico Does Business” document, which outlined a list of strategies that cumulatively generated \$56.5 million in sustainable cost savings without any personnel layoffs or reductions in essential services. It was also emphasized by the County Manager that the severity and longevity of the economic downturn would necessitate a continuous reevaluation of the County’s operating practices. The “Changing the Way Henrico County Does Business” document has been revised and updated to acknowledge all efforts taken between FY2009-10 and the FY2013-14 approved budget, including every budget reduction strategy, cost absorption and efficiency measure conceptualized and implemented during this time. Collectively, these efforts have amounted to over \$115 million in expenditure cuts, and tens of millions of dollars more in innovative efficiency and service delivery initiatives. Henrico County maintains one of the leanest governmental and educational systems in the country, and the level of cooperation exercised between Henrico County’s General Government and Public Schools is certainly not the norm among other localities throughout the country. In order to capitalize on the unique, highly

collaborative relationship between these two entities, as well as to continue to expand upon the cost savings efforts previously established, the Resource Conservation Initiatives Program (RCIP) Committee was formed in January 2012, and continues to meet through October 2013. The Committee's objective is to capture and memorialize many of the budget reduction strategies developed throughout the development of the "Changing the Way Henrico Does Business" document, as well as propose new cost saving and efficiency maximizing practices that have been, or can be, achieved through the consolidation of County resources or the utilization of operational best practices. The Committee's efforts, with the support of the County Manager and Boards of both General Government and Schools, are ongoing and many of the initiatives identified have collectively yielded millions of dollars in savings.

Despite fewer available resources, the 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 and 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.

In times of economic difficulty, shoring up the current revenue base is a top priority. To this end, the 2008 initiative to change County mailing addresses from "Richmond, VA" to "Henrico, VA", whereby "Henrico, VA" became the primary mailing address for most County residents and businesses, has continued to help the County stop the loss of an estimated \$5 million annually in County tax revenues. These are revenues that were and continue to be mistakenly paid to the City of Richmond due to the prevalence of "Richmond, VA" addresses in the County. This misallocation of revenue has been substantially mitigated, as "Henrico, VA" is now the primary mailing address for over 84,000 residences and businesses in the County, and is now recognized

on many websites internationally. Henrico continues to comprise approximately 40 percent of total taxable retail sales in the region, including the City of Richmond and Counties of Chesterfield, Henrico and Hanover.

On January 1, 2008, Henrico County's health care program transitioned to a self-insurance program from a fully insured program. This transition involves the County 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. Fiscal Year 2014 represents the sixth full fiscal year under the self-insurance program. 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 2013 the national cost of healthcare coverage increased by 9.5 percent, while Henrico County recognized an increase of 5.5 percent, resulting in an estimated savings of \$3.4 million.

Future Challenges

The impact of the 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 – have declined dramatically since the economic downturn began. The Approved Annual Fiscal Plan for FY2013-14 projects state aid at approximately \$305 million, or 36.4 percent of General Fund revenues, reflecting an increase of approximately \$14.3 million or 4.9 percent from the FY2012-13 allocation. However, despite the increase from the previous fiscal year, budgeted estimates remain \$9.0 million below actual State revenues collected in FY2006-07. While state aid is currently far below what it was seven 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 potentially have severe repercussions on the state's fiscal situation, and correspondingly, Henrico County's budgetary resources.

While in FY2012-13 the state recorded its second consecutive year of revenue surpluses since the recession began, the significant underfunding of various programs has created a structural imbalance that will likely create significant funding obstacles in the coming fiscal years. These include, among other things, obligations to education, as well as the restoration of payments to the Virginia Retirement System, which will have significant implications for localities with respect to state aid and VRS contribution rate levels.

For the fiscal year ended 2013, the State recognized a \$585 million surplus – the largest since 2005 -which included \$264.3 million in revenue above budgeted levels, as well as \$320.7 million

in targeted general fund programmatic and higher education expenditure savings. However, the majority of the surplus is already dedicated, having been allocated to water quality improvements, the state's rainy day fund and transportation fund and other mandatory re-appropriations, as well as to augment a federal budget reduction contingency fund. After these earmarked allocations, just 17 percent, or \$100 million is available for discretionary use, an amount that is far less than what is needed to restore funding for education, VRS and other programs to prior year funding levels.

Another issue of importance is the pending increase in VRS rates, particularly for teachers that will occur in FY2014-15. In FY2015, the state legislature will, for the first time, be statutorily obligated to fund a fixed percentage of the actuarial rate for teachers, which will be 80 percent in the next biennium. While the approved employer contribution rate for teacher pensions in FY2013 and FY2014 was 11.66 percent, the estimated employer contribution rate for teachers to be adopted by the General Assembly for FY2015 and FY2016 is 14.5 percent, which represents 80 percent of the VRS Board certified rate, and reflects a 24.3 percent increase in each fiscal year. On a similar note, beginning in fiscal year 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 state's 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 exceeding its assets and for the first time result in a negative total net position being reported. The net unfunded pension liability cannot be reduced without significant future cost increases, which may have significant budgetary impacts for Henrico well into the future.

Real Estate valuations will continue to present significant revenue challenges over the next several years, but by monitoring market conditions on a regular basis, Henrico will be in a position to adjust revenue estimates accordingly. Currently, real estate values in Henrico are experiencing slow to negative growth. As of January 2013, the assessed value of real property in the County totaled \$30.8 billion, which represents an increase of 0.36 percent, or approximately \$109 million compared to January 1, 2012. The overall increase in the tax base is attributable to 4.2 percent, or \$390 million increase in the assessed value of the commercial market, which was offset by the local residential valuation declining by 1.53 percent for 2013. While the increase in commercial real estate is encouraging, it does not make up for the \$1.5 billion decrease in commercial assessments experienced during 2010 and 2011. Since 2009, the County's overall real estate tax base has decreased \$4 billion, or 11.4 percent, while real estate tax collections have declined by \$35.7 million. Like the rest of the nation, the severity and duration of the economic downturn has had a severe impact on the local real estate market.

Reducing unemployment is a vital step toward improving the economy. Nationally, unemployment was at 7.3 percent in August 2013 while the State was at 5.6 percent and the County's unemployment rate was at 5.4 percent. While Henrico's unemployment rate remains lower than both the State rate and the national average, the loss of several large employers the

past few years through bankruptcy has 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 in the not-too-distant future.

Like the rest of the country, Henrico County's businesses have struggled to operate in this economic environment, and some businesses have been forced into bankruptcy and/or closure as a result. However, some companies have sought to capitalize on the unique opportunity to position themselves in Henrico County to take advantage of its high quality infrastructure, talented and diverse workforce and business friendly atmosphere. In August 2013, Lumber Liquidators, a Toano, Virginia based flooring retailer with over 300 stores in 46 states and Canada, announced plans to build and operate a 1 million square foot distribution center at White Oak Technology Park in eastern Henrico County. The \$46 million project, which includes \$5 million for 110 acres of previously undeveloped land upon which the facility will be built, is expected to be finished in the third quarter of 2014. The new distribution center will not only create jobs locally, but will also provide additional tax revenue to the County.

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, 2012. This was the thirty-second 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 Department of Finance. We would like

The Honorable Board of Supervisors
November 20, 2013
Page 13

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 planning and conducting the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,

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

John A. Vithoulkas
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
for Excellence
in Financial
Reporting**

Presented to

**County of Henrico
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2013

BOARD OF SUPERVISORS

| | |
|---|----------------------|
| David A. Kaechele, Chairman | Three Chopt District |
| Patricia S. O'Bannon, Vice Chairman | Tuckahoe District |
| Richard W. Glover | Brookland District |
| Frank J. Thornton | Fairfield District |
| Tyrone E. Nelson | Varina District |

ADMINISTRATIVE OFFICIALS

| | |
|-------------------------------|--|
| John A. Vithoukas | County Manager |
| Jane D. Crawley | Deputy County Manager for Community Services |
| Randall R. Silber | Deputy County Manager for Community Development |
| Joseph P. Casey | Deputy County Manager for Administration |
| Timothy A. Foster | Deputy County Manager for Community Operations |
| Eugene H. Walter | Director of Finance |
| Joseph P. Rapisarda, Jr. | County Attorney |

ELECTED SCHOOL BOARD

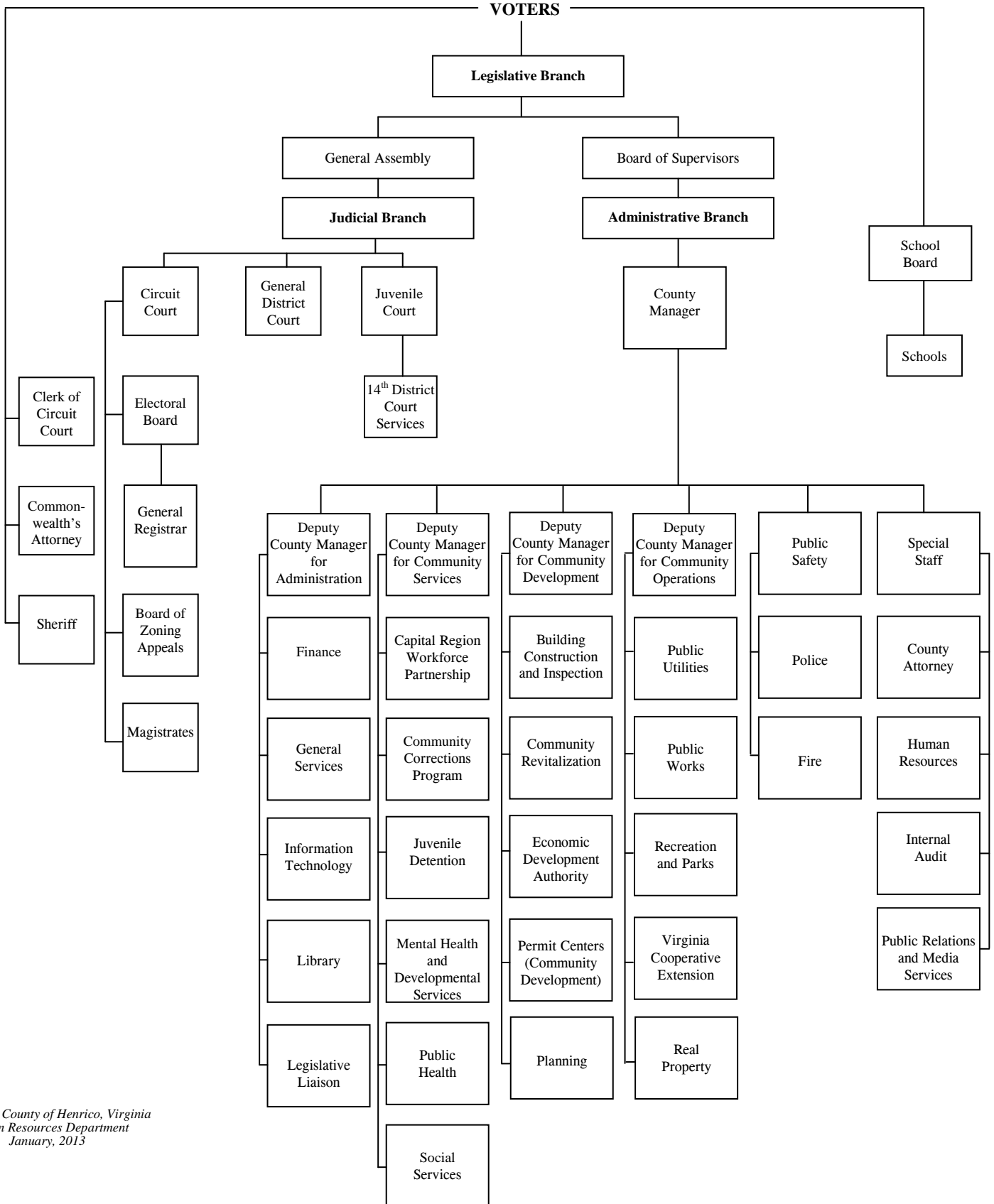
| | |
|------------------------------------|----------------------|
| Beverly L. Cocke, Chair | Brookland District |
| Lisa A. Marshall, Vice Chair | Tuckahoe District |
| Lamont Bagby | Fairfield District |
| John W. Montgomery, Jr. | Varina District |
| Diana Winston | Three Chopt District |

ADMINISTRATIVE OFFICIALS - SCHOOLS

| | |
|-----------------------------|--|
| Dr. Patrick J. Russo | Superintendent of Schools |
| Dr. Patrick C. Kinlaw | Deputy Superintendent |
| Dr. David A. Myers | Assistant Superintendent for Secondary Education |
| Al Ciarochi | Assistant Superintendent for Operations |
| Kevin Smith | Assistant Superintendent for Finance |
| Dr. Bondy Shay Gibson | Assistant Superintendent for Elementary Education |



County of Henrico, Virginia Organization Chart



FINANCIAL SECTION





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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 4 through 12, the budgetary comparison information on pages 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 20, 2013

**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, 2013 (FY 2013). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2013

The General Fund, on a current financial resource basis, reported expenditures and other financial sources and uses in excess of revenues by \$19.2 million (Exhibit 4) after making transfers out of \$108.1 million, which include transfers to the Capital Projects Fund for \$31.9 million, Special Revenue Fund for \$18.5 million and Debt Service Fund for \$58.6 million. In addition, the General Fund contributed \$174.8 million to the County's component units.

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$524 million. The general revenues of \$537.9 million exceeded expenses net of program revenues by \$14 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$2,360.3 million at June 30, 2013 (Exhibit 1).

On September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012, in the amount of \$37,500,000. The proceeds of these bonds were used to refund and defease portions of General Obligation Public Improvement Bonds, Series 2005, Series 2006 and Series 2010A.

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 liabilities 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 assets and liabilities – 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 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

Schedule of Net Position

The following table reflects a summary of the County’s net position at June 30, 2012 and 2013 (in millions):

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Component Units | |
|----------------------------------|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|----------------------------|-----------------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Current and Other Assets | \$ 631.1 | \$ 597.2 | \$ 122.4 | \$ 113.5 | \$ 753.5 | \$ 710.7 | \$ 44.4 | \$ 39.1 |
| Capital Assets | <u>1,409.2</u> | <u>1,422.5</u> | <u>1,111.5</u> | <u>1,131.3</u> | <u>2,520.7</u> | <u>2,553.8</u> | <u>246.1</u> | <u>241.5</u> |
| Total Assets | <u>2,040.3</u> | <u>2,019.7</u> | <u>1,233.9</u> | <u>1,244.8</u> | <u>3,274.2</u> | <u>3,264.5</u> | <u>290.5</u> | <u>280.6</u> |
| Long-term Liabilities | 625.2 | 587.0 | 175.2 | 165.7 | 800.4 | 752.7 | 25.9 | 23.6 |
| Other Liabilities | <u>117.6</u> | <u>121.2</u> | <u>31.1</u> | <u>30.3</u> | <u>148.7</u> | <u>151.5</u> | <u>12.2</u> | <u>13.4</u> |
| Total Liabilities | <u>742.8</u> | <u>708.2</u> | <u>206.3</u> | <u>196.0</u> | <u>949.1</u> | <u>904.2</u> | <u>38.1</u> | <u>37.0</u> |
| Net Position: | | | | | | | | |
| Net Investment in Capital Assets | 1,009.0 | 1,029.3 | 946.6 | 969.3 | 1,955.6 | 1,998.6 | 232.0 | 232.3 |
| Restricted | 159.3 | 171.5 | 16.5 | 15.0 | 175.8 | 186.5 | 5.4 | 7.3 |
| Unrestricted | <u>129.2</u> | <u>110.7</u> | <u>64.5</u> | <u>64.5</u> | <u>193.7</u> | <u>175.2</u> | <u>15.0</u> | <u>4.0</u> |
| Total Net Position | <u>\$ 1,297.5</u> | <u>\$ 1,311.5</u> | <u>\$ 1,027.6</u> | <u>\$ 1,048.8</u> | <u>\$ 2,325.1</u> | <u>\$ 2,360.3</u> | <u>\$ 252.4</u> | <u>\$ 243.6</u> |

The County’s combined net position increased by 1.5 percent, or \$35.2 million to \$2,360.3 million from \$2,325.1 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 1.1 percent, or \$14 million to \$1,311.5 million (Exhibit 1). Net Investment in Capital Assets increased by \$20.3 million due to capital assets acquired and debt payments made for both bonds and capital leases. Restricted net position increased by \$12.2 million due to additional funds reserved for capital projects, 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; decreased by \$18.5 million to \$110.7 million at June 30, 2013 (Exhibit 1).

Net position of governmental activities increased mainly due to capital outlay expenditures of \$66.1 million, which are added back to net position for capital assets capitalized during the year, and \$39.4 million in debt service activities. This was offset by depreciation expense of \$48.6 million and a decrease of \$39.7 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 \$0.5 million and the use of current financial resources of \$3.7 million.

The net position of business-type activities increased 2.0 percent, or \$21.2 million from \$1,027.6 million to \$1,048.8 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$64.5 million as of June 30, 2013.

The component units' net position decreased 3.5 percent, or \$8.8 million from \$252.4 million to \$243.6 million. This decrease was due primarily to a reduction in contributions received from the County.

Schedule of Activities

The following chart shows the revenues and expenses of the governmental activities for the fiscal years ended June 30, 2012 and 2013 (in millions):

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total Primary Government</u> | | <u>Component Units</u> | | |
|------------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|-----------------|------------------------|-----------------|--|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | |
| Revenues: | | | | | | | | | |
| Program Revenues: | | | | | | | | | |
| Charges for Services | \$ 46.6 | \$ 47.8 | \$ 98.3 | \$ 101.8 | \$ 144.9 | \$ 149.6 | \$ 13.1 | \$ 13.3 | |
| Operating Grants and Contributions | 113.0 | 109.4 | - | - | 113.0 | 109.4 | 261.9 | 275.7 | |
| Capital Grants and Contributions | - | - | 6.9 | 7.8 | 6.9 | 7.8 | .1 | .1 | |
| General Revenues: | | | | | | | | | |
| Property Taxes | 355.1 | 355.2 | - | - | 355.1 | 355.2 | - | - | |
| Other Taxes | 130.6 | 128.2 | - | - | 130.6 | 128.2 | - | - | |
| Other | 57.2 | 54.5 | .5 | 2.6 | 57.7 | 57.1 | 1.0 | 1.0 | |
| Payment from Primary Government | - | - | - | - | - | - | 196.3 | 178.7 | |
| Total Revenues | <u>\$ 702.5</u> | <u>\$ 695.1</u> | <u>\$ 105.7</u> | <u>\$ 112.2</u> | <u>\$ 808.2</u> | <u>\$ 807.3</u> | <u>\$ 472.4</u> | <u>\$ 468.8</u> | |

Expenses:

| | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| General Government | \$ 96.7 | \$ 96.1 | \$ - | \$ - | \$ 96.7 | \$ 96.1 | \$ - | \$ - |
| Judicial Administration | 11.1 | 10.9 | - | - | 11.1 | 10.9 | - | - |
| Public Safety | 172.5 | 173.2 | - | - | 172.5 | 173.2 | 5.3 | 5.4 |
| Public Works | 75.3 | 70.3 | - | - | 75.3 | 70.3 | - | - |
| Health and Welfare | 60.6 | 57.7 | - | - | 60.6 | 57.7 | - | - |
| Education | 205.6 | 188.0 | - | - | 205.6 | 188.0 | 466.5 | 472.2 |
| Parks, Recreation and Cultural | 35.0 | 34.8 | - | - | 35.0 | 34.8 | - | - |
| Community Development | 27.9 | 28.9 | - | - | 27.9 | 28.9 | - | - |
| Interest on Long-term Debt | 19.2 | 21.3 | - | - | 19.2 | 21.3 | - | - |
| Water and Sewer | - | - | 90.8 | 89.8 | 90.8 | 89.8 | - | - |
| Golf Course | - | - | 1.2 | 1.2 | 1.2 | 1.2 | - | - |
| Total Expenses | <u>\$ 703.9</u> | <u>\$ 681.2</u> | <u>\$ 92.0</u> | <u>\$ 91.0</u> | <u>\$ 795.9</u> | <u>\$ 772.2</u> | <u>\$ 471.8</u> | <u>\$ 477.6</u> |
| Change in Net Position | <u>(1.4)</u> | <u>13.9</u> | <u>13.7</u> | <u>21.2</u> | <u>12.3</u> | <u>35.1</u> | <u>.6</u> | <u>(8.8)</u> |
| Net Position at beginning of year | <u>1,298.9</u> | <u>1,297.5</u> | <u>1,013.9</u> | <u>1,027.6</u> | <u>2,312.8</u> | <u>2,325.1</u> | <u>251.8</u> | <u>252.4</u> |
| Net Position at end of year | <u>\$ 1,297.5</u> | <u>\$ 1,311.4</u> | <u>\$ 1,027.6</u> | <u>\$ 1,048.8</u> | <u>\$ 2,325.1</u> | <u>\$ 2,360.2</u> | <u>\$ 252.4</u> | <u>\$ 243.6</u> |

REVENUES

For the fiscal year ended June 30, 2013, revenues from governmental activities totaled \$695.1 million, a decrease of \$7.4 million from fiscal year 2012. Real Estate Tax Revenues, the County's largest revenue source, which reflects the recognition of the second half calendar year 2012 and the first half of calendar year 2013 real property tax, collected during fiscal year 2013 totaled \$269.1 million a decrease of \$4.3 million, or 1.6 percent from fiscal 2012. 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 2013.

During fiscal year 2013, the County collected \$68.4 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 \$105.4 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 2013 of \$37.0 million will be paid in three installments beginning in July 2013. At June 30, 2013, the County accrued \$18.4 million for the first half of the 2013 calendar year.

Business-type activities produced total revenues of \$112.2 million, an increase of \$6.5 million from fiscal year 2012. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$101.8 million in charges for services and \$7.8 million in capital grants and contributions. (Exhibit 2)

EXPENSES

For the fiscal year ended June 30, 2013, expenses for governmental activities totaled \$681.2 million, a decrease of \$22.7 million from fiscal year 2012. 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 \$174.8 million for School operations and \$3.2 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 \$91.0 million, a decrease of \$ 1.0 or 0.1 percent over fiscal year 2012 (Exhibit 2). The Water and Sewer activity accounts for \$89.8 million of the total expenses of \$90.9 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2013, the governmental funds reflect a combined fund balance of \$430.0 million, a decrease of \$39.7 million from fiscal year 2012 (Exhibit 3). The General Fund accounts for \$194.4 million (Exhibit 3) of the total combined balance. This is a decrease of \$19.2 million or 9.0 percent from the General Fund balance of \$213.6 million recorded at June 30, 2012. The current General Fund Balance was impacted by General Fund Revenues, which decreased by \$5.9 million from fiscal year 2012. The most significant decreases occurred in the major revenue categories of Other Local Taxes, which decreased \$3.6 million and Intergovernmental Revenues, which decreased 3.7 million; some of this decrease was offset by increases in Miscellaneous Revenues which increased \$1.6 million. At the same time, General Fund Expenditures decreased by \$22.7 million or 4.0 percent from fiscal year 2012. Other Financing Uses, net increased by \$27.5 million or 34.1 percent over fiscal year 2012. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed \$31.9 million to the Capital Projects Fund to finance various capital projects, \$18.5 million to the Special Revenue Fund and \$58.6 million for debt service.
- The General Fund contributed \$174.8 million to fund the fiscal year 2013 School Board operations, a decrease of \$18.1 million or 9.4 percent from the fiscal 2012 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$43.6 million (Exhibit 4) increased \$2.9 million over fiscal year 2012. The increase is due to revenues of \$56.6 million and other financing sources and uses of \$17.6 million which exceeded expenditures of \$71.3 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 accounted for \$26.0 million in revenues and \$25.9 million in expenditures during fiscal year 2013. The County's solid waste function accounted for \$14.1 million in revenues and \$10.2 million in expenditures during fiscal year 2013.
- The Debt Service Fund Balance decreased by \$2.0 million to \$0.8 million (Exhibit 4) during fiscal year 2013. The decrease is due to expenditures exceeding revenues and other financing sources by \$2.0 million. During the fiscal year, expenditures for debt service were \$60.9 million and the Fund received transfers from the General Fund of \$58.6 million.
- The Capital Projects Fund Balance of \$191.3 million (Exhibit 4) is a decrease of \$21.3 million, or 10.0 percent in comparison to fiscal year 2012. During the fiscal year, expenditures for capital projects were \$55.0 million, and transfers in totaled \$32.0 million, \$30.9 million from the General Fund and \$1.0 million the Special Revenue Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget (in millions)

| | <u>Original</u> | <u>Revised</u> | <u>Actual</u> |
|--|------------------|------------------|------------------|
| Revenues: | | | |
| Taxes | \$ 459.2 | \$ 460.7 | \$ 472.9 |
| Intergovernmental | 119.5 | 123.7 | 128.6 |
| Other | <u>24.8</u> | <u>25.9</u> | <u>25.6</u> |
| Total Revenues | <u>\$ 603.5</u> | <u>\$ 610.3</u> | <u>\$ 627.1</u> |
| Expenditures and Other Financing Uses: | | | |
| Expenditures | \$ 521.7 | \$ 551.7 | \$ 538.3 |
| Other Financing Uses | <u>95.5</u> | <u>108.1</u> | <u>108.0</u> |
| Total Expenditures and Other Financing Uses | <u>617.2</u> | <u>659.8</u> | <u>646.3</u> |
| Change in Fund Balance | <u>\$ (13.7)</u> | <u>\$ (49.5)</u> | <u>\$ (19.2)</u> |

Expenditures and other financing uses exceeded revenues by \$19.2 million in the General Fund for fiscal year 2013.

Actual General Fund revenues were more than the original budgeted revenues by \$23.6 million during fiscal year 2013. Actual revenue collections exceeded the revised budget by \$16.8 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 \$6.5 million and other local taxes, such as bank franchise taxes, which exceeded the revised budget by \$5.8 million. Actual General Fund expenditures were more than the original budget by \$16.6 million, and less than the revised budget by \$13.4 million.

During fiscal year 2013, the County Board of Supervisors amended the budget five times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

- To reappropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2012.
- To reappropriate grant revenues authorized in fiscal year 2012 or earlier, but not expended or encumbered as of June 30, 2012.
- To appropriate grants or donations accepted or adjusted in fiscal year 2013.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2013 budget.

CAPITAL ASSETS

At the end of fiscal year 2013, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,422.5 million, which represents a net increase of \$13.3 million or 1.0 percent over the previous fiscal year-end balance. In the County of Henrico, infrastructure assets include roads, bridges, and water and wastewater systems.

**Capital Assets
(in millions)**

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | | <u>Component Units</u> | |
|---|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------|-------------------|----------------------------|-----------------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Non-Depreciable Assets: | | | | | | | | |
| Land | \$ 357.6 | \$ 364.9 | \$ 17.3 | \$ 17.3 | \$ 374.9 | \$ 382.2 | \$ 41.9 | \$ 42.0 |
| Construction in Progress | 147.2 | 127.6 | 55.1 | 77.9 | 202.3 | 205.5 | 14.6 | 15.7 |
| Other Capital Assets: | | | | | | | | |
| Building | 759.2 | 773.2 | 359.5 | 360.0 | 1,118.7 | 1,133.2 | 273.5 | 275.3 |
| Infrastructure | 603.3 | 650.3 | 992.8 | 1,017.2 | 1,596.1 | 1,667.5 | - | - |
| Equipment | 193.1 | 200.9 | 116.5 | 116.6 | 309.6 | 317.5 | 130.5 | 140.0 |
| Improvements other than Buildings | 55.2 | 57.1 | 3.7 | 3.7 | 58.9 | 60.8 | 28.3 | 28.7 |
| Accumulated Depreciation On Other Capital Assets | <u>(706.4)</u> | <u>(751.5)</u> | <u>(433.3)</u> | <u>(461.4)</u> | <u>(1,139.7)</u> | <u>(1,212.9)</u> | <u>(242.6)</u> | <u>(260.3)</u> |
| Total | <u>\$ 1,409.2</u> | <u>\$ 1,422.5</u> | <u>\$ 1,111.6</u> | <u>\$ 1,131.3</u> | <u>\$ 2,520.8</u> | <u>\$ 2,553.8</u> | <u>\$ 246.2</u> | <u>\$ 241.4</u> |

The business-type activities capital assets grew by \$19.7 million to \$1,131.3 million, an increase of 1.8 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 decreased by \$4.8 million to \$241.4 million, a decrease of 2.0 percent from the previous fiscal year. The School Board accounted for the major portion of the net decrease. 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 September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012, in the amount of \$37,500,000. The proceeds of the Bonds were used to (i) advance refund and defease \$19,450,000 of the outstanding principal of the General Obligation Public Improvement Bonds, Series 2005, (ii) advance refund and defease \$17,975,000 of the outstanding principal of the General Obligation Public Improvement Bonds, Series 2006, and (iii) to advance refund and defease General Obligation Public Improvement Bonds, series 2010A. In connection with the issuance of the refunding bonds, Moody's Investors Services, Inc., Standard & Poor's (S&P) and Fitch rating agencies, again all reaffirmed the County of Henrico's triple-AAA bonding rating.

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, 2013.

At the end of fiscal year 2013, the County had \$459.6 million in outstanding General Obligation Bonds, a decrease of \$37.5 million, or 7.5 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.

During FY 2013, Moody's Investors Services, Inc., Standard & Poor's (S&P) and Fitch rating agencies, all reaffirmed the County of Henrico's triple-AAA bond rating, in connection with the issuance of the general obligation public improvement bonds previously described. The County received AAA bond ratings from both Moody's and S&P for the first time in 1977. In 1998, Fitch IBCA bestowed a AAA rating on the County.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2013, the County had a net increase of 22,968 jobs since 2003, resulting in total employment of 174,159. The County's unemployment rate, which was reported at 5.6 percent as of June 30, 2013, was slightly lower than that posted for the state (5.9 percent) and well below the federal rate (7.6 percent) as of June 30, 2013. As of 2011 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$45,104 registered higher than the national average of \$41,560 and less than the Commonwealth of Virginia average of \$46,107.

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, 2013, the County contributed \$7.7 million, which did not fully fund the Annual Required Contribution (ARC) of \$9.9 million and resulted in a reduction of the Net OPEB Asset of \$2.2 million down to a balance of \$2.4 million. More detailed information about the County's OPEB Plan is presented in Note 11 of the notes to the financial statements.

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

At June 30, 2013, the County's investment portfolio amounted to \$345.9 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 2013. While this strategy has resulted in reduced yields, which impacted investment earnings available for operations in fiscal year 2013, 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, 2013**

Exhibit 1

| | Primary Government | | | Component Units |
|---|------------------------------------|-------------------------------------|-------------------------|----------------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| Assets: | | | | |
| Cash and temporary investments | \$ 534,704,662 | \$ 48,899,271 | \$ 583,603,933 | \$ 12,239,871 |
| Receivables, net | 22,789,543 | 19,285,682 | 42,075,225 | - |
| Due from other governments | 34,916,710 | - | 34,916,710 | 16,719,784 |
| Internal balances | (3,490,393) | 3,490,393 | - | - |
| Due from component unit | 694,743 | - | 694,743 | - |
| Due from Primary Government | - | - | - | 10,135,043 |
| Inventories | 848,332 | 1,635,266 | 2,483,598 | - |
| Prepays | - | 20,000 | 20,000 | - |
| Other assets | 6,718,212 | 7,006,733 | 13,724,945 | 24,507 |
| Restricted cash | - | 33,185,889 | 33,185,889 | 45,846 |
| Capital assets: | | | | |
| Land and construction in progress | 492,515,529 | 95,176,374 | 587,691,903 | 57,660,796 |
| Other capital assets, net | 929,970,371 | 1,036,150,337 | 1,966,120,708 | 183,748,250 |
| Capital assets, net | 1,422,485,900 | 1,131,326,711 | 2,553,812,611 | 241,409,046 |
| Total Assets | 2,019,667,709 | 1,244,849,945 | 3,264,517,654 | 280,574,097 |
| Liabilities: | | | | |
| Accounts payable | 52,394,706 | 11,390,809 | 63,785,515 | 3,466,759 |
| Deposits payable | - | 879,611 | 879,611 | - |
| Accrued liabilities | 31,000,224 | 2,969,697 | 33,969,921 | 1,714,305 |
| Amounts held for others | 7,554,295 | - | 7,554,295 | 83,738 |
| Unearned revenues | 20,106,693 | 15,035,564 | 35,142,257 | 7,463,579 |
| Due to Primary Government | - | - | - | 694,743 |
| Due to component units | 10,135,043 | - | 10,135,043 | - |
| Long-term liabilities due within one year | 69,245,914 | 9,164,054 | 78,409,968 | 15,088,150 |
| Long-term liabilities due in more than one year | 517,758,742 | 156,560,794 | 674,319,536 | 8,468,498 |
| Total Liabilities | 708,195,617 | 196,000,529 | 904,196,146 | 36,979,772 |
| Net Position: | | | | |
| Net Investment in Capital Assets | 1,029,263,116 | 969,304,286 | 1,998,567,402 | 232,300,720 |
| Restricted for: | | | | |
| Highways, Streets and Buildings | 93,239,317 | - | 93,239,317 | - |
| Debt service | 34,667,411 | 15,069,891 | 49,737,302 | - |
| Grants | 43,597,581 | - | 43,597,581 | 7,349,511 |
| Unrestricted | 110,704,667 | 64,475,239 | 175,179,906 | 3,944,094 |
| Total Net Position | \$ 1,311,472,092 | \$ 1,048,849,416 | \$ 2,360,321,508 | \$ 243,594,325 |

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, 2013**

| Functions/Programs | Expenses | Program Revenues | | |
|---|-----------------------|-----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental Activities: | | | | |
| General government | \$ 96,107,810 | \$ 11,094,268 | \$ 1,127,044 | \$ - |
| Judicial administration | 10,907,442 | 105,833 | 5,303,779 | - |
| Public safety | 173,219,276 | 3,464,497 | 27,518,667 | - |
| Public works | 70,303,206 | 15,076,553 | 41,561,229 | - |
| Health and welfare | 57,699,955 | 10,233,611 | 25,802,447 | - |
| Education | 188,025,114 | - | - | - |
| Parks, recreation and culture | 34,781,044 | 1,493,817 | 184,592 | - |
| Community development | 28,869,251 | 6,328,193 | 7,927,852 | - |
| Interest on long-term debt | 21,288,654 | - | - | - |
| Total Governmental Activities | 681,201,752 | 47,796,772 | 109,425,610 | - |
| Business-type activities: | | | | |
| Water and Sewer | 89,813,146 | 100,998,295 | - | 7,791,265 |
| Belmont Park Golf Course | 1,166,347 | 843,678 | - | - |
| Total Business-type Activities | 90,979,493 | 101,841,973 | - | 7,791,265 |
| Total Primary Government | <u>\$ 772,181,245</u> | <u>\$ 149,638,745</u> | <u>\$ 109,425,610</u> | <u>\$ 7,791,265</u> |
| Component Units: | | | | |
| School Board | \$ 472,256,551 | \$ 8,120,336 | \$ 275,658,749 | \$ - |
| James River Juvenile Detention Commission | 5,415,759 | 5,179,718 | - | 130,010 |
| Total Component Units | <u>\$ 477,672,310</u> | <u>\$ 13,300,054</u> | <u>\$ 275,658,749</u> | <u>\$ 130,010</u> |

General Revenues:

Taxes:
Property
Local sales and use
Business licenses
Hotel and motel
Bank franchise
Other
Interest and investment earnings
Grants and contributions
Recovered costs
Miscellaneous
Payment from Primary Government
Total general revenues

Change in net position

Net Position at June 30, 2012

Net Position at June 30, 2013

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 |
| \$ (83,886,498) | \$ - | \$ (83,886,498) | \$ - |
| (5,497,830) | - | (5,497,830) | - |
| (142,236,112) | - | (142,236,112) | - |
| (13,665,424) | - | (13,665,424) | - |
| (21,663,897) | - | (21,663,897) | - |
| (188,025,114) | - | (188,025,114) | - |
| (33,102,635) | - | (33,102,635) | - |
| (14,613,206) | - | (14,613,206) | - |
| (21,288,654) | - | (21,288,654) | - |
| (523,979,370) | - | (523,979,370) | - |
| - | 18,976,414 | 18,976,414 | - |
| - | (322,669) | (322,669) | - |
| - | 18,653,745 | 18,653,745 | - |
| <u>\$ (523,979,370)</u> | <u>\$ 18,653,745</u> | <u>\$ (505,325,625)</u> | <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ (188,477,466) |
| - | - | - | (106,031) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (188,583,497)</u> |
| \$ 355,171,160 | \$ - | \$ 355,171,160 | \$ - |
| 55,852,004 | - | 55,852,004 | - |
| 29,640,707 | - | 29,640,707 | - |
| 10,850,617 | - | 10,850,617 | - |
| 11,740,111 | - | 11,740,111 | - |
| 20,158,375 | - | 20,158,375 | - |
| 1,519,569 | 1,024,146 | 2,543,715 | 11,722 |
| 51,425,948 | 435,975 | 51,861,923 | - |
| 883,921 | - | 883,921 | 397,547 |
| 707,924 | 1,171,922 | 1,879,846 | 630,577 |
| - | - | - | 178,644,339 |
| <u>\$ 537,950,336</u> | <u>\$ 2,632,043</u> | <u>\$ 540,582,379</u> | <u>\$ 179,684,185</u> |
| \$ 13,970,966 | \$ 21,285,788 | \$ 35,256,754 | \$ (8,899,312) |
| <u>1,297,501,126</u> | <u>1,027,563,628</u> | <u>2,325,064,754</u> | <u>252,493,637</u> |
| <u>\$ 1,311,472,092</u> | <u>\$1,048,849,416</u> | <u>\$ 2,360,321,508</u> | <u>\$ 243,594,325</u> |

**COUNTY OF HENRICO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

Exhibit 3

| | General Fund | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|-----------------------|----------------------|-------------------|-----------------------|--------------------------------|
| Assets: | | | | | |
| Cash and temporary investments | \$ 237,299,605 | \$ 46,315,589 | \$ 757,411 | \$ 211,441,641 | \$ 495,814,246 |
| Receivables, net | 20,119,795 | 2,662,268 | - | - | 22,782,063 |
| Due from other governmental units | 32,175,785 | 2,691,130 | - | 49,795 | 34,916,710 |
| Due from component unit | 509,875 | - | - | - | 509,875 |
| Due from other funds | 806,481 | - | - | - | 806,481 |
| Advance to other fund | 112,500 | - | - | - | 112,500 |
| Total Assets | <u>\$ 291,024,041</u> | <u>\$ 51,668,987</u> | <u>\$ 757,411</u> | <u>\$ 211,491,436</u> | <u>\$ 554,941,875</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 49,001,485 | 1,073,293 | \$ - | \$ 1,494,735 | \$ 51,569,513 |
| Accrued liabilities | 11,315,778 | 1,805,948 | - | 4,098,137 | 17,219,863 |
| Amounts held for others | 7,449,259 | 105,036 | - | - | 7,554,295 |
| Unearned revenues | 27,997,025 | 4,963,553 | - | - | 32,960,578 |
| Due to component units | - | - | - | 10,135,043 | 10,135,043 |
| Due to other funds | 847,747 | 123,576 | - | 4,488,861 | 5,460,184 |
| Total liabilities | <u>96,611,294</u> | <u>8,071,406</u> | <u>-</u> | <u>20,216,776</u> | <u>124,899,476</u> |
| Fund Balances: | | | | | |
| Unspendable | 112,500 | - | - | - | 112,500 |
| Restricted | 5,026,461 | 28,447,913 | - | - | 33,474,374 |
| Committed | 2,920,000 | - | - | 191,274,660 | 194,194,660 |
| Assigned | 72,183,928 | 15,149,668 | 757,411 | - | 88,091,007 |
| Unassigned | 114,169,858 | - | - | - | 114,169,858 |
| Total fund balances | <u>194,412,747</u> | <u>43,597,581</u> | <u>757,411</u> | <u>191,274,660</u> | <u>430,042,399</u> |
| Total Liabilities and Fund Balances | <u>\$ 291,024,041</u> | <u>\$ 51,668,987</u> | <u>\$ 757,411</u> | <u>\$ 211,491,436</u> | |

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) | \$ 1,410,006,450 |
| Deferred revenue that has not been recognized as revenue in the current period and therefore is reported as liabilities in the governmental funds. (Note 3) | 12,853,885 |
| 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) | (578,974,121) |
| 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. | (8,016,026) |
| Other assets reported in governmental activities are not deferred and recorded as assets in the governmental funds. | 5,168,650 |
| 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. | 38,854,884 |
| 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. | 1,535,971 |
| Net Position of Governmental Activities | <u>\$ 1,311,472,092</u> |

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, 2013**

Exhibit 4

| | General Fund | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|-----------------------|----------------------|-------------------|-----------------------|--------------------------------|
| Revenues: | | | | | |
| General property taxes | \$ 349,424,833 | \$ 2,850,344 | \$ - | \$ - | \$ 352,275,177 |
| Other local taxes | 123,489,491 | 2,382,524 | - | - | 125,872,015 |
| Licenses and permits | 3,177,444 | - | - | - | 3,177,444 |
| Fines and forfeitures | 3,414,841 | - | - | - | 3,414,841 |
| Revenue from use of money and property | 2,037,514 | 337,366 | - | 371,616 | 2,746,496 |
| Charges for services | 4,039,667 | 23,406,535 | - | - | 27,446,202 |
| Miscellaneous | 7,505,338 | 768,966 | - | 364,283 | 8,638,587 |
| Recovered costs | 5,393,763 | 836,748 | - | - | 6,230,511 |
| Intergovernmental | 128,582,871 | 26,038,542 | - | 968,533 | 155,589,946 |
| Total Revenues | 627,065,762 | 56,621,025 | - | 1,704,432 | 685,391,219 |
| Expenditures: | | | | | |
| Current operating: | | | | | |
| General government | 64,070,896 | 6,442,146 | - | - | 70,513,042 |
| Judicial administration | 9,900,571 | 910,984 | - | - | 10,811,555 |
| Public safety | 163,376,659 | 7,124,935 | - | - | 170,501,594 |
| Public works | 40,941,464 | 10,402,234 | - | - | 51,343,698 |
| Health and welfare | 19,098,636 | 38,270,274 | - | - | 57,368,910 |
| Parks, recreation, and culture | 30,496,493 | 11,450 | - | - | 30,507,943 |
| Community development | 20,561,422 | 8,125,423 | - | - | 28,686,845 |
| Education | 174,770,145 | - | - | 3,197,316 | 177,967,461 |
| Miscellaneous | 14,682,146 | - | 281,491 | - | 14,963,637 |
| Debt service: | | | | | |
| Principal | 336,848 | 21,801 | 38,510,000 | - | 38,868,649 |
| Interest and other charges | 47,319 | 4,012 | 22,111,115 | - | 22,162,446 |
| Capital outlay | - | - | - | 51,801,050 | 51,801,050 |
| Total Expenditures | 538,282,599 | 71,313,259 | 60,902,606 | 54,998,366 | 725,496,830 |
| Excess (deficiency) of revenues over (under) expenditures | 88,783,163 | (14,692,234) | (60,902,606) | (53,293,934) | (40,105,611) |
| OTHER FINANCING (USES) SOURCES: | | | | | |
| Transfers in | - | 18,479,844 | 58,644,890 | 31,952,478 | 109,077,212 |
| Transfers out | (108,135,212) | (939,888) | - | (2,112) | (109,077,212) |
| Issuance of bonds | - | - | 37,500,000 | - | 37,500,000 |
| Bond premium on bonds issued | - | - | 7,566,274 | - | 7,566,274 |
| Capital lease obligations incurred | 113,535 | 12,085 | - | - | 125,620 |
| Payment to escrow agent | - | - | (44,808,557) | - | (44,808,557) |
| Total other financing (uses) sources, net | (108,021,677) | 17,552,041 | 58,902,607 | 31,950,366 | 383,337 |
| Net change in fund balance | (19,238,514) | 2,859,807 | (1,999,999) | (21,343,568) | (39,722,274) |
| Fund Balances - June 30, 2012 | 213,651,261 | 40,737,774 | 2,757,410 | 212,618,228 | 469,764,673 |
| Fund Balances - June 30, 2013 | \$ 194,412,747 | \$ 43,597,581 | \$ 757,411 | \$ 191,274,660 | \$ 430,042,399 |

Adjustments for the Statement of Activities:

| | |
|--|----------------------|
| Net change in fund balances - total governmental funds | \$ (39,722,274) |
| Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 38,868,649 |
| Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3) | 513,459 |
| Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life. | 66,085,970 |
| 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. | (3,668,177) |
| Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6) | (48,562,945) |
| 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) | 873,792 |
| Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities | (45,191,894) |
| Payment to escrow is recorded as an expenditure in the governmental funds, but are not reported as an expense in the Statement of Activities | 44,808,557 |
| 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 | (467,431) |
| Internal service fund revenues not recorded in the governmental funds. | 433,260 |
| Change in Net Position of Governmental Activities | <u>\$ 13,970,966</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, 2013

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 | \$ 48,899,271 | \$ - | \$ 48,899,271 | \$ 38,890,416 |
| Receivables, net | 19,285,682 | - | 19,285,682 | 7,480 |
| Due from other funds | 4,488,861 | - | 4,488,861 | 1,070,119 |
| Due from component unit | - | - | - | 184,868 |
| Inventories | 1,635,266 | - | 1,635,266 | 848,332 |
| Other assets | 20,000 | - | 20,000 | 13,591 |
| Restricted cash and cash equivalents | 33,185,889 | - | 33,185,889 | - |
| Total current assets | <u>107,514,969</u> | <u>-</u> | <u>107,514,969</u> | <u>41,014,806</u> |
| Noncurrent assets: | | | | |
| Other assets | 7,006,490 | 243 | 7,006,733 | - |
| Capital assets: | | | | |
| Land and construction in progress | 94,925,883 | 250,491 | 95,176,374 | - |
| Other capital assets, net | 1,034,713,533 | 1,436,804 | 1,036,150,337 | 12,479,450 |
| Capital assets, net | <u>1,129,639,416</u> | <u>1,687,295</u> | <u>1,131,326,711</u> | <u>12,479,450</u> |
| Total non-current assets | <u>1,136,645,906</u> | <u>1,687,538</u> | <u>1,138,333,444</u> | <u>12,479,450</u> |
| Total assets | <u>1,244,160,875</u> | <u>1,687,538</u> | <u>1,245,848,413</u> | <u>53,494,256</u> |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 11,318,898 | \$ 71,911 | \$ 11,390,809 | \$ 825,193 |
| Deposits payable | 879,611 | - | 879,611 | - |
| Due to other funds | 77,454 | 808,514 | 885,968 | 19,309 |
| Accrued liabilities | 2,946,130 | 23,567 | 2,969,697 | 5,764,335 |
| Unearned revenues | 15,035,564 | - | 15,035,564 | - |
| Long-term liabilities due within one year | 9,142,133 | 21,921 | 9,164,054 | 5,305,739 |
| Total current liabilities | <u>39,399,790</u> | <u>925,913</u> | <u>40,325,703</u> | <u>11,914,576</u> |
| Noncurrent liabilities: | | | | |
| Advance from other fund | - | 112,500 | 112,500 | - |
| Long-term liabilities due in more than one year | 156,524,384 | 36,410 | 156,560,794 | 2,724,796 |
| Total non-current liabilities | <u>156,524,384</u> | <u>148,910</u> | <u>156,673,294</u> | <u>2,724,796</u> |
| Total liabilities | <u>195,924,174</u> | <u>1,074,823</u> | <u>196,998,997</u> | <u>14,639,372</u> |
| NET POSITION: | | | | |
| Net investment in capital assets | 967,616,991 | 1,687,295 | 969,304,286 | 12,476,635 |
| Restricted for debt service | 15,069,891 | - | 15,069,891 | - |
| Unrestricted | 65,549,819 | (1,074,580) | 64,475,239 | 26,378,249 |
| Total net position | <u>\$ 1,048,236,701</u> | <u>\$ 612,715</u> | <u>\$ 1,048,849,416</u> | <u>\$ 38,854,884</u> |

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, 2013**

Exhibit 6

| | Business Type Activities - Enterprise Funds | | | Internal Service Funds |
|--|---|-----------------------------|-------------------------|------------------------------|
| | Water and Sewer Revenue | Belmont Park Golf Course | Total | |
| Operating Revenues: | | | | |
| Charges for services: | | | | |
| Water system | \$ 45,693,810 | \$ - | \$ 45,693,810 | \$ - |
| Sewer system | 46,645,946 | - | 46,645,946 | - |
| Golf course fees | - | 843,678 | 843,678 | - |
| Interdepartmental charges | - | - | - | 20,140,383 |
| Contributions | - | - | - | 79,476,001 |
| Other | 1,098,202 | 63,820 | 1,162,022 | 291,638 |
| Total operating revenues | 93,437,958 | 907,498 | 94,345,456 | 99,908,022 |
| Operating Expenses: | | | | |
| Purchased services | 11,142,150 | 33,322 | 11,175,472 | - |
| Utility charges | 5,259,745 | 47,737 | 5,307,482 | 114,811 |
| Personnel services and benefits | 16,629,603 | 567,694 | 17,197,297 | 82,023,517 |
| Professional services | 10,724,206 | 136,200 | 10,860,406 | 68,786 |
| Materials and supplies | 6,373,098 | 181,627 | 6,554,725 | 14,651,812 |
| Maintenance and repairs | 1,990,970 | 27,424 | 2,018,394 | 2,464,893 |
| Other expenses | 3,150,511 | 58,813 | 3,209,324 | 1,828,142 |
| Depreciation | 28,864,497 | 113,530 | 28,978,027 | 2,015,230 |
| Total operating expenses | 84,134,780 | 1,166,347 | 85,301,127 | 103,167,191 |
| Operating income (loss) | 9,303,178 | (258,849) | 9,044,329 | (3,259,169) |
| Nonoperating Revenues (Expenses): | | | | |
| Investment income | 1,024,146 | - | 1,024,146 | 73,859 |
| Connection fees | 8,658,539 | - | 8,658,539 | - |
| Contributions | 435,975 | - | 435,975 | - |
| Interest expense | (5,574,871) | - | (5,574,871) | - |
| Gain on sale of equipment | - | - | - | 250,044 |
| Other | (103,495) | 9,900 | (93,595) | 93,597 |
| Total nonoperating revenues, net | 4,440,294 | 9,900 | 4,450,194 | 417,500 |
| Income (loss) before capital contributions | 13,743,472 | (248,949) | 13,494,523 | (2,841,669) |
| Capital contributions - donated assets | 7,791,265 | - | 7,791,265 | 15,760 |
| Change in net position | 21,534,737 | (248,949) | 21,285,788 | (2,825,909) |
| Total net position - June 30, 2012 | 1,026,701,964 | 861,664 | 1,027,563,628 | 41,680,793 |
| Total net position - June 30, 2013 | \$ 1,048,236,701 | \$ 612,715 | \$ 1,048,849,416 | \$ 38,854,884 |

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, 2013**

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 | \$ 95,420,788 | \$ 907,255 | \$ 96,328,043 | \$ 99,877,657 |
| Payments to suppliers | (40,677,733) | (324,637) | (41,002,370) | (91,684,868) |
| Payments to employees | (19,236,522) | (560,417) | (19,796,939) | (3,957,011) |
| Net cash provided by (used in) operating activities | <u>35,506,533</u> | <u>22,201</u> | <u>35,528,734</u> | <u>4,235,778</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Purchase of capital assets | (36,395,959) | (22,201) | (36,418,160) | (1,207,554) |
| Proceeds from sale of capital assets | 67,804 | - | 67,804 | 344,063 |
| Connection fees paid by contractors | 8,682,370 | - | 8,682,370 | - |
| Proceeds from the issuance of long-term debt | 68,410,000 | - | 68,410,000 | - |
| Refunding/refinancing of debt principle | (68,479,674) | - | (68,479,674) | - |
| Cost of issuance - refunding | (421,075) | - | (421,075) | - |
| Debt service contributions | 435,975 | - | 435,975 | - |
| Virginia nutrient removal credits | 540,493 | - | 540,493 | - |
| Interest paid on bonds | (6,979,882) | - | (6,979,882) | - |
| Principal paid on debt | (8,280,000) | - | (8,280,000) | (1,280) |
| Net cash (used in) provided by capital and related financing activities | <u>(42,419,948)</u> | <u>(22,201)</u> | <u>(42,442,149)</u> | <u>(864,771)</u> |
| Cash Flows From Investing Activities: | | | | |
| Investment income received | 1,024,146 | - | 1,024,146 | 73,859 |
| Net (Decrease) Increase in Cash | <u>(5,889,269)</u> | <u>-</u> | <u>(5,889,269)</u> | <u>3,444,866</u> |
| Total Cash and Cash Equivalents - June 30, 2012 | <u>87,974,429</u> | <u>-</u> | <u>87,974,429</u> | <u>35,445,550</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> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities: | | | | |
| Operating income (loss) | \$ 9,303,178 | \$ (258,849) | \$ 9,044,329 | \$ (3,259,169) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 28,864,497 | 113,530 | 28,978,027 | 2,015,230 |
| Decrease (increase) in accounts receivable | 2,697,083 | (243) | 2,696,840 | (1,567) |
| Increase in inventories | (64,155) | - | (64,155) | (102,069) |
| Increase in due from other funds | - | - | - | (22,610) |
| Increase in due from component unit | - | - | - | (6,188) |
| (Increase) decrease in other assets | (1,694) | - | (1,694) | 2,047 |
| (Decrease) increase in accounts payable | (4,328,454) | 32,550 | (4,295,904) | 208,233 |
| Increase in deposits payable | 20,245 | - | 20,245 | - |
| Increase in due to other fund | - | 127,866 | 127,866 | 386 |
| Decrease in deferred revenues | (982,422) | - | (982,422) | - |
| Increase (decrease) increase in other liabilities | (1,745) | 7,347 | 5,602 | 5,401,485 |
| Decrease in deferred revenues | - | - | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 35,506,533</u> | <u>\$ 22,201</u> | <u>\$ 35,528,734</u> | <u>\$ 4,235,778</u> |
| Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets: | | | | |
| Cash and cash equivalents | \$ 48,899,271 | \$ - | \$ 48,899,271 | \$ 38,890,416 |
| Restricted cash and cash equivalents | 33,185,889 | - | 33,185,889 | - |
| 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> |

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, 2013 was \$7,791,265. Interest costs capitalized during the fiscal year ended June 30, 2013 was \$1,510,156

Belmont Golf Course received a donated vehicle valued at \$9,900 during the fiscal year ended June 30, 2013.

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, 2013**

Exhibit 8

| | Agency Funds |
|---------------------------|-------------------------|
| Assets: | |
| Cash and cash equivalents | \$ 836,930 |
| Total Assets | \$ 836,930 |
| Liabilities: | |
| Amounts held for others | \$ 836,775 |
| Accounts payable | 155 |
| Total Liabilities | \$ 836,930 |

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, 2013**

Exhibit 9

| | School Board | James River Juvenile Detention Commission | Total |
|---|-------------------------|--|-----------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 8,781,056 | \$ 3,458,815 | \$ 12,239,871 |
| Restricted cash | - | 45,846 | 45,846 |
| Due from Primary Government | 10,135,043 | - | 10,135,043 |
| Due from other governmental units | 16,589,492 | 130,292 | 16,719,784 |
| Other assets | 15,158 | 9,349 | 24,507 |
| Total current assets | <u>35,520,749</u> | <u>3,644,302</u> | <u>39,165,051</u> |
| Capital assets: | | | |
| Land and construction in progress | 57,587,695 | 73,101 | 57,660,796 |
| Other capital assets, net | 176,947,175 | 6,801,075 | 183,748,250 |
| Capital assets, net | <u>234,534,870</u> | <u>6,874,176</u> | <u>241,409,046</u> |
| Total assets | <u>270,055,619</u> | <u>10,518,478</u> | <u>280,574,097</u> |
| Liabilities: | | | |
| Accounts payable | \$ 3,265,700 | \$ 201,059 | \$ 3,466,759 |
| Accrued liabilities | 1,714,305 | - | 1,714,305 |
| Amounts held for others | 83,738 | - | 83,738 |
| Unearned revenues | 7,460,217 | 3,362 | 7,463,579 |
| Due to Primary Government | 168,944 | 525,799 | 694,743 |
| Long-term liabilities due within one year | 14,329,518 | 758,632 | 15,088,150 |
| Total current liabilities | <u>27,022,422</u> | <u>1,488,852</u> | <u>28,511,274</u> |
| Long-term liabilities due in more than one year | <u>7,198,498</u> | <u>1,270,000</u> | <u>8,468,498</u> |
| Total liabilities | <u>34,220,920</u> | <u>2,758,852</u> | <u>36,979,772</u> |
| Net Position: | | | |
| Invested in capital assets, net of related debt | 227,287,941 | 5,012,779 | 232,300,720 |
| Restricted grants | 7,280,206 | 69,305 | 7,349,511 |
| Unrestricted | 1,266,552 | 2,677,542 | 3,944,094 |
| Total net position | <u>\$ 235,834,699</u> | <u>\$ 7,759,626</u> | <u>\$ 243,594,325</u> |

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, 2013**

Exhibit 10

| Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Assets | | |
|--|-------------------------|--|--|--|------------------------|-----------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | School Board | JRJDC | Total |
| Governmental Activities: | | | | | | |
| School Board: | | | | | | |
| Instructional | \$ 472,256,551 | \$ 8,120,336 | \$ 275,658,749 | \$ - | \$(188,477,466) | \$ - |
| Total School Board | 472,256,551 | 8,120,336 | 275,658,749 | - | (188,477,466) | - |
| Business-Type Activities: | | | | | | |
| James River Juvenile Detention Commission | 5,415,759 | 5,179,718 | - | 130,010 | - | (106,031) |
| Total Component Units | <u>\$ 477,672,310</u> | <u>\$ 13,300,054</u> | <u>\$ 275,658,749</u> | <u>\$ 130,010</u> | <u>\$(188,477,466)</u> | <u>\$ (106,031)</u> |
| General revenues: | | | | | | |
| Interest and investment earnings | | | | \$ - | \$ 11,722 | \$ 11,722 |
| Recovered costs | | | | 397,547 | - | 397,547 |
| Miscellaneous | | | | 630,577 | - | 630,577 |
| Payment from Primary Government | | | | 177,967,461 | 676,878 | 178,644,339 |
| Total general revenues | | | | <u>\$ 178,995,585</u> | <u>\$ 688,600</u> | <u>\$ 179,684,185</u> |
| Change in net position | | | | \$ (9,481,881) | \$ 582,569 | \$ (8,899,312) |
| Net Position at June 30, 2012 | | | | 245,316,580 | 7,177,057 | 252,493,637 |
| Net Position at June 30, 2013 | | | | <u>\$ 235,834,699</u> | <u>\$ 7,759,626</u> | <u>\$ 243,594,325</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, 2013

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.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Greater Richmond Convention Center Authority

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

B. Government-wide and Fund Accounting 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 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 statements for each of the County's three fund categories – Governmental (General, 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.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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

The Statement of Net Position presents the County's net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets, consists of net capital assets less related long-term liabilities. 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

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expenditures, or expenses, as appropriate. The funds are grouped in the fund financial statements in fund types as follows:

Governmental Funds:

General Fund

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

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

Special Revenue Fund

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

Debt Service Fund

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

Capital Projects Fund

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

Proprietary Funds:

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the cost of providing services to the general public be financed or recovered through charges to users of such services. All assets, 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

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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.

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 Assets 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 balance sheets. Their reported net assets are segregated into invested in capital assets net of related debt, restricted and unrestricted net assets. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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

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assets on a governmental-wide basis using the straight-line method. The estimated useful lives are as follows:

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

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

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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. Assets and all liabilities 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 deferred 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 the related liability is 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.

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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, 2013, the Water and Sewer Enterprise Fund incurred interest costs of \$7,085,027, of which \$1,510,156 was capitalized.

J. Bond Issuance Costs

Bond issuance costs are deferred and amortized using the straight-line method over the term of the related bond issues. For the year ended June 30, 2013, the County had \$2,802,753 in unamortized bond issuance costs.

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K. Accrued Compensated Absences

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

County and School Board employees 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.

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 is either a resolution or ordinance.

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.

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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 | 4,760,963 | - | - | - |
| Imaging System Upgrades | 265,498 | - | - | - |
| Work Training Programs | - | 42,967 | - | - |
| Community Development | - | 5,256,103 | - | - |
| Drug Enforcement | - | 1,817,104 | - | - |
| Mental Health Programs | - | 13,719,378 | - | - |
| Social Service Programs | - | 7,612,361 | - | - |
| Committed to: | | | | |
| Public Works | 850,000 | - | - | 157,873 |
| Technology Improvements | - | - | - | 3,317,250 |
| Building and Grounds | - | - | - | 18,896,299 |
| Road Maintenance | - | - | - | 57,962,288 |
| Community Development | - | - | - | 744,200 |
| Landfill Expansion | - | - | - | 6,475,710 |
| Public Safety Projects | 2,000,000 | - | - | 11,957,892 |
| Parks and Recreation | 70,000 | - | - | 9,466,258 |
| Judicial Administration | - | - | - | 832,776 |
| Libraries | - | - | - | 33,858,996 |
| Education Projects | - | - | - | 47,605,118 |
| Assigned to: | | | | |
| Public Works | 3,990,504 | 15,149,668 | - | - |
| General Government | 37,019,708 | - | - | - |
| Capital projects | 31,173,716 | - | - | - |
| Debt Service | - | - | 757,411 | - |
| Unassigned | <u>114,169,858</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Fund Balance | <u>\$194,412,747</u> | <u>\$43,597,581</u> | <u>\$ 757,411</u> | <u>\$ 191,274,660</u> |

Schools have restricted fund balance for various education program grants of \$7,280,206 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of \$13,590,967 for various high school, middle school and elementary school construction and renovation projects. Schools also have \$3,121,330 in assigned and \$5,445 in unassigned fund balance in the Schools General Fund.

M. Statement of Cash Flows

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

N. New Accounting Pronouncements

The County adopted GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, during 2013. The objective of this Statement is to improve financial reporting by establishing recognition, measurement, and disclosure requirements for service concession arrangements for both transferors and governmental operators. This Statement did not have an impact on the financial statements.

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The County adopted GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, during 2013. The objective of this Statement is to improve financial reporting for governmental entities by amending the requirements of GASB Statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, to better meet user needs. This Statement amends the criteria for blending and will improve information presented about the financial reporting entity. This Statement did not have an impact on the financial statements.

The County adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, during 2013. The objective of this Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

The County adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, during 2013. This objective of this Statement is to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The County retroactively implemented the provisions of GASB Statement No. 63 in fiscal year 2013 by replacing the previous term "net assets" with the new term "net position."

O. Future 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. 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, 2014.

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*. 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, 2014.

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

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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 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. 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, 2014.

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, 2013, 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, 2013. The net increase in fair value of investments during the year ended June 30, 2013, was \$265,101. This amount takes into account all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2013, the carrying value of the County's deposits with banks was \$108,117,941 and the bank balance was \$111,517,397. 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 \$2,030,269 and the bank balance was \$2,114,800. All of the bank balance was covered by Federal Depository Insurance or collateralized in

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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 \$2,868,206, and the bank balance was \$2,868,206. 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, 2013, the County had deposits of \$9,099,718 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
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The County further limits a maximum 5 percent of the portfolio for any single Banker's Acceptance or Commercial Paper issuer. 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 | \$ 41,967,404 | 70% | 8.39 % |
| U.S Government Agencies | 207,373,978 | 70% | 41.45% |
| Commercial Paper | 96,597,852 | 35% | 19.31% |
| U.S. Government Money Market Funds | 154,306,958 | 40% | 30.85% |
| Total Investments | <u>\$ 500,246,192</u> | | <u>100.00%</u> |

Component Units

| | <u>Fair Value</u> | <u>Percent of Policy</u> | <u>Portfolio</u> |
|------------------------------------|---------------------|--------------------------|------------------|
| Municipal Bonds | \$ 795,863 | 70% | 10.78% |
| U.S Government Agencies | 3,932,606 | 70% | 53.25% |
| Commercial Paper | 1,831,866 | 35% | 24.80% |
| U.S. Government Money Market Funds | 825,407 | 40% | 11.18% |
| Total Investments | <u>\$ 7,385,742</u> | | <u>100.00%</u> |

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2013. 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 a limit of 55 percent of the County's investment portfolio to maturities of less than one year. The guidelines further limit investments of longer than one year to a maximum 45 percent of the portfolio, and the maximum permissible maturity for any individual security is five years.

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

As of June 30, 2013, 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 | \$ 41,967,404 | \$ 9,764,801 | \$ 32,202,603 |
| U.S. Government Agencies | 207,373,978 | 20,264,901 | 187,109,077 |
| Commercial Paper | 96,597,852 | 96,597,852 | - |
| W&S Reserve | 7,124,661 | 7,124,661 | - |
| U.S. Government Money Market Funds | 147,182,297 | 147,182,297 | - |
| Total Investments | \$ 500,246,192 | \$ 280,934,512 | \$ 219,311,680 |
| Total Deposits | 108,117,941 | | |
| Total Held By Fiscal Agent | 9,099,718 | | |
| Total Cash on Hand | 113,279 | | |
| Total Deposits and Investments | \$ 617,577,130 | | |

Component Units:

School Board

| | Investment Maturities (in years) | | |
|------------------------------------|---|-------------------------|------------------|
| | Fair Value | Less than 1 year | 1-5 years |
| Municipal Bonds | \$ 795,863 | \$ 185,178 | \$ 610,685 |
| U.S. Government Agencies | 3,932,606 | 384,300 | 3,548,306 |
| Commercial Paper | 1,831,866 | 1,831,866 | - |
| U.S. Government Money Market Funds | 189,452 | 189,452 | - |
| Total Investments | \$ 6,749,787 | \$ 2,590,796 | \$ 4,158,991 |
| Total Deposits | 2,030,269 | | |
| Total Cash on Hand | 1,000 | | |
| Total Deposits and Investments | \$ 8,781,056 | | |

James River Juvenile Detention Commission

| | Investment Maturities (in years) | | |
|------------------------------------|---|-------------------------|------------------|
| | Fair Value | Less than 1 year | 1-5 years |
| U.S. Government Money Market Funds | \$ 635,955 | \$ 635,955 | \$ - |
| Total Deposits | 2,868,206 | | |
| Total Cash on Hand | 500 | | |
| Total Deposits and Investments | \$ 3,504,661 | | |

Total Deposit and Investments-Reporting Entity \$ 629,862,847

The School Activity Funds' cash of \$4,902,620 and Mental Health and Developmental Services Fund cash of \$49,622, 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.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 3. RECEIVABLES

Receivables at June 30, 2013 consist of the following:

Primary Government

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | |
|----------------------|--------------------------------|------------------------|---------------------------------|----------------------|
| <u>Receivables:</u> | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise Funds</u> | <u>Total</u> |
| Interest | \$ 1,072,802 | \$ - | \$ - | \$ 1,072,802 |
| Taxes | 22,801,358 | - | - | 22,801,358 |
| Accounts | <u>3,793,513</u> | <u>3,145,319</u> | <u>19,569,582</u> | <u>26,508,414</u> |
| Gross Receivables | 27,667,673 | 3,145,319 | 19,569,582 | 50,382,574 |
| Less: Allowances for | | | | |
| Doubtful Accounts | <u>7,547,878</u> | <u>483,051</u> | <u>283,900</u> | <u>8,314,829</u> |
| Receivables, net | <u>\$ 20,119,795</u> | <u>\$ 2,662,268</u> | <u>\$ 19,285,682</u> | <u>\$ 42,067,745</u> |

Central Automotive Maintenance has a receivable of \$7,480 as of June 30, 2013 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$12,853,885 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 \$513,459 of revenue that does not provide current financial resources, and therefore, is not included in the governmental funds.

Component Units

| <u>Receivables:</u> | <u>School Board</u> | <u>JRJDC</u> | <u>Total</u> |
|---------------------|----------------------|-------------------|----------------------|
| Intergovernmental | <u>\$ 16,589,492</u> | <u>\$ 130,292</u> | <u>\$ 16,719,784</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, 2013, are levied for fiscal year 2013 and installments due on December 5, 2013, are levied for fiscal year 2014. 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, 2013

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2013 include:

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|----------------------|----------------------------|-----------------------------|
| Commonwealth of Virginia: | | | |
| Non-categorical aid for: | | | |
| Local Sales and Use Tax | \$ 4,788,544 | \$ - | \$ - |
| PPTRA | 18,460,463 | - | - |
| Rolling Stock Tax | 165,319 | - | - |
| State Recordation Fees | 343,434 | - | - |
| Richmond Center | 2,712,654 | - | - |
| Categorical aid for: | | | |
| Public Works | - | - | 41,217 |
| Public Safety | 912,604 | 2,305 | - |
| Social Services | 1,375,490 | 623,911 | - |
| Treasurer | 2,429,784 | - | - |
| Correction & Detention | 627,046 | 94,163 | - |
| Finance | 65,127 | - | - |
| Mental Health & Development Services | - | 79,463 | - |
| Circuit Court | 136,071 | - | - |
| Library | 5,250 | - | - |
| Commonwealth's Attorney | <u>153,999</u> | <u>11,681</u> | <u>-</u> |
| Total due from the Commonwealth of Virginia | <u>32,175,785</u> | <u>811,523</u> | <u>41,217</u> |
| Federal Government: | | | |
| Categorical aid: | | | |
| Work Training Grants (CATC) | - | 1,686,997 | - |
| Public Safety | - | 60,212 | - |
| Public Works | - | - | 8,578 |
| Correction & Detention | - | 11,401 | - |
| Commonwealth Attorney | - | 1,529 | - |
| Community Development Block Grant | <u>-</u> | <u>119,468</u> | <u>-</u> |
| Total due from the Federal government | <u>-</u> | <u>1,879,607</u> | <u>8,578</u> |
| Total due from other governmental units | <u>\$ 32,175,785</u> | <u>\$ 2,691,130</u> | <u>\$ 49,795</u> |

Amounts due from other governmental units for the School Board Component Unit at June 30, 2013 include:

| | <u>School Board</u> |
|---|-------------------------|
| Commonwealth of Virginia: | |
| Non-categorical aid for: | |
| State Sales and Use Tax | \$ 3,902,985 |
| Categorical aid for: | |
| Education | <u>578,877</u> |
| Total due from the Commonwealth of Virginia | <u>4,481,862</u> |
| Federal Government Categorical Aid: | |
| Education | <u>12,107,630</u> |
| Total due from the Federal government | <u>12,107,630</u> |
| Total due from other governmental units | <u>\$ 16,589,492</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 follows:

| Governmental Activities | Balance June 30, 2012 | Increases | Decreases | Balance June 30, 2013 |
|---|----------------------------------|------------------------|-----------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 357,572,895 | \$ 7,539,439 | \$ 190,410 | \$ 364,921,924 |
| Construction in progress | <u>147,190,084</u> | <u>36,326,773</u> | <u>55,923,252</u> | <u>127,593,605</u> |
| Total Capital Assets Not Being Depreciated | <u>\$ 504,762,979</u> | <u>\$ 43,866,212</u> | <u>\$ 56,113,662</u> | <u>\$ 492,515,529</u> |
| Other Capital Assets: | | | | |
| Buildings | \$ 759,221,469 | \$ 13,933,814 | \$ - | \$ 773,155,283 |
| Infrastructure | 603,338,400 | 46,998,344 | - | 650,336,744 |
| Equipment | 193,134,621 | 13,817,466 | 6,054,783 | 200,897,304 |
| Improvements other than buildings | <u>55,221,752</u> | <u>1,884,393</u> | <u>-</u> | <u>57,106,145</u> |
| Total Other Capital Assets | <u>\$1,610,916,242</u> | <u>\$ 76,634,017</u> | <u>\$ 6,054,783</u> | <u>\$1,681,495,476</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ (168,358,835) | \$ (15,316,340) | \$ - | \$ (183,675,175) |
| Infrastructure | (385,184,545) | (18,234,702) | - | (403,419,247) |
| Equipment | (129,696,960) | (14,558,733) | (5,521,980) | (138,733,713) |
| Improvements other than buildings | <u>(23,228,570)</u> | <u>(2,468,400)</u> | <u>-</u> | <u>(25,696,970)</u> |
| Total Accumulated Depreciation | <u>\$ (706,468,910)</u> | <u>\$ (50,578,175)</u> | <u>\$ (5,521,980)</u> | <u>\$ (751,525,105)</u> |
| Total Net of Depreciation | <u>\$1,409,210,311</u> | <u>\$ 69,922,054</u> | <u>\$ 56,646,465</u> | <u>\$1,422,485,900</u> |

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

| | |
|---|------------------------|
| General Capital Assets, Net | \$1,422,485,900 |
| Internal Service Fund Capital Assets, Net | <u>(12,479,450)</u> |
| Combined Adjustment | <u>\$1,410,006,450</u> |

Depreciation for the fiscal year ended June 30, 2013 was charged to governmental functions as follows:

| | |
|------------------------------------|----------------------|
| General Government Administration | \$ 7,637,129 |
| Judicial Administration | 93,106 |
| Public Safety | 7,576,564 |
| Public Works | 20,234,058 |
| Education | 10,057,653 |
| Health and Welfare | 285,193 |
| Parks and Recreation | 4,501,703 |
| Community Development | 192,769 |
| Total Depreciation | <u>\$ 50,578,175</u> |
| Internal Service Fund Depreciation | <u>(2,015,230)</u> |
| Combined Adjustment | <u>\$ 48,562,945</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Business Type Activities

| <u>Water and Sewer:</u> | <u>Balance</u> <u>June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2013</u> |
|---|--|------------------------|----------------------|--|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 16,990,313 | \$ - | \$ - | \$ 16,990,313 |
| Construction in progress | 55,113,126 | 40,827,691 | 18,005,247 | 77,935,570 |
| Total Capital Assets Not Being Depreciated | <u>\$ 72,103,439</u> | <u>\$ 40,827,691</u> | <u>\$ 18,005,247</u> | <u>\$ 94,925,883</u> |
| Other Capital Assets: | | | | |
| Buildings | \$ 357,633,500 | \$ 487,715 | \$ - | \$ 358,121,215 |
| Equipment | 115,604,381 | 819,414 | 802,255 | 115,621,540 |
| Improvements | 1,426,652 | - | - | 1,426,652 |
| Infrastructure | 992,776,840 | 24,963,025 | 493,505 | 1,017,246,360 |
| Total Other Capital Assets | <u>\$ 1,467,441,373</u> | <u>\$ 26,270,154</u> | <u>\$ 1,295,760</u> | <u>\$ 1,492,415,767</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ (91,748,122) | \$ (7,075,771) | \$ - | \$ (98,823,893) |
| Equipment | (66,961,840) | (6,595,714) | (521,662) | (73,035,892) |
| Improvements | (958,496) | (39,671) | - | (998,167) |
| Infrastructure | (270,130,742) | (15,153,341) | (439,801) | (284,844,282) |
| Total Accumulated Depreciation | <u>\$ (429,799,200)</u> | <u>\$ (28,864,497)</u> | <u>\$ (961,463)</u> | <u>\$ (457,702,234)</u> |
| Total Net of Depreciation | <u>\$ 1,109,745,612</u> | <u>\$ 38,233,348</u> | <u>\$ 18,339,544</u> | <u>\$ 1,129,639,416</u> |
| | | | | |
| <u>Belmont Park Golf Course:</u> | <u>Balance</u> <u>June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2013</u> |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 250,491 | \$ - | \$ - | \$ 250,491 |
| Total Capital Assets Not Being Depreciated | <u>\$ 250,491</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 250,491</u> |
| Other Capital Assets: | | | | |
| Buildings | \$ 1,907,587 | \$ - | \$ - | \$ 1,907,587 |
| Equipment | 872,449 | 32,101 | 2,600 | 901,950 |
| Improvements | 2,341,902 | - | - | 2,341,902 |
| Total Other Capital Assets | <u>\$ 5,121,938</u> | <u>\$ 32,101</u> | <u>\$ 2,600</u> | <u>\$ 5,151,439</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | \$ (894,052) | \$ (30,365) | \$ - | \$ (924,417) |
| Equipment | (526,272) | (46,736) | (2,600) | (570,408) |
| Improvements | (2,183,381) | (36,429) | - | (2,219,810) |
| Total Accumulated Depreciation | <u>\$ (3,603,705)</u> | <u>\$ (113,530)</u> | <u>\$ (2,600)</u> | <u>\$ (3,714,635)</u> |
| Total Net of Depreciation | <u>\$ 1,768,724</u> | <u>\$ (81,429)</u> | <u>\$ -</u> | <u>\$ 1,687,295</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Component Units

| <u>School Board:</u> | <u>Balance June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|---|----------------------------------|-----------------------|---------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 41,897,236 | \$ 34,041 | \$ - | \$ 41,931,277 |
| Construction in progress | 14,577,233 | 3,527,685 | 2,448,500 | 15,656,418 |
| Total Capital Assets Not Being Depreciated | <u>\$ 56,474,469</u> | <u>\$ 3,561,726</u> | <u>\$ 2,448,500</u> | <u>\$ 57,587,695</u> |
| Other Capital Assets: | | | | |
| Buildings | \$ 264,176,164 | \$ 1,933,394 | \$ - | \$ 266,109,558 |
| Equipment | 130,304,212 | 10,607,298 | 1,383,233 | 139,528,277 |
| Improvements | 27,806,120 | 720,499 | - | 28,526,619 |
| Total Other Capital Assets | <u>\$ 422,286,496</u> | <u>\$ 13,261,191</u> | <u>\$ 1,383,233</u> | <u>\$ 434,164,454</u> |
| Accumulated Depreciation | <u>(239,708,081)</u> | <u>(18,873,673)</u> | <u>(1,364,475)</u> | <u>(257,217,279)</u> |
| Total Net of Depreciation | <u>\$ 239,052,884</u> | <u>\$ (2,050,756)</u> | <u>\$ 2,467,258</u> | <u>\$ 234,534,870</u> |

All depreciation for the fiscal year ended June 30, 2013 was charged to the education function.

| <u>James River Juvenile Detention Center:</u> | <u>Balance June 30, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance June 30, 2013</u> |
|---|----------------------------------|---------------------|------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 30,000 | \$ - | \$ - | \$ 30,000 |
| Construction in progress | - | 43,101 | - | 43,101 |
| Total Capital Assets Not Being Depreciated | <u>\$ 30,000</u> | <u>\$ 43,101</u> | <u>\$ -</u> | <u>\$ 73,101</u> |
| Other Capital Assets: | | | | |
| Building | \$ 9,243,433 | \$ - | \$ - | \$ 9,243,433 |
| Improvements | 237,874 | - | - | 237,874 |
| Equipment | 476,603 | 29,912 | - | 506,515 |
| Total Other Capital Assets | <u>\$ 9,957,910</u> | <u>\$ 29,912</u> | <u>\$ -</u> | <u>\$ 9,987,822</u> |
| Accumulated Depreciation | <u>(2,896,701)</u> | <u>(290,046)</u> | <u>\$ -</u> | <u>(3,186,747)</u> |
| Total Net of Depreciation | <u>\$ 7,091,209</u> | <u>\$ (217,033)</u> | <u>\$ -</u> | <u>\$ 6,874,176</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, 2013:

| | <u>Balance June 30, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2013</u> |
|-------------------------------|----------------------------------|----------------------|-----------------------|----------------------------------|
| General obligation (GO) bonds | \$ 497,070,000 | \$ 37,500,000 | \$ 74,960,000 | \$ 459,610,000 |
| Capital lease obligations | 35,011,636 | 125,620 | 3,489,129 | 31,648,127 |
| Accrued claims payable | 24,212,473 | 11,051,367 | 11,757,125 | 23,506,715 |
| Accrued compensated absences | 19,600,966 | 19,792,313 | 19,096,341 | 20,296,938 |
| Pension liabilities | 3,444,453 | 49,600 | - | 3,494,053 |
| Landfill post-closure costs | 9,122,683 | 917,838 | 101,706 | 9,938,815 |
| Total | <u>\$ 588,462,211</u> | <u>\$ 69,436,738</u> | <u>\$ 109,404,301</u> | <u>\$ 548,494,648</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

| | <u>Balance</u> <u>June 30, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2013</u> |
|-------------------------------|--|------------------|------------------|--|
| Premium on bonds | 36,711,559 | 7,566,274 | 5,767,825 | 38,510,008 |
| Total long-term debt | \$ 625,173,770 | | | \$ 587,004,656 |
| Current maturities | <u>(68,465,142)</u> | | | <u>(69,245,914)</u> |
| Net long-term liabilities | <u>\$ 556,708,628</u> | | | <u>\$ 517,758,742</u> |

The current maturity of long-term liabilities at June 30, 2013 consists of the following:

| | |
|------------------------------|----------------------|
| General obligation bonds | \$ 33,910,000 |
| Capital lease obligations | 4,068,066 |
| Accrued claims payable | 11,382,648 |
| Accrued compensated absences | 19,774,395 |
| Landfill post-closure costs | 110,805 |
| Total current maturities | <u>\$ 69,245,914</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 is as follows:

Balances at June 30, 2013 were:

| | |
|---|-----------------------|
| Long-term liabilities (detail above) | \$ 587,004,656 |
| Internal Service Fund long-term liabilities | (8,030,535) |
| Combined adjustment | <u>\$ 578,974,121</u> |

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 \$334,524, which represents the change in accrued interest on bonds payable as of June 30, 2013.

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, 2013. 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.

COUNTY OF HENRICO, VIRGINIA
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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 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

COUNTY OF HENRICO, VIRGINIA
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\$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 are to be paid at their stated maturity on August 1, 2103. The Bonds mature on February 1, 2013 and on August 1st in each of the years 2014 through 2026. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$39,580,000 remained outstanding at June 30, 2013) nor the assets placed in the trust fund are reflected in the County's financial statements.

As of June 30, 2013, 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, 2013. The Water and Sewer Fund has recorded an estimated arbitrage rebate liability of \$1,307,731 at June 30, 2013.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2013 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 | \$ 6,115,000 |
| VPSA 1999A Bonds | 4.35-5.23 | 05/01/99 | 07/15/19 | 35,740,000 | 12,495,000 |
| VPSA 2000 Bonds | 5.00-6.25 | 05/01/00 | 07/15/20 | 15,215,000 | 6,080,000 |
| VPSA 2008 Bonds | 4.00-5.00 | 07/02/08 | 07/15/28 | 44,440,000 | 35,540,000 |
| 2003 G.O. Bonds | 2.00-5.00 | 01/15/03 | 01/15/23 | 107,545,000 | 1,610,000 |
| 2004 G.O. Bonds | 4.00-5.25 | 05/15/04 | 07/15/24 | 38,920,000 | 3,890,000 |
| 2005 G.O. Bonds | 3.25-5.00 | 08/17/05 | 07/15/25 | 77,815,000 | 11,670,000 |
| 2006 G.O. Bonds | 4.00-5.00 | 11/15/06 | 12/01/26 | 71,915,000 | 14,380,000 |
| 2008 G.O. Bonds | 3.25-5.00 | 1/31/08 | 12/01/27 | 29,810,000 | 16,400,000 |
| 2008A G.O. Bonds | 3.50-5.00 | 11/14/08 | 12/01/28 | 93,090,000 | 41,885,000 |
| 2009 G.O. Bonds | 2.00-5.00 | 05/13/09 | 03/01/22 | 33,785,000 | 27,535,000 |
| 2010 G.O. Bonds | 3.00-5.00 | 05/27/10 | 07/15/25 | 119,735,000 | 119,260,000 |
| 2010A G.O. Bonds | 2.00-5.00 | 07/20/10 | 08/01/30 | 72,205,000 | 62,825,000 |
| 2011 G.O. Bonds | 2.00-5.00 | 09/01/11 | 08/01/31 | 66,075,000 | 62,775,000 |
| 2012 G.O. Bonds | 2.00-5.00 | 10/03/12 | 08/01/26 | 37,500,000 | <u>37,150,000</u> |
| TOTAL | | | | | <u>\$ 459,610,000</u> |

COUNTY OF HENRICO, VIRGINIA
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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> |
|--------------|------------------------------|------------------------------|
| 2014 | \$33,910,000 | \$19,878,931 |
| 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 |
| 2019-2023 | 152,615,000 | 46,363,140 |
| 2024-2028 | 106,030,000 | 16,862,350 |
| 2029-2031 | <u>30,910,000</u> | <u>1,727,631</u> |
| TOTAL | <u>\$ 459,610,000</u> | <u>\$ 149,320,197</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, 2013 are as follows:

| | <u>Balance June 30, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2013</u> |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| Water and Sewer Revenue Bonds: | | | | |
| 2002 Refunding Bonds – 17,345,000 3.0% to 4.625% | \$ 1,230,000 | \$ - | \$ 1,230,000 | \$ - |
| 2006 Revenue and Refunding Bonds - \$86,265,000, 4.25% to 5.00% | 74,315,000 | - | 68,215,000 | 6,100,000 |
| 2009 Refunding Bonds - \$70,360,000, 2.25% to 5.00% | 60,130,000 | - | 4,780,000 | 55,350,000 |
| 2010 Refunding Bonds - \$22,915,000, 2.25% to 5.00% | 22,915,000 | - | - | 22,915,000 |
| 2010 Build America Bonds - \$9,800,000, 2.25% to 5.00% | 9,800,000 | - | - | 9,800,000 |
| 2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00% | <u>-</u> | <u>68,410,000</u> | <u>-</u> | <u>68,410,000</u> |
| Total bonds payable | <u>\$ 168,390,000</u> | <u>\$ 68,410,000</u> | <u>\$ 74,225,000</u> | <u>\$ 162,575,000</u> |

COUNTY OF HENRICO, VIRGINIA
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Other Liabilities:

| | | | | |
|------------------------------|-----------------------|------------------|-------------------|-----------------------|
| Capital lease obligations | \$ 20,562 | \$ 12,794 | \$ 11,637 | \$ 21,719 |
| Accrued compensated absences | 1,235,182 | 1,135,603 | 1,132,478 | 1,238,307 |
| Pension liabilities | <u>242,031</u> | <u>3,485</u> | <u>-</u> | <u>245,516</u> |
| Total long-term liabilities | \$ 169,887,775 | \$ 69,561,882 | \$ 75,369,115 | \$ 164,080,542 |
| Premium on bonds payable | <u>4,476,644</u> | <u>8,458,196</u> | <u>11,290,534</u> | <u>1,644,306</u> |
| Total long-term debt | \$ 174,364,419 | | | \$ 165,724,848 |
| Current maturities | <u>(9,657,464)</u> | | | <u>(9,164,054)</u> |
| Net long-term liabilities | <u>\$ 164,706,955</u> | | | <u>\$ 156,560,794</u> |

Current maturities of long-term debt at June 30, 2013 consist of the following:

| | |
|------------------------------|---------------------|
| Revenue bonds | \$ 8,025,000 |
| Capital lease obligations | 6,213 |
| Accrued compensated absences | <u>1,132,841</u> |
| Total current maturities | <u>\$ 9,164,054</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, 2013 \$65,945,000 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 2.50 times the annual debt service requirements for the year ended June 30, 2013.

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.

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.

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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.

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2013 and thereafter follows:

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|------------------------------|-----------------------------|
| 2014 | \$ 8,025,000 | \$ 6,775,790 |
| 2015 | 5,915,000 | 6,533,652 |
| 2016 | 6,200,000 | 6,256,301 |
| 2017 | 6,410,000 | 6,038,965 |
| 2018 | 6,615,000 | 5,831,590 |
| 2019-2023 | 37,620,000 | 24,613,859 |
| 2024-2028 | 47,510,000 | 14,707,997 |
| 2029-2033 | 25,750,000 | 6,100,600 |
| 2034-2036 | <u>18,530,000</u> | <u>607,530</u> |
| Total | <u>\$ 162,575,000</u> | <u>\$ 77,466,284</u> |

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

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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, 2013.

The School Board's outstanding debt as of June 30, 2013 is as follows:

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| Capital lease obligations | \$ 11,606,052 | \$ 3,937,677 | \$ 8,296,800 | \$ 7,246,929 |
| Accrued claims payable | 6,030,824 | 6,369,243 | 4,031,777 | 8,368,290 |
| Accrued compensated absences | <u>5,672,569</u> | <u>4,841,877</u> | <u>4,601,649</u> | <u>5,912,797</u> |
| Total School Board Current Maturities | \$ 23,309,445 (16,005,944) | <u>\$ 15,148,797</u> | <u>\$ 16,930,226</u> | \$ 21,528,016 (14,329,518) |
| Net long-term liabilities | <u>\$ 7,303,501</u> | | | <u>\$ 7,198,498</u> |

Current maturities of long-term debt at June 30, 2013, consist of the following:

| | |
|------------------------------|----------------------|
| Capital lease obligations | \$ 3,938,555 |
| Accrued claims payable | 5,594,439 |
| Accrued compensated absences | <u>4,796,524</u> |
| Total current maturities | <u>\$ 14,329,518</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, 2013 is as follows:

| | Balance June 30, 2012 | Additions | Deletions | Balance June 30, 2013 |
|------------------------------|----------------------------------|-------------------|-------------------|----------------------------------|
| Facility revenue bond | \$ 2,425,000 | \$ - | \$ 565,000 | \$ 1,860,000 |
| Capital lease obligations | 3,906 | - | 2,509 | 1,397 |
| Accrued compensated absences | <u>152,431</u> | <u>203,339</u> | <u>188,535</u> | <u>167,235</u> |
| Total JRJDC | \$ 2,581,337 | <u>\$ 203,339</u> | <u>\$ 756,044</u> | 2,028,632 |
| Current Maturities | <u>(719,940)</u> | | | <u>(758,632)</u> |
| Net long-term liabilities | <u>\$ 1,861,397</u> | | | <u>\$ 1,270,000</u> |

Current maturities of long-term debt at June 30, 2012, consist of the following:

| | |
|------------------------------|-------------------|
| Revenue bonds | \$ 590,000 |
| Capital lease obligations | 1,397 |
| Accrued compensated absences | 167,235 |
| Total current maturities | <u>\$ 758,632</u> |

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Principal and interest payments for future fiscal years subsequent to June 30, 2013 are as follows:

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|----------------------------|--------------------------|
| 2014 | \$ 590,000 | \$ 78,106 |
| 2015 | 620,000 | 47,964 |
| 2016 | <u>650,000</u> | <u>16,327</u> |
| Total | <u>\$ 1,860,000</u> | <u>\$ 142,397</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, \$20,069,873 of equipment and \$36,425,000 of buildings has been capitalized as of June 30, 2013. 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, \$3,937,677 of equipment and has been capitalized as of June 30, 2013.

COUNTY OF HENRICO, VIRGINIA
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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> |
|--|--|----------------------------------|---------------------|--|
| 2013 | \$ 410,686 | \$ 4,947,150 | \$ 4,008,374 | \$ 9,366,210 |
| 2014 | 361,254 | 4,951,675 | 716,840 | 6,029,769 |
| 2015 | 259,237 | 4,950,650 | 705,984 | 5,915,871 |
| 2016 | 129,656 | 4,965,250 | 703,406 | 5,798,312 |
| 2017 | 7,471 | 3,961,825 | 703,406 | 4,672,702 |
| 2018-2022 | <u>-</u> | <u>12,566,063</u> | <u>703,406</u> | <u>13,269,469</u> |
| Total minimum lease payments | \$ 1,168,304 | \$ 36,342,613 | \$ 7,541,416 | \$ 45,052,333 |
| Less amount representing interest | <u>75,177</u> | <u>5,787,613</u> | <u>294,487</u> | <u>6,157,277</u> |
| Present value of future minimum lease payments | <u>\$ 1,093,127</u> | <u>\$ 30,555,000</u> | <u>\$ 7,246,929</u> | <u>\$ 38,895,056</u> |

JRJDC entered into a capital lease agreement for \$8,400 during fiscal year 2010 for the leasing of copier equipment. Future minimum lease payments under this capital lease for fiscal years ending June 30 are as follows:

| <u>Years</u> | <u>Equipment Lease Obligations</u> |
|--|--|
| 2014 | <u>\$ 1,456</u> |
| Total minimum lease payments | 1,456 |
| Less amount representing interest | <u>59</u> |
| Present value of future minimum lease payments | <u>\$ 1,397</u> |

The Water and Sewer Fund entered into capital lease agreements for copier equipment for \$24,123 and \$12,794 during fiscal year 2010 and fiscal year 2013, respectively. Future minimum lease payments under this capital lease for fiscal years ending June 30, 2013 are as follows:

| <u>Years</u> | <u>Equipment Lease Obligations</u> |
|--|--|
| 2014 | \$ 8,951 |
| 2015 | 8,950 |
| 2016 | 6,128 |
| 2017 | <u>3,112</u> |
| Total minimum lease payments | 27,141 |
| Less amount representing interest | <u>5,422</u> |
| Present value of future minimum lease payments | <u>\$ 21,719</u> |

COUNTY OF HENRICO, VIRGINIA
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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 \$4,013,286 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately \$2,153,000 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, 2013 will not be material to the County's financial statements.

B. Federal Grant Awards

The County and School Board participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. 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 \$1,117,099 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, 2013, 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 \$7,713,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2013.

In addition, the County has recorded \$15,793,715 for the County and \$8,368,290 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, 2013 that are not expected to be liquidated with current resources. Also, the County has assigned \$10,000,000 of the June 30, 2013 General Fund's Fund balance as a self-insurance reserve.

COUNTY OF HENRICO, VIRGINIA
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At June 30, 2013, the County and Schools had an outstanding claims liability as follows:

| | <u>FY 2013</u> | | <u>FY 2012</u> | |
|--|----------------------|---------------------|----------------------|---------------------|
| | <u>County</u> | <u>Schools</u> | <u>County</u> | <u>Schools</u> |
| Balance, July 1 | \$ 24,212,473 | \$ 6,030,824 | \$ 24,157,204 | \$ 5,197,181 |
| Current year claims and changes in estimates | 11,051,367 | 6,369,243 | 10,644,436 | 3,504,739 |
| Claim payments | <u>(11,757,125)</u> | <u>(4,031,777)</u> | <u>(10,589,167)</u> | <u>(2,671,096)</u> |
| Balance, June 30 | <u>\$ 23,506,715</u> | <u>\$ 8,368,290</u> | <u>\$ 24,212,473</u> | <u>\$ 6,030,824</u> |

D. Commitments

At June 30, 2013, the County had contractual commitments for the construction of various projects as follows:

| | <u>Primary Government</u> | <u>Component Unit-Schools</u> |
|--------------------------------------|---------------------------|-------------------------------|
| Capital Projects Funds: | | |
| Computer and Technology Improvements | \$ 3,317,250 | \$ - |
| Buildings and Grounds | 18,896,299 | - |
| Road Maintenance and Drainage | 57,962,288 | - |
| Community Development | 744,200 | - |
| Landfill Expansion and Development | 6,475,710 | - |
| Public Safety Projects | 11,957,892 | - |
| Parks and Recreation | 9,466,258 | - |
| Judicial Administration | 832,776 | - |
| Libraries | 33,858,996 | - |
| Other Projects | 157,873 | - |
| Education Projects | 47,605,118 | 13,590,967 |
| Total | <u>\$ 191,274,660</u> | <u>\$ 13,590,967</u> |
| Enterprise Funds: | | |
| Wastewater Treatment Projects | \$ 18,641,312 | |
| Water Plant Projects | 38,921,308 | |
| Computer and Information Systems | 644,218 | |
| Total | <u>\$ 58,206,838</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 \$2,750,749 for fiscal year 2013.

At June 30, 2013, 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> | |
| 2014 | \$ 2,687,291 | \$ 579 | \$ 550,787 | \$ 9,523 | \$ 3,248,180 |
| 2015 | 2,246,092 | 193 | 443,072 | 2,993 | 2,692,350 |
| 2016 | 1,778,710 | - | 451,867 | - | 2,230,577 |
| 2017 | 1,286,730 | - | 436,911 | - | 1,723,641 |
| 2018 | 826,789 | - | 88,188 | - | 914,977 |
| 2019-2023 | 1,342,272 | - | - | - | 1,342,272 |
| 2024 & After | <u>303,353</u> | - | - | - | <u>303,353</u> |
| Total | <u>\$10,471,237</u> | <u>\$ 772</u> | <u>\$1,970,825</u> | <u>\$ 12,516</u> | <u>\$12,455,350</u> |

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

COUNTY OF HENRICO, VIRGINIA
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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, 2013, was \$ 10,856,491 and \$ 356,633, respectively.

At June 30, 2013, minimum rentals receivable for these existing leases were as follows:

| <u>Years</u> | <u>Total</u> |
|--------------|---------------------|
| 2014 | \$ 604,210 |
| 2015 | 377,443 |
| 2016 | 315,921 |
| 2017 | 279,857 |
| 2018 | 249,212 |
| 2019-2023 | 717,430 |
| 2024-2028 | 339,073 |
| 2029-2032 | <u>299,487</u> |
| Total | <u>\$ 3,182,633</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, 2013, was \$ 3,248,691 and \$ 966,191, respectively.

At June 30, 2013, minimum rentals receivable for these existing leases were as follows:

| <u>Years</u> | <u>Total</u> |
|--------------|-------------------|
| 2014 | \$ 53,128 |
| 2015 | 35,580 |
| 2016 | 36,044 |
| 2017 | 36,044 |
| 2018 | 36,856 |
| 2019-2023 | 91,976 |
| 2024-2028 | <u>47,136</u> |
| Total | <u>\$ 336,764</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, 2013, was \$ 2,977,811.

At June 30, 2013, minimum rentals receivable for these existing leases were as follows:

| <u>Years</u> | <u>Total</u> |
|--------------|-------------------|
| 2014 | \$ 19,144 |
| 2015 | 19,718 |
| 2016 | 20,310 |
| 2017 | 20,919 |
| 2018 | 21,127 |
| 2019-2023 | 113,214 |
| 2024-2028 | 136,592 |
| 2029-2032 | <u>262,077</u> |
| Total | <u>\$ 613,101</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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. Employees are eligible for an unreduced retirement benefit at age 65 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 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 per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported 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.

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/2011-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. In 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 2013, the County annual pension cost of \$37,635,742 was not equal to the required and actual contributions; the School Board Non-Professional Group's cost of \$127,028 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.0 percent investment rate of return, (b) projected salary increases ranging from 3.75 percent to 5.60 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 prior plan members and 2.25 percent per year cost-of-living adjustment for new plan members. Both (a) and (b) included an inflation component of 2.5 percent. The actuarial value of the County and School

COUNTY OF HENRICO, VIRGINIA
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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. The remaining amortization period at June 30, 2012 was 29 years.

NET PENSION OBLIGATION (NPO)

| | |
|------------------------------------|----------------------------|
| Annual Required Contribution (ARC) | \$ 45,084,723 |
| Interest on NPO | 258,054 |
| Adjustment to the ARC | <u>(204,969)</u> |
| Annual Pension Cost | 45,137,808 |
| Contributions made | <u>(45,084,723)</u> |
| Increase in NPO | 53,085 |
| NPO beginning of year | <u>3,686,484</u> |
| NPO end of year | <u><u>\$ 3,739,569</u></u> |

The Net Pension Obligation at June 30, 2013 consists of \$3,494,053 for Governmental Activities and \$245,516 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, 2011 | \$37,374,749 | 99.9% | \$ 3,631,514 |
| June 30, 2012 | \$37,635,742 | 99.9% | \$ 3,686,484 |
| June 30, 2013 | \$45,137,808 | 99.9% | \$ 3,739,569 |

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, 2011 | \$ 106,615 | 100.00% | \$ 0 |
| June 30, 2012 | \$ 127,028 | 100.00% | \$ 0 |
| June 30, 2013 | \$ 265,410 | 100.00% | \$ 0 |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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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, 2010 | \$796,236,438 | \$1,070,264,240 | \$274,027,802 | 74.40% | \$221,394,928 | 123.77% |
| 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% |

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, 2010 | \$6,165,206 | \$7,347,070 | \$ 1,181,864 | 83.91% | \$ 593,051 | 199.29% |
| 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% |

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. Employees are eligible for an unreduced retirement benefit at age 65 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 of their average final compensation (‘AFC’) for each year of credited service. 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 per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported 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 system 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/2011-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. In 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

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2013 was 16.66 percent of covered payroll. The School Board's contributions to VRS for the years ending 2013, 2012, and 2011 were \$40,074,413, \$26,519,992, and \$20,491,886, 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.

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, 2013, 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.

COUNTY OF HENRICO, VIRGINIA
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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, 2013. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability (“UAAL”) at \$61,590,777 and an ARC of \$9,949,731. 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 \$9,949,731 is 2.13 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, 2013.

NET OPEB OBLIGATION (ASSET)

| | | |
|------------------------------------|----|-----------------------|
| Annual Required Contribution (ARC) | \$ | 9,949,731 |
| Interest on Net OPEB Asset | | (320,874) |
| Adjustment to the ARC | | <u>275,264</u> |
| Annual OPEB Cost | | 9,904,121 |
| Contributions made | | <u>(7,686,103)</u> |
| Decrease in Net OPEB Asset | | 2,218,018 |
| Net OPEB Asset beginning of year | | <u>(4,583,915)</u> |
| Net OPEB Asset end of year | | <u>\$ (2,365,897)</u> |

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, 2013 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, 2011 | \$9,689,500 | 95.23% | \$ (6,152,855) |
| June 30, 2012 | \$9,252,073 | 83.04% | \$ (4,583,915) |
| June 30, 2013 | \$9,904,121 | 77.61% | \$ (2,365,897) |

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

| | | |
|---------------------------------|----|---------------------|
| Balances at June 30, 2013 were: | | |
| Net OPEB Asset (detail above) | \$ | 2,365,897 |
| Bond Issuance Costs (Note 1) | | <u>2,802,753</u> |
| Combined adjustment | | <u>\$ 5,168,650</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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2011 | \$25,006,703 | \$86,752,386 | \$61,745,683 | 28.83% | \$447,799,793 | 13.79% |
| June 30, 2012 | \$27,448,869 | \$93,258,737 | \$65,809,868 | 29.43% | \$453,649,907 | 13.79% |
| June 30, 2013 | \$32,336,432 | \$93,927,209 | \$61,590,777 | 34.43% | \$466,788,116 | 13.19% |

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, 2013 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent 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, 2013 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 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, 2013.

Receivables and payables balances at June 30, 2013 were as follows:

| | <u>Receivables</u> | <u>Payables</u> |
|--------------------------------|----------------------------|----------------------------|
| General Fund | \$ 806,481 | \$ 847,747 |
| Special Revenue Fund | - | 123,576 |
| Water and Sewer Fund | 4,488,861 | 77,454 |
| Capital Projects Fund | - | 4,488,861 |
| Belmont Park Golf Course | - | 808,514 |
| Central Automotive Maintenance | - | 19,309 |
| Health Care Fund | 1,070,119 | - |
| | <u>\$ 6,365,461</u> | <u>\$ 6,365,461</u> |

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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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, 2013 were as follows:

| | Receivables | Payables |
|-------------------------------|----------------------|----------------------|
| General Fund | \$ 509,875 | \$ - |
| Capital Projects Fund | - | 10,135,043 |
| Component Unit – School Board | 10,135,043 | 168,944 |
| Component Unit – JRJDC | - | 525,799 |
| Health Care Fund | 184,868 | - |
| | \$ 10,829,786 | \$ 10,829,786 |

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, 2013 were as follows:

| | Transfers Out | Transfers In |
|-----------------------|--------------------------|-------------------------|
| Governmental Funds: | | |
| General Fund | \$108,135,212 | \$ - |
| Special Revenue Fund | 939,888 | 18,479,844 |
| Debt Service Fund | - | 58,644,890 |
| Capital Projects Fund | 2,112 | 31,952,478 |
| | \$109,077,212 | \$109,077,212 |

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2013, the County contributed \$1,446,248 to the Economic Development Authority, to foster economic development within the County, and the County received \$229,220 from the Capital Region Airport Commission for water and sewer services.

NOTE 16. UNEARNED REVENUES

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling \$40,420,795 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, 2013 totaled \$4,963,553 and \$7,445,059 in the Special Revenue Funds for the County and the School Board respectively.

B. Unearned Property Tax Revenue

Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled \$12,853,885 at June 30, 2013.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2013, but paid in advance by the taxpayers, totaled \$14,805,721 at June 30, 2013.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2012. The County recorded \$337,419 in the General Fund for monies received in advance of expenditures

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

being made as of June 30, 2013. Unearned grant revenues for the Schools Special Revenue Fund totaled \$15,158 for USDA donated food inventory on hand at June 30, 2013.

Also, the Water and Sewer Enterprise Fund recorded unearned revenue in the amount of \$15,035,564, which consists of an advance payment from a customer of \$8,772,706 for water capacity, an advance from a customer of \$520,685 for sewer capacity and amounts held for contractors of \$5,742,173.

NOTE 17. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2013:

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 Vithoukias – 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 Steinhauer – Director of Department of Social Services | \$ 100,000 |
| Mark J. Coakley – Registrar | \$ 100,000 |
| Debra Hargrave – School Board Deputy Agent | \$ 10,000 |
| Deborah N. Ward – School Board Deputy Clerk | \$ 10,000 |
| Debra Sue M. Largen – School Board Clerk | \$ 10,000 |
| Patrick Russo – 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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

approval of the proposed budget by the governing bodies, if the Commission's budget contains estimated expenditures which exceed estimated revenues, then the governing bodies are required to fund the deficit in proportion to their financial interests in the Commission. If, however, actual revenues are less than estimated revenues (resulting in a deficit), the City of Richmond and the three counties may, at their discretion, appropriate funds necessary to fund the deficit. The County has agreed to fund its portion of the deficit, if any.

The percentage shares of the jurisdictions involved include the following:

| | |
|------------------------|----------------|
| City of Richmond | 29.27% |
| County of Henrico | 31.44% |
| County of Chesterfield | 30.17% |
| County of Hanover | 9.12% |
| | <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.

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 \$10,871,087 for transient occupancy tax to the Convention Authority during the year ended June 30, 2013.

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, \$9,938,815 has been reported as landfill closure and post-closure care liability in the County’s financial statements at June 30, 2013. 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 97.8 percent of Phase III’s and 87.3 percent of Phase IV’s estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$387,903 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 2013. 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 estimates that the remaining life of the landfill is approximately 1 year and will be closed in September 2014.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 20. SPECIAL ASSESSMENT

On September 26, 2000, the Board of Supervisors, by resolution, created the Short Pump Town Center Community Development Authority (SPTC Authority). The creation of the SPTC Authority was the result of a petition filed with the Board of Supervisors by the landowners within the Short Pump Town Center Community Development District (SPTC District). The District consists of approximately 120 acres of land within the County. The Short Pump Town Center consists of an approximately 1.18 million square foot open-air two-level regional style retail mall and certain out-parcel development.

On October 24, 2000, the Board of Supervisors adopted an ordinance authorizing the levy of the Special Assessments on the abutting properties within the SPTC District. On October 20, 2000 the Authority authorized the issuance of the Short Pump Town Center Community Development Authority, \$25,495,000 Taxable Special Assessment Bonds, Series 2003 (2003 Bonds). On September 24, 2003, the 2003 bonds were issued in accordance with the provisions of Article 6 of Chapter 51 of Title 15.2 of the Code of Virginia of 1950, as amended. The 2003 bonds financed (a) the cost of certain infrastructure improvements to benefit the District (b) the payment of capitalized interest through February 1, 2004 (c) funded the Debt Service Reserve Fund and (d) paid certain costs of issuance. Neither the faith and credit of the Commonwealth of Virginia (the Commonwealth), nor the faith and credit of the SPTC Authority, any county, city, town or other subdivision of the Commonwealth, including the County, are pledged to the payment of the principal or interest on the 2003 bonds. The final principal payment on the 2003 bonds of \$5,650,000 was paid on February 1, 2009, and the bonds were paid in full.

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, 2013, the total Bonds outstanding were \$6,207,000. As of June 30, 2013, \$618,120 of interest was paid from the Debt Service Reserve Fund. A principal payment of \$973,000 and a principal pre-payment of \$4,940,000 were paid March 1, 2013.

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 2013 and 2012 were \$912,000 and \$1,634,000, respectively. As of June 30, 2013, the County has collected \$456,000 for the 2013 first half special assessment and \$817,000 for the 2012 second half special assessments. These special assessment collections were paid to the RCC District on August 15, 2013 and February 15, 2013, 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 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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

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, 2013, the total Bonds outstanding were \$13,684,000 and interest of \$884,358 was paid out of the Debt Service Reserve Fund. A principal payment of \$3,002,000 was paid on March 1, 2013. 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 2013 and 2012 were \$3,806,000 and \$3,774,000, respectively. As of June 30, 2013, the County has collected \$1,903,000 for the 2013 first half special assessment and \$1,887,000 for the 2012 second half special assessments. These special assessment collections were paid to the SWOV District on August 15, 2013 and February 15, 2013, respectively.

NOTE 21. JOINTLY GOVERNED ORGANIZATIONS

A. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the “CVWM Authority”) was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM Authority’s board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg and Richmond, and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The CVWM Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County’s contribution and direct payments for special projects for the year ended June 30, 2013 were \$2,736,979.

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, 2013.

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 \$2,054,110 to RMCVB for the year ended June 30, 2013.

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 \$186,445 for the year ended June 30, 2013.

**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, 2013

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 | \$ 269,148,814 | \$ (651,186) |
| Current personal property taxes | 68,143,217 | 68,143,217 | 68,381,425 | 238,208 |
| Delinquent real property taxes | 3,500,000 | 3,500,000 | 4,905,502 | 1,405,502 |
| Delinquent personal property taxes | 1,200,000 | 1,200,000 | 6,676,467 | 5,476,467 |
| Interest | 275,000 | 275,000 | 312,625 | 37,625 |
| Land redemption | 55,000 | 55,000 | - | (55,000) |
| Total general property taxes | <u>342,973,217</u> | <u>342,973,217</u> | <u>349,424,833</u> | <u>6,451,616</u> |
| Other local taxes: | | | | |
| County recordation taxes | 3,400,000 | 3,400,000 | 4,008,826 | 608,826 |
| Local sales and use taxes | 58,400,000 | 58,400,000 | 55,852,004 | (2,547,996) |
| Consumer utility taxes | 2,600,000 | 2,600,000 | 2,724,604 | 124,604 |
| Business and professional license taxes | 28,600,000 | 28,600,000 | 29,640,707 | 1,040,707 |
| Motor vehicle license taxes | 6,325,000 | 6,325,000 | 6,472,365 | 147,365 |
| Hotel and motel taxes | 9,660,000 | 11,160,000 | 10,850,617 | (309,383) |
| Bank franchise taxes | 5,000,000 | 5,000,000 | 11,740,111 | 6,740,111 |
| Grantor's taxes | 900,000 | 900,000 | 935,650 | 35,650 |
| Daily rental tax | 150,000 | 150,000 | 135,859 | (14,141) |
| Consumption tax | 1,200,000 | 1,200,000 | 1,128,748 | (71,252) |
| Total other local taxes | <u>116,235,000</u> | <u>117,735,000</u> | <u>123,489,491</u> | <u>5,754,491</u> |
| Permits, privilege fees and regulatory licenses: | | | | |
| Municipal library court fees | 155,000 | 155,000 | 146,160 | (8,840) |
| Transfer fees | 10,800 | 10,800 | 7,471 | (3,329) |
| Zoning application fees | 150,000 | 150,000 | 110,056 | (39,944) |
| Structure and equipment permits | 2,000,000 | 2,000,000 | 2,156,605 | 156,605 |
| Septic tank permits | 5,000 | 5,000 | 26,900 | 21,900 |
| Taxi cab certificates | 8,500 | 8,500 | 18,390 | 9,890 |
| Permits to purchase precious metal | 5,000 | 5,000 | 15,205 | 10,205 |
| Dog licenses | 200,000 | 200,000 | 141,929 | (58,071) |
| Other | 459,600 | 488,548 | 554,728 | 66,180 |
| Total permits, privilege fees and regulatory licenses | <u>2,993,900</u> | <u>3,022,848</u> | <u>3,177,444</u> | <u>154,596</u> |
| Fines and forfeitures: | | | | |
| False alarm penalties | 65,000 | 65,000 | 71,385 | 6,385 |
| Traffic violations | 2,300,000 | 2,300,000 | 3,321,422 | 1,021,422 |
| Parking violations | 25,000 | 25,000 | 22,034 | (2,966) |
| Total fines and forfeitures | <u>2,390,000</u> | <u>2,390,000</u> | <u>3,414,841</u> | <u>1,024,841</u> |
| Revenue from use of money and property: | | | | |
| Sale of equipment and publications | 99,300 | 99,300 | 327,379 | 228,079 |
| Rented county property | 519,000 | 519,000 | 645,177 | 126,177 |
| Use of money | 7,139,000 | 7,139,000 | 1,064,958 | (6,074,042) |
| Total revenue from use of money and property | <u>7,757,300</u> | <u>7,757,300</u> | <u>2,037,514</u> | <u>(5,719,786)</u> |
| Charges for services: | | | | |
| Public works | 150,000 | 150,000 | 177,450 | 27,450 |
| Library | 389,200 | 389,200 | 502,469 | 113,269 |
| Sheriff fees | 1,091,000 | 1,091,000 | 1,424,637 | 333,637 |
| Commonwealth's Attorney fees | 12,000 | 12,000 | 33,896 | 21,896 |
| Public safety | 15,000 | 15,000 | 23,808 | 8,808 |
| Finance charges | 510,000 | 510,000 | 296,391 | (213,609) |
| Recreation | 633,200 | 633,200 | 824,516 | 191,316 |
| Information technology | 750,000 | 750,000 | 756,500 | 6,500 |
| Total charges for services | <u>3,550,400</u> | <u>3,550,400</u> | <u>4,039,667</u> | <u>489,267</u> |

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit 11
Page 2 of 3

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|---|-----------------------|-----------------------|-----------------------|----------------------|
| Primary Government: | | | | |
| General Fund, continued: | | | | |
| Miscellaneous | \$ 3,652,000 | \$ 4,677,225 | \$ 7,505,338 | \$ 2,828,113 |
| Total miscellaneous | <u>3,652,000</u> | <u>4,677,225</u> | <u>7,505,338</u> | <u>2,828,113</u> |
| Recovered costs: | | | | |
| Finance | 2,241,370 | 2,241,370 | 2,299,699 | 58,329 |
| General services | 799,403 | 799,403 | 1,448,638 | 649,235 |
| Public health | 55,000 | 55,000 | - | (55,000) |
| Public works | 378,000 | 378,000 | 415,042 | 37,042 |
| Sheriff | 1,000,000 | 1,000,000 | 1,229,830 | 229,830 |
| Public safety | 5,000 | 5,000 | 554 | (4,446) |
| Total recovered costs | <u>4,478,773</u> | <u>4,478,773</u> | <u>5,393,763</u> | <u>914,990</u> |
| Total revenue from local sources | <u>484,030,590</u> | <u>486,584,763</u> | <u>498,482,891</u> | <u>11,898,128</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Non-categorical aid: | | | | |
| Rolling stock | 125,000 | 125,000 | 310,684 | 185,684 |
| Recovery of central costs | 475,000 | 475,000 | 472,582 | (2,418) |
| Mobile home sales and use tax | 12,500 | 12,500 | 13,063 | 563 |
| Motor vehicle rental tax | 2,600,000 | 2,600,000 | 3,955,994 | 1,355,994 |
| PPTRA revenue | 37,001,783 | 37,001,783 | 37,001,783 | - |
| Communications sales and use tax - HB568 | 14,500,000 | 14,500,000 | 13,455,632 | (1,044,368) |
| Overweight truck citations | 1,000 | 1,000 | - | (1,000) |
| Total non-categorical aid | <u>54,715,283</u> | <u>54,715,283</u> | <u>55,209,738</u> | <u>494,455</u> |
| Shared expenses: | | | | |
| Sheriff | 10,175,000 | 10,175,000 | 10,517,617 | 342,617 |
| Commonwealth's Attorney | 1,560,000 | 1,820,000 | 1,817,870 | (2,130) |
| Election commission | 84,400 | 84,400 | 68,820 | (15,580) |
| Finance | 560,000 | 655,000 | 687,464 | 32,464 |
| Circuit court | 2,550,000 | 2,775,413 | 2,999,034 | 223,621 |
| Total shared expenses | <u>14,929,400</u> | <u>15,509,813</u> | <u>16,090,805</u> | <u>580,992</u> |
| Categorical aid: | | | | |
| Library | 175,000 | 175,000 | 179,832 | 4,832 |
| Public safety | 10,835,000 | 11,259,182 | 11,866,078 | 606,896 |
| Social services | 2,613,955 | 4,162,923 | 3,429,379 | (733,544) |
| Public works | 28,745,000 | 28,745,000 | 32,678,962 | 3,933,962 |
| Juvenile and domestic relations | 481,500 | 481,500 | 496,187 | 14,687 |
| Total categorical aid | <u>42,850,455</u> | <u>44,823,605</u> | <u>48,650,438</u> | <u>3,826,833</u> |
| Total revenue from the Commonwealth | <u>112,495,138</u> | <u>115,048,701</u> | <u>119,950,981</u> | <u>4,902,280</u> |
| Revenue from the Federal government: | | | | |
| Social services | 7,003,280 | 8,633,383 | 8,548,034 | (85,349) |
| Public safety | 27,000 | 27,000 | 83,856 | 56,856 |
| Total revenue from the Federal government | <u>7,030,280</u> | <u>8,660,383</u> | <u>8,631,890</u> | <u>(28,493)</u> |
| Total intergovernmental | <u>119,525,418</u> | <u>123,709,084</u> | <u>128,582,871</u> | <u>4,873,787</u> |
| Total General Fund | <u>\$ 603,556,008</u> | <u>\$ 610,293,847</u> | <u>\$ 627,065,762</u> | <u>\$ 16,771,915</u> |

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 | \$ - | \$ 5,408,000 | \$ 2,308,436 | \$ (3,099,564) |
| Current personal property taxes | - | - | 541,908 | 541,908 |
| Total general property taxes | - | 5,408,000 | 2,850,344 | (2,557,656) |
| Other local taxes: | | | | |
| Local sales and use taxes | - | - | 1,883,910 | 1,883,910 |
| Business and professional license taxes | - | - | 498,614 | 498,614 |
| Total other local taxes | - | - | 2,382,524 | 2,382,524 |
| Revenue from use of money and property | 264,216 | 264,216 | 337,366 | 73,150 |
| Charges for services: | | | | |
| Miscellaneous charges for services | 9,667,807 | 10,279,522 | 9,758,138 | (521,384) |
| Refuse collection billing | 7,000,000 | 7,000,000 | 7,318,082 | 318,082 |
| Landfill weighing fees | 1,141,354 | 1,141,354 | 1,178,535 | 37,181 |
| Recycle fees | 217,077 | 217,077 | 190,711 | (26,366) |
| Bulky waste collection fees | 1,597,039 | 1,597,039 | 1,822,882 | 225,843 |
| Leaf collection | 3,064,001 | 3,064,001 | 3,064,001 | - |
| Charges for street lights | 83,100 | 83,100 | 74,186 | (8,914) |
| Total charges for services | 22,770,378 | 23,382,093 | 23,406,535 | 24,442 |
| Miscellaneous revenues | 1,339,943 | 1,461,712 | 768,966 | (692,746) |
| Recovered costs: | | | | |
| Recovered costs | 534,431 | 581,107 | 502,286 | (78,821) |
| Recoveries and rebates | 1,300 | - | 334,462 | 334,462 |
| Total recovered costs | 535,731 | 581,107 | 836,748 | 255,641 |
| Total revenue from local sources | 24,910,268 | 31,097,128 | 30,582,483 | (514,645) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Division of litter control | 25,000 | 25,000 | 47,487 | 22,487 |
| Social services | 4,140,865 | 4,154,338 | 3,325,121 | (829,217) |
| Mental health and developmental services | 7,234,246 | 7,068,499 | 7,079,911 | 11,412 |
| Virginia department of corrections | 1,319,515 | 1,451,236 | 1,443,624 | (7,612) |
| Commonwealth's Attorney | 210,173 | 210,173 | 215,773 | 5,600 |
| Miscellaneous state grants | 1,257,237 | 2,594,524 | 1,610,261 | (984,263) |
| Total revenue from the Commonwealth | 14,187,036 | 15,503,770 | 13,722,177 | (1,781,593) |
| Revenue from the Federal government: | | | | |
| Workforce investment | 5,063,258 | 5,880,368 | 6,070,543 | 190,175 |
| Community development block grants | - | 2,007,943 | 1,857,309 | (150,634) |
| Public safety | - | 491,240 | 1,941,501 | 1,450,261 |
| Mental health and developmental services | 1,931,370 | 2,001,211 | 1,978,416 | (22,795) |
| Miscellaneous federal grants | 296,320 | 758,217 | 468,596 | (289,621) |
| Total revenue from the Federal government | 7,290,948 | 11,138,979 | 12,316,365 | 1,177,386 |
| Total intergovernmental | 21,477,984 | 26,642,749 | 26,038,542 | (604,207) |
| Total Special Revenue Fund | \$ 46,388,252 | \$ 57,739,877 | \$ 56,621,025 | \$ (1,118,852) |
| Grand Total Revenues - Primary Government | \$ 649,944,260 | \$ 668,033,724 | \$ 683,686,787 | \$ 15,653,063 |

**COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**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 | \$ 1,097,781 | \$ 1,157,033 | \$ 998,689 | \$ 158,344 |
| Total legislative | <u>1,097,781</u> | <u>1,157,033</u> | <u>998,689</u> | <u>158,344</u> |
| General and financial administration: | | | | |
| County Manager | 3,681,327 | 3,947,895 | 3,903,670 | 44,225 |
| County Attorney | 2,002,158 | 2,038,079 | 2,021,890 | 16,189 |
| Human resources | 5,003,086 | 4,801,302 | 4,586,965 | 214,337 |
| Finance | 11,754,015 | 11,873,072 | 11,227,001 | 646,071 |
| General services | 20,841,224 | 28,390,783 | 27,619,915 | 770,868 |
| Internal audit | 395,367 | 430,479 | 425,677 | 4,802 |
| Real property agent | 587,745 | 642,464 | 607,632 | 34,832 |
| Information technology | 12,458,607 | 11,797,215 | 11,200,750 | 596,465 |
| Total general and financial administration | <u>56,723,529</u> | <u>63,921,289</u> | <u>61,593,500</u> | <u>2,327,789</u> |
| Board of elections: | | | | |
| Election commission | 1,292,871 | 1,494,254 | 1,478,707 | 15,547 |
| Total board of elections | <u>1,292,871</u> | <u>1,494,254</u> | <u>1,478,707</u> | <u>15,547</u> |
| Total general government administration | <u>59,114,181</u> | <u>66,572,576</u> | <u>64,070,896</u> | <u>2,501,680</u> |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit Court | 2,960,352 | 3,424,189 | 3,029,537 | 394,652 |
| General District Court | 214,556 | 241,812 | 238,059 | 3,753 |
| Juvenile and Domestic Relations Court | 2,331,268 | 2,306,451 | 2,238,454 | 67,997 |
| Total Courts | <u>5,506,176</u> | <u>5,972,452</u> | <u>5,506,050</u> | <u>466,402</u> |
| Commonwealth's Attorney: | | | | |
| Commonwealth's Attorney | 4,362,490 | 4,549,474 | 4,394,521 | 154,953 |
| Total Commonwealth's Attorney | <u>4,362,490</u> | <u>4,549,474</u> | <u>4,394,521</u> | <u>154,953</u> |
| Total judicial administration | <u>9,868,666</u> | <u>10,521,926</u> | <u>9,900,571</u> | <u>621,355</u> |
| Public safety: | | | | |
| Law enforcement: | | | | |
| Police department | 61,367,954 | 66,733,974 | 65,755,825 | 978,149 |
| Total law enforcement | <u>61,367,954</u> | <u>66,733,974</u> | <u>65,755,825</u> | <u>978,149</u> |
| Fire services: | | | | |
| Fire department | 49,254,470 | 52,078,107 | 51,120,880 | 957,227 |
| Total fire services | <u>49,254,470</u> | <u>52,078,107</u> | <u>51,120,880</u> | <u>957,227</u> |
| Correction and detention: | | | | |
| Sheriff | 33,960,713 | 36,790,383 | 36,481,455 | 308,928 |
| Juvenile and Domestic Relations District Court | 3,271,174 | 3,271,174 | 3,263,460 | 7,714 |
| Total correction and detention | <u>37,231,887</u> | <u>40,061,557</u> | <u>39,744,915</u> | <u>316,642</u> |
| Inspections: | | | | |
| Building | 4,091,527 | 4,126,424 | 3,800,236 | 326,188 |
| Total inspections | <u>4,091,527</u> | <u>4,126,424</u> | <u>3,800,236</u> | <u>326,188</u> |
| Other protection: | | | | |
| Office of emergency services | 392,676 | 379,411 | 374,911 | 4,500 |
| Animal protection | 1,468,562 | 1,299,728 | 1,281,471 | 18,257 |
| Building security | 1,439,293 | 1,444,417 | 1,298,421 | 145,996 |
| Total other protection | <u>3,300,531</u> | <u>3,123,556</u> | <u>2,954,803</u> | <u>168,753</u> |
| Total public safety | <u>155,246,369</u> | <u>166,123,618</u> | <u>163,376,659</u> | <u>2,746,959</u> |

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 | \$ 1,331,982 | \$ 1,430,404 | \$ 1,351,920 | \$ 78,484 |
| Mass transit | 5,168,983 | 5,900,420 | 6,109,842 | (209,422) |
| Design | 1,904,611 | 1,981,448 | 1,848,745 | 132,703 |
| Construction and maintenance | 22,218,040 | 27,078,664 | 24,387,763 | 2,690,901 |
| Traffic engineering | 3,239,348 | 3,039,598 | 2,543,932 | 495,666 |
| Miscellaneous | 1,641,333 | 1,817,823 | 1,635,261 | 182,562 |
| Total maintenance of highways and streets | <u>35,504,297</u> | <u>41,248,357</u> | <u>37,877,463</u> | <u>3,370,894</u> |
| Sanitation and waste removal: | | | | |
| Leaf collection | 3,064,001 | 3,064,001 | 3,064,001 | - |
| Total sanitation and waste removal | <u>3,064,001</u> | <u>3,064,001</u> | <u>3,064,001</u> | <u>-</u> |
| Total public works | <u>38,568,298</u> | <u>44,312,358</u> | <u>40,941,464</u> | <u>3,370,894</u> |
| Health and social services: | | | | |
| Health: | | | | |
| Public health department | 1,653,542 | 1,734,819 | 1,734,713 | 106 |
| Total health | <u>1,653,542</u> | <u>1,734,819</u> | <u>1,734,713</u> | <u>106</u> |
| Social services: | | | | |
| Service staff | 5,439,125 | 5,181,045 | 5,006,530 | 174,515 |
| Service/Eligibility Administration | 5,480,862 | 5,119,326 | 4,879,169 | 240,157 |
| Welfare programs | 1,934,928 | 3,792,971 | 3,626,329 | 166,642 |
| Public assistance | 1,742,234 | 4,000,799 | 3,851,895 | 148,904 |
| Total social services | <u>14,597,149</u> | <u>18,094,141</u> | <u>17,363,923</u> | <u>730,218</u> |
| Total health and social services | <u>16,250,691</u> | <u>19,828,960</u> | <u>19,098,636</u> | <u>730,324</u> |
| Parks, recreation and cultural: | | | | |
| Parks and recreation: | | | | |
| Department of recreation and parks | 17,372,798 | 17,804,591 | 16,568,219 | 1,236,372 |
| Sandston Community House | 14,000 | 14,000 | 11,619 | 2,381 |
| Total parks and recreation | <u>17,386,798</u> | <u>17,818,591</u> | <u>16,579,838</u> | <u>1,238,753</u> |
| Library: | | | | |
| Library public services | 15,059,497 | 15,100,323 | 13,916,655 | 1,183,668 |
| Total library | <u>15,059,497</u> | <u>15,100,323</u> | <u>13,916,655</u> | <u>1,183,668</u> |
| Total parks, recreation and cultural | <u>32,446,295</u> | <u>32,918,914</u> | <u>30,496,493</u> | <u>2,422,421</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Economic development | 15,635,319 | 16,862,066 | 16,644,517 | 217,549 |
| Planning and rezoning | 3,772,313 | 3,866,190 | 3,589,869 | 276,321 |
| Total planning and community development | <u>19,407,632</u> | <u>20,728,256</u> | <u>20,234,386</u> | <u>493,870</u> |
| Cooperative extension program: | | | | |
| Agriculture | 354,492 | 355,285 | 327,036 | 28,249 |
| Total cooperative extension program | <u>354,492</u> | <u>355,285</u> | <u>327,036</u> | <u>28,249</u> |
| Total community development | <u>19,762,124</u> | <u>21,083,541</u> | <u>20,561,422</u> | <u>522,119</u> |
| Education: | | | | |
| School Board | 174,770,145 | 174,770,145 | 174,770,145 | - |
| Total education | <u>174,770,145</u> | <u>174,770,145</u> | <u>174,770,145</u> | <u>-</u> |

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit 12
Page 3 of 4

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| Primary Government: | | | | |
| General Fund, continued: | | | | |
| Miscellaneous: | | | | |
| Cooperative projects | \$ 15,249,918 | \$ 15,196,955 | \$ 14,682,146 | \$ 514,809 |
| Total miscellaneous | <u>15,249,918</u> | <u>15,196,955</u> | <u>14,682,146</u> | <u>514,809</u> |
| Debt service: | | | | |
| Capital lease principal | 336,848 | 336,848 | 336,848 | - |
| Capital lease interest | 47,319 | 47,319 | 47,319 | - |
| Total debt service | <u>384,167</u> | <u>384,167</u> | <u>384,167</u> | <u>-</u> |
| Total General Fund | <u>\$ 521,660,854</u> | <u>\$ 551,713,160</u> | <u>\$ 538,282,599</u> | <u>\$ 13,430,561</u> |
| Special Revenue Fund: | | | | |
| General government administration: | | | | |
| General and financial administration: | | | | |
| Workforce investment | \$ 5,485,944 | \$ 10,169,952 | \$ 6,442,146 | \$ 3,727,806 |
| Total general government administration | <u>5,485,944</u> | <u>10,169,952</u> | <u>6,442,146</u> | <u>3,727,806</u> |
| Judicial administration: | | | | |
| Commonwealth's Attorney | 873,837 | 1,341,784 | 910,984 | 430,800 |
| Total judicial administration | <u>873,837</u> | <u>1,341,784</u> | <u>910,984</u> | <u>430,800</u> |
| Public safety: | | | | |
| Law enforcement: | | | | |
| Traffic accident investigation | 1,486,924 | 6,170,740 | 4,351,642 | 1,819,098 |
| Total law enforcement | <u>1,486,924</u> | <u>6,170,740</u> | <u>4,351,642</u> | <u>1,819,098</u> |
| Fire | - | 494,200 | 278,767 | 215,433 |
| Correction and detention: | | | | |
| Community Diversion Program | 1,758,065 | 2,000,394 | 1,685,752 | 314,642 |
| Juvenile and Domestic Relations District Court | 900,115 | 1,049,478 | 808,774 | 240,704 |
| Total correction and detention | <u>2,658,180</u> | <u>3,049,872</u> | <u>2,494,526</u> | <u>555,346</u> |
| Total public safety | <u>4,145,104</u> | <u>9,714,812</u> | <u>7,124,935</u> | <u>2,589,877</u> |
| Public works: | | | | |
| General administration | 897,000 | 1,230,386 | 66,084 | 1,164,302 |
| Maintenance of highways and streets | 83,100 | 83,100 | 70,573 | 12,527 |
| Solid waste collection and disposal | 12,331,964 | 12,688,866 | 10,265,577 | 2,423,289 |
| Total public works | <u>13,312,064</u> | <u>14,002,352</u> | <u>10,402,234</u> | <u>3,600,118</u> |
| Health and social services: | | | | |
| Social services | 7,743,396 | 10,835,014 | 7,092,654 | 3,742,360 |
| Mental health and developmental services: | | | | |
| Related services | 4,657,126 | 5,370,752 | 4,111,285 | 1,259,467 |
| Mental health | 10,869,630 | 11,491,185 | 10,214,207 | 1,276,978 |
| Developmental Services | 10,005,671 | 10,730,602 | 9,610,229 | 1,120,373 |
| Substance abuse | 2,478,337 | 2,616,979 | 2,407,413 | 209,566 |
| MH/DS administration | 4,815,132 | 5,126,706 | 4,834,486 | 292,220 |
| Total mental health and developmental services | <u>32,825,896</u> | <u>35,336,224</u> | <u>31,177,620</u> | <u>4,158,604</u> |
| Total health and social services | <u>40,569,292</u> | <u>46,171,238</u> | <u>38,270,274</u> | <u>7,900,964</u> |
| Parks, recreation and culture: | | | | |
| Parks and recreation grants | - | 12,233 | 11,450 | 783 |
| Total parks, recreation and culture | <u>-</u> | <u>12,233</u> | <u>11,450</u> | <u>783</u> |

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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 | \$ - | \$ 3,833,164 | \$ 2,017,423 | \$ 1,815,741 |
| Economic development | 100,201 | 7,556,894 | 6,108,000 | 1,448,894 |
| Total community development | <u>100,201</u> | <u>11,390,058</u> | <u>8,125,423</u> | <u>3,264,635</u> |
| Debt service: | | | | |
| Capital lease principal | 21,801 | 21,801 | 21,801 | - |
| Capital lease interest | 4,012 | 4,012 | 4,012 | - |
| Total debt service | <u>25,813</u> | <u>25,813</u> | <u>25,813</u> | <u>-</u> |
| Total Special Revenue Fund | <u>\$ 64,512,255</u> | <u>\$ 92,828,242</u> | <u>\$ 71,313,259</u> | <u>\$ 21,514,983</u> |
| Grand Total Expenditures - Primary Government | <u>\$ 586,173,109</u> | <u>\$ 644,541,402</u> | <u>\$ 609,595,858</u> | <u>\$ 34,945,544</u> |



COUNTY OF HENRICO, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY
INFORMATION
JUNE 30, 2013

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, 2013

Schedule 1

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

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Schedule 2

| Function, Activity, Element | Original | Revised | Actual | Variance |
|--------------------------------|----------------------|----------------------|----------------------|------------------|
| Primary Government: | | | | |
| Debt Service Fund: | | | | |
| Miscellaneous | \$ 50,000 | \$ 176,982 | \$ 281,491 | \$ (104,509) |
| Debt Service: | | | | |
| Principal payments | 38,160,000 | 38,523,488 | 38,510,000 | 13,488 |
| Interest payments | 22,772,784 | 22,282,315 | 22,111,115 | 171,200 |
| Total Debt Service | <u>60,932,784</u> | <u>60,805,803</u> | <u>60,621,115</u> | <u>184,688</u> |
| Total Debt Service Fund | <u>\$ 60,982,784</u> | <u>\$ 60,982,785</u> | <u>\$ 60,902,606</u> | <u>\$ 80,179</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, 2013**

Schedule 3

| | Governmental Activities - Internal Service Funds | | | |
|---|---|--|-----------------------------|-----------------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | Total |
| Assets: | | | | |
| Cash and cash equivalents | \$ 7,616,896 | \$ 6,524,143 | \$ 24,749,377 | \$ 38,890,416 |
| Receivables, net | 7,480 | - | - | 7,480 |
| Due from other funds | - | - | 1,070,119 | 1,070,119 |
| Due from component unit | - | - | 184,868 | 184,868 |
| Inventories | 848,332 | - | - | 848,332 |
| Other assets | - | - | 13,591 | 13,591 |
| Total current assets | <u>8,472,708</u> | <u>6,524,143</u> | <u>26,017,955</u> | <u>41,014,806</u> |
| Capital Assets: | | | | |
| Other capital assets, net | 12,479,450 | - | - | 12,479,450 |
| Capital assets, net | <u>12,479,450</u> | <u>-</u> | <u>-</u> | <u>12,479,450</u> |
| Total Assets | <u><u>\$ 20,952,158</u></u> | <u><u>\$ 6,524,143</u></u> | <u><u>\$ 26,017,955</u></u> | <u><u>\$ 53,494,256</u></u> |
| Liabilities: | | | | |
| Accounts payable | \$ 822,239 | \$ 2,954 | \$ - | \$ 825,193 |
| Accrued liabilities | - | - | 5,764,335 | 5,764,335 |
| Due to other funds | 19,309 | - | - | 19,309 |
| Long-term liabilities due within one year | 229,360 | - | 5,076,379 | 5,305,739 |
| Total current liabilities | <u>1,070,908</u> | <u>2,954</u> | <u>10,840,714</u> | <u>11,914,576</u> |
| Long-term liabilities due in more than one year | 88,175 | - | 2,636,621 | 2,724,796 |
| Total liabilities | <u>1,159,083</u> | <u>2,954</u> | <u>13,477,335</u> | <u>14,639,376</u> |
| Net Position: | | | | |
| Net investment in capital assets | 12,476,635 | - | - | 12,476,635 |
| Unrestricted | 7,316,440 | 6,521,189 | 12,540,620 | 26,378,249 |
| Total net position | <u>19,793,075</u> | <u>6,521,189</u> | <u>12,540,620</u> | <u>38,854,884</u> |
| Total Liabilities and Net Position | <u><u>\$ 20,952,158</u></u> | <u><u>\$ 6,524,143</u></u> | <u><u>\$ 26,017,955</u></u> | <u><u>\$ 53,494,256</u></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, 2013**

Schedule 4

| | Governmental Activities - Internal Service Funds | | | |
|---|---|--|----------------------------|----------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | Total |
| Operating Revenues: | | | | |
| Charges for services: | | | | |
| Interdepartmental charges | \$ 20,140,383 | \$ - | \$ - | \$ 20,140,383 |
| Contributions: | | | | |
| Employer | - | - | 60,117,252 | 60,117,252 |
| Employee | - | - | 16,084,273 | 16,084,273 |
| Retiree | - | - | 3,173,624 | 3,173,624 |
| Disabled | - | - | 100,852 | 100,852 |
| Other | 9,064 | 192 | 282,382 | 291,638 |
| Total operating revenues | <u>20,149,447</u> | <u>192</u> | <u>79,758,383</u> | <u>99,908,022</u> |
| Operating Expenses: | | | | |
| Utility charges | 114,811 | - | - | 114,811 |
| Personnel services and benefits | 3,951,454 | - | 78,072,063 | 82,023,517 |
| Professional services | 68,786 | - | - | 68,786 |
| Materials and supplies | 12,319,770 | 2,332,042 | - | 14,651,812 |
| Maintenance and repairs | 2,464,893 | - | - | 2,464,893 |
| Other expenses | 219,755 | - | 1,608,387 | 1,828,142 |
| Depreciation | 2,015,230 | - | - | 2,015,230 |
| Total operating expenses | <u>21,154,699</u> | <u>2,332,042</u> | <u>79,680,450</u> | <u>103,167,191</u> |
| Operating (loss) income | <u>(1,005,252)</u> | <u>(2,331,850)</u> | <u>77,933</u> | <u>(3,259,169)</u> |
| Nonoperating (Expenses) Revenues: | | | | |
| Gain on sale of equipment | 250,044 | - | - | 250,044 |
| Other income | 93,597 | - | - | 93,597 |
| Investment income | - | - | 73,859 | 73,859 |
| Total nonoperating revenues, net | <u>343,641</u> | <u>-</u> | <u>73,859</u> | <u>417,500</u> |
| Loss before capital contributions | <u>(661,611)</u> | <u>(2,331,850)</u> | <u>151,792</u> | <u>(2,841,669)</u> |
| Capital contributions - donated assets | <u>15,760</u> | <u>-</u> | <u>-</u> | <u>15,760</u> |
| Change in net position | <u>(645,851)</u> | <u>(2,331,850)</u> | <u>151,792</u> | <u>(2,825,909)</u> |
| Total Net Position - June 30, 2012 | <u>20,438,926</u> | <u>8,853,039</u> | <u>12,388,828</u> | <u>41,680,793</u> |
| Total Net Position - June 30, 2013 | <u>\$ 19,793,075</u> | <u>\$ 6,521,189</u> | <u>\$ 12,540,620</u> | <u>\$ 38,854,884</u> |

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Schedule 5

| | Governmental Activities - Internal Service Funds | | | |
|--|--|-----------------------------------|-----------------------------|-----------------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | Total |
| Cash Flows From Operating Activities: | | | | |
| Receipts from customers | \$ 20,147,880 | \$ 192 | \$ 79,729,585 | \$ 99,877,657 |
| Payments to suppliers | (15,082,999) | (2,329,801) | (74,272,068) | (91,684,868) |
| Payments to employees | (3,957,011) | - | - | (3,957,011) |
| Net cash provided by (used in) operating activities | <u>1,107,870</u> | <u>(2,329,609)</u> | <u>5,457,517</u> | <u>4,235,778</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Purchase of capital assets | (1,207,554) | - | - | (1,207,554) |
| Payment for capital lease obligations | (1,280) | - | - | (1,280) |
| Proceeds from sale of capital assets | 344,063 | - | - | 344,063 |
| Net cash used in capital and related financing activities | <u>(864,771)</u> | <u>-</u> | <u>-</u> | <u>(864,771)</u> |
| Cash Flows From Investing Activities: | | | | |
| Investment income received | - | - | 73,859 | 73,859 |
| Net increase (decrease) in Cash | <u>243,099</u> | <u>(2,329,609)</u> | <u>5,531,376</u> | <u>3,444,866</u> |
| Cash and cash equivalents - June 30, 2012 | <u>7,373,797</u> | <u>8,853,752</u> | <u>19,218,001</u> | <u>35,445,550</u> |
| Cash and cash equivalents - June 30, 2013 | <u><u>\$ 7,616,896</u></u> | <u><u>\$ 6,524,143</u></u> | <u><u>\$ 24,749,377</u></u> | <u><u>\$ 38,890,416</u></u> |
| Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used In) Operating Activities: | | | | |
| Operating (loss) income | \$ (1,005,252) | \$ (2,331,850) | \$ 77,933 | \$ (3,259,169) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 2,015,230 | - | - | 2,015,230 |
| Change in assets and liabilities: | | | | |
| Receivables | (1,567) | - | - | (1,567) |
| Inventories | (102,069) | - | - | (102,069) |
| Due from other funds | - | - | (22,610) | (22,610) |
| Due from component unit | - | - | (6,188) | (6,188) |
| Other assets | - | - | 2,047 | 2,047 |
| Accounts payable | 205,992 | 2,241 | - | 208,233 |
| Due to other funds | 386 | - | - | 386 |
| Accrued liabilities | (4,850) | - | 5,406,335 | 5,401,485 |
| Net cash provided by (used in) operating activities | <u><u>\$ 1,107,870</u></u> | <u><u>\$ (2,329,609)</u></u> | <u><u>\$ 5,457,517</u></u> | <u><u>\$ 4,235,778</u></u> |

Supplemental disclosures fo noncash investing and financing activities:

Central Automotive Maintenance received donated equipment during the fiscal year end June 30, 2013 valued at \$15,760.

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.

**COUNTY OF HENRICO, VIRGINIA
 COMBINING STATEMENTS OF ASSETS AND LIABILITIES
 AGENCY FUNDS
 JUNE 30, 2013**

Schedule 6

| | Agency Funds | | | |
|---------------------------|-------------------------|--------------------|----------------------------------|-------------------|
| | Long-Term Disability | Special Welfare | Mental Health and Retardation | Total |
| Assets: | | | | |
| Cash and cash equivalents | \$ 686,907 | \$ 100,401 | \$ 49,622 | \$ 836,930 |
| Total Assets | <u>\$ 686,907</u> | <u>\$ 100,401</u> | <u>\$ 49,622</u> | <u>\$ 836,930</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 686,907 | \$ 100,246 | \$ 49,622 | \$ 836,775 |
| Accounts payable | - | 155 | - | 155 |
| Total Liabilities | <u>\$ 686,907</u> | <u>\$ 100,401</u> | <u>\$ 49,622</u> | <u>\$ 836,930</u> |

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Schedule 7

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|---------------------------------------|-------------------|---------------------|-------------------|--------------------|
| Long Term Disability: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 473,649 | \$ 674,635 | \$ 461,377 | \$ 686,907 |
| Total assets | <u>\$ 473,649</u> | <u>\$ 674,635</u> | <u>\$ 461,377</u> | <u>\$ 686,907</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 473,649 | \$ 674,635 | \$ 461,377 | \$ 686,907 |
| Total liabilities | <u>\$ 473,649</u> | <u>\$ 674,635</u> | <u>\$ 461,377</u> | <u>\$ 686,907</u> |
| Special Welfare: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 96,683 | \$ 172,755 | \$ 169,037 | \$ 100,401 |
| Total assets | <u>\$ 96,683</u> | <u>\$ 172,755</u> | <u>\$ 169,037</u> | <u>\$ 100,401</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 96,528 | \$ 172,635 | \$ 168,917 | \$ 100,246 |
| Accounts payable | 155 | 119 | 119 | 155 |
| Total liabilities | <u>\$ 96,683</u> | <u>\$ 172,754</u> | <u>\$ 169,036</u> | <u>\$ 100,401</u> |
| Mental Health and Retardation: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 45,278 | \$ 301,876 | \$ 297,532 | \$ 49,622 |
| Total assets | <u>\$ 45,278</u> | <u>\$ 301,876</u> | <u>\$ 297,532</u> | <u>\$ 49,622</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 45,278 | \$ 301,876 | \$ 297,532 | \$ 49,622 |
| Total liabilities | <u>\$ 45,278</u> | <u>\$ 301,876</u> | <u>\$ 297,532</u> | <u>\$ 49,622</u> |
| Totals: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 615,610 | \$ 1,149,266 | \$ 927,946 | \$ 836,930 |
| Total assets | <u>\$ 615,610</u> | <u>\$ 1,149,266</u> | <u>\$ 927,946</u> | <u>\$ 836,930</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 615,455 | \$ 1,149,146 | \$ 927,826 | \$ 836,775 |
| Accounts payable | 155 | 119 | 119 | 155 |
| Total liabilities | <u>\$ 615,610</u> | <u>\$ 1,149,265</u> | <u>\$ 927,945</u> | <u>\$ 836,930</u> |



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, 2013**

Schedule 8

| | Governmental Funds | | | Totals |
|--|------------------------------------|--|---|----------------------|
| | School General Fund | School Special Revenue Fund | School Capital Projects Fund | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 1,244,844 | \$ 3,513,734 | \$ 4,022,478 | \$ 8,781,056 |
| Other assets | - | 15,158 | - | 15,158 |
| Due from Primary Government | - | - | 10,135,043 | 10,135,043 |
| Due from other governmental units | 3,903,441 | 12,686,051 | - | 16,589,492 |
| Total Assets | <u>\$ 5,148,285</u> | <u>\$ 16,214,943</u> | <u>\$ 14,157,521</u> | <u>\$ 35,520,749</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 718,974 | \$ 1,361,618 | \$ 15,005 | \$ 2,095,597 |
| Accrued liabilities | 1,055,197 | 107,559 | 551,549 | 1,714,305 |
| Amounts held for others | 83,738 | - | - | 83,738 |
| Due to Primary Government | 163,601 | 5,343 | - | 168,944 |
| Unearned revenues | - | 7,460,217 | - | 7,460,217 |
| Total liabilities | <u>2,021,510</u> | <u>8,934,737</u> | <u>566,554</u> | <u>11,522,801</u> |
| Fund balances: | | | | |
| Restricted | - | 7,280,206 | - | 7,280,206 |
| Committed | - | - | 13,590,967 | 13,590,967 |
| Assigned | 3,121,330 | - | - | 3,121,330 |
| Unassigned | 5,445 | - | - | 5,445 |
| Total fund balances | <u>3,126,775</u> | <u>7,280,206</u> | <u>13,590,967</u> | <u>23,997,948</u> |
| Total Liabilities and Fund Balances | <u>\$ 5,148,285</u> | <u>\$ 16,214,943</u> | <u>\$ 14,157,521</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 other assets, but is not included in the governmental funds. | \$ (1,170,103) |
| Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds. | 234,534,870 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. | <u>(21,528,016)</u> |
| Net Position of Discretely Presented Component Unit - School Board | <u>\$ 235,834,699</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, 2013**

Schedule 9

| | Governmental Funds | | | Total |
|--|---------------------------|--------------------------------------|---------------------------------------|----------------|
| | School General Fund | School Special Revenue Fund | School Capital Projects Fund | |
| Revenues: | | | | |
| Permits, privilege fees and regulatory licenses | \$ 459,018 | \$ - | \$ - | \$ 459,018 |
| Charges for services | 138,752 | 7,981,584 | - | 8,120,336 |
| Miscellaneous | - | 171,559 | - | 171,559 |
| Recovered costs | 397,547 | - | - | 397,547 |
| Intergovernmental: | | | | |
| Federal | 6,593,062 | 35,902,779 | - | 42,495,841 |
| State | 223,935,709 | 9,227,199 | - | 233,162,908 |
| Total revenues | 231,524,088 | 53,283,121 | - | 284,807,209 |
| Expenditures: | | | | |
| Education | 406,776,850 | 51,279,064 | - | 458,055,914 |
| Capital projects | - | - | 6,059,291 | 6,059,291 |
| Debt service: | | | | |
| Principal retirement | 8,296,800 | - | - | 8,296,800 |
| Interest | 18,838 | - | - | 18,838 |
| Total expenditures | 415,092,488 | 51,279,064 | 6,059,291 | 472,430,843 |
| Excess (deficiency) of revenues over (under) expenditures | (183,568,400) | 2,004,057 | (6,059,291) | (187,623,634) |
| Other Financing Sources: | | | | |
| Capital lease obligations incurred | 3,937,677 | - | - | 3,937,677 |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Payment from Primary Government | 174,770,145 | - | 3,197,316 | 177,967,461 |
| Total other financing sources | 178,707,822 | - | 3,197,316 | 181,905,138 |
| Excess (deficiency) of revenues and other sources over (under) expenditures and other uses | (4,860,578) | 2,004,057 | (2,861,975) | (5,718,496) |
| Fund Balances - June 30, 2012 | 7,987,353 | 5,276,149 | 16,452,942 | 29,716,444 |
| Fund Balances - June 30, 2013 | \$ 3,126,775 | \$ 7,280,206 | \$ 13,590,967 | \$ 23,997,948 |
| Adjustments for the Statement of Activities: | | | | |
| Deficiency of revenues and other sources under expenditures and other uses | | | | \$ (5,718,496) |
| 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. | | | | 8,296,800 |
| Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. | | | | (18,873,673) |
| Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets. | | | | 14,355,659 |
| Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities | | | | (3,937,677) |
| 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. | | | | (1,026,800) |
| 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. | | | | (2,577,694) |
| Change in Net Position of Discretely Presented Component Unit - School Board | | | | \$ (9,481,881) |



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, 2013

Schedule 10

| | Agency Funds |
|---------------------------|---------------------|
| Assets: | |
| Cash and cash equivalents | \$ 4,902,620 |
| Total Assets | \$ 4,902,620 |
| Liabilities: | |
| Amounts held for others | \$ 4,902,620 |
| Total Liabilities | \$ 4,902,620 |

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, 2013

Schedule 11

| | Balance July 1 | Additions | Deletions | Balance June 30 |
|------------------------------|---------------------------|----------------------|----------------------|----------------------------|
| School Activity Fund: | | | | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 4,851,195 | \$ 15,253,281 | \$ 15,201,856 | \$ 4,902,620 |
| Total assets | <u>\$ 4,851,195</u> | <u>\$ 15,253,281</u> | <u>\$ 15,201,856</u> | <u>\$ 4,902,620</u> |
| Liabilities: | | | | |
| Amounts due to others | \$ 4,851,195 | \$ 15,253,281 | \$ 15,201,856 | \$ 4,902,620 |
| Total liabilities | <u>\$ 4,851,195</u> | <u>\$ 15,253,281</u> | <u>\$ 15,201,856</u> | <u>\$ 4,902,620</u> |

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 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 | \$ 106,630 | \$ 6,630 |
| Facilities rental | 350,000 | 350,000 | 352,388 | 2,388 |
| Total permits, privilege fees and regulatory licenses | <u>450,000</u> | <u>450,000</u> | <u>459,018</u> | <u>9,018</u> |
| Charges for services: | | | | |
| School fees and tuitions | 160,000 | 160,000 | 138,752 | (21,248) |
| Total charges for services | <u>160,000</u> | <u>160,000</u> | <u>138,752</u> | <u>(21,248)</u> |
| Recovered cost: | | | | |
| Sale of vehicles, textbooks and equipment | 115,000 | 115,000 | 73,081 | (41,919) |
| Lost/damaged textbook payments | 22,000 | 22,000 | 9,226 | (12,774) |
| Payment for services - parks and recreation | 175,000 | 175,000 | 144,865 | (30,135) |
| Recovered cost - student activities | 170,000 | 170,000 | 170,375 | 375 |
| Total recovered cost | <u>482,000</u> | <u>482,000</u> | <u>397,547</u> | <u>(84,453)</u> |
| Total revenue from local sources | <u>1,092,000</u> | <u>1,092,000</u> | <u>995,317</u> | <u>(96,683)</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Talented and gifted program | 1,278,000 | 1,278,000 | 1,288,198 | 10,198 |
| English as a second language | 1,300,000 | 1,300,000 | 1,567,220 | 267,220 |
| General appropriation - basic aid | 119,000,000 | 119,000,000 | 122,043,212 | 3,043,212 |
| Foster child reimbursement | 152,000 | 152,000 | - | (152,000) |
| Textbooks | 2,000,000 | 2,000,000 | 2,512,826 | 512,826 |
| Social security reimbursement | 7,110,000 | 7,110,000 | 7,169,100 | 59,100 |
| Retirement reimbursement | 11,800,000 | 11,800,000 | 11,957,835 | 157,835 |
| Life insurance reimbursement | 440,000 | 440,000 | 448,069 | 8,069 |
| Remedial education | 2,775,000 | 2,775,000 | 2,800,430 | 25,430 |
| Share of State sales tax - schools | 47,000,000 | 47,000,000 | 48,152,814 | 1,152,814 |
| SOQ - basic special education | 14,560,000 | 14,560,000 | 14,674,252 | 114,252 |
| Special education - homebound | 165,000 | 165,000 | 163,128 | (1,872) |
| Vocational education - local administrative and supervisory | 500,000 | 500,000 | 583,308 | 83,308 |
| Vocational education - adult education | - | - | 211,326 | 211,326 |
| Vocational education - SOQ occupational | 1,580,000 | 1,580,000 | 1,596,245 | 16,245 |
| Handicapped - foster home | 850,000 | 850,000 | 354,347 | (495,653) |
| Salary incentive K-3 | 2,525,000 | 2,525,000 | 3,094,418 | 569,418 |
| R.O.T.C. | 300,000 | 300,000 | 437,721 | 137,721 |
| Adult basic aid | - | - | 73,987 | 73,987 |
| At risk | 2,000,000 | 2,000,000 | 2,388,898 | 388,898 |
| Preschool | - | 3,902,500 | 2,244,737 | (1,657,763) |
| Other categorical aid | 110,000 | 110,000 | 173,638 | 63,638 |
| Total categorical aid | <u>215,445,000</u> | <u>219,347,500</u> | <u>223,935,709</u> | <u>4,588,209</u> |
| Total revenue from the Commonwealth | <u>215,445,000</u> | <u>219,347,500</u> | <u>223,935,709</u> | <u>4,588,209</u> |
| Revenue from the Federal government: | | | | |
| Jobs Funds | 5,500,000 | 6,593,062 | 6,593,062 | - |

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 | 5,500,000 | 6,593,062 | 6,593,062 | - |
| Total intergovernmental | 220,945,000 | 225,940,562 | 230,528,771 | 4,588,209 |
| Total Component Unit - General Fund | \$ 222,037,000 | \$ 227,032,562 | \$ 231,524,088 | \$ 4,491,526 |
| Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Cafeteria receipts | \$ 9,208,473 | \$ 9,208,473 | \$ 7,981,584 | \$ (1,226,889) |
| Total charges for services | 9,208,473 | 9,208,473 | 7,981,584 | (1,226,889) |
| Miscellaneous: | | | | |
| Miscellaneous | - | - | 2,485 | 2,485 |
| Recoveries and rebates | 127,293 | 127,293 | 169,074 | 41,781 |
| Total miscellaneous | 127,293 | 127,293 | 171,559 | 44,266 |
| Total revenue from local sources | 9,335,766 | 9,335,766 | 8,153,143 | (1,182,623) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Juvenile detention center | 1,291,624 | 1,291,624 | 1,306,307 | 14,683 |
| Technology | 1,818,000 | 1,818,000 | 1,557,475 | (260,525) |
| Summer school | 1,607,789 | 1,607,789 | 385,355 | (1,222,434) |
| General adult education | 464,943 | 464,943 | 892,031 | 427,088 |
| State SOL | 492,147 | 492,147 | 410,658 | (81,489) |
| School lunch program | 468,137 | 468,137 | 436,147 | (31,990) |
| Other state educational grants | 6,669,537 | 6,669,537 | 4,239,226 | (2,430,311) |
| Total revenue from the Commonwealth | 12,812,177 | 12,812,177 | 9,227,199 | (3,584,978) |
| Revenue from the Federal Government: | | | | |
| Title I | 8,272,376 | 8,272,376 | 8,055,668 | (216,708) |
| Title VI-B | 9,944,554 | 9,944,554 | 9,006,642 | (937,912) |
| Vocational federal act | - | - | 538,555 | 538,555 |
| Head start | 1,720,080 | 1,720,080 | 1,357,524 | (362,556) |
| Pre-school | 259,901 | 259,901 | 166,189 | (93,712) |
| School lunch program | 8,834,326 | 8,834,326 | 8,169,023 | (665,303) |
| School breakfast program | - | - | 2,484,846 | 2,484,846 |
| Other Federal educational grants | 10,032,555 | 10,032,555 | 6,124,332 | (3,908,223) |
| Total revenue from the Federal government | 39,063,792 | 39,063,792 | 35,902,779 | (3,161,013) |
| Total intergovernmental | 51,875,969 | 51,875,969 | 45,129,978 | (6,745,991) |
| Total Component Unit - Special Revenue Fund | \$ 61,211,735 | \$ 61,211,735 | \$ 53,283,121 | \$ (7,928,614) |
| Grand Total Revenues - Component Unit - School Board | \$ 283,248,735 | \$ 288,244,297 | \$ 284,807,209 | \$ (3,437,088) |

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

Schedule 13

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|---|----------------------------|---------------------------|-----------------------|----------------------|
| Component Unit - School Board: | | | | |
| General Fund: | | | | |
| Education: | | | | |
| Administration of schools: | | | | |
| Administration | \$ 45,165,747 | \$ 47,570,217 | \$ 44,187,848 | \$ 3,382,369 |
| Instructional | 278,210,230 | 287,635,856 | 289,346,211 | (1,710,355) |
| Educational programs and services | 5,094,012 | 5,177,477 | 4,923,294 | 254,183 |
| Transportation | 23,516,809 | 27,008,372 | 26,858,143 | 150,229 |
| Operation and maintenance | 43,747,564 | 41,998,194 | 41,461,354 | 536,840 |
| Total administration of schools | <u>395,734,362</u> | <u>409,390,116</u> | <u>406,776,850</u> | <u>2,613,266</u> |
| Debt Service: | | | | |
| Principal retirement | 8,296,800 | 8,296,800 | 8,296,800 | - |
| Interest | 18,838 | 18,838 | 18,838 | - |
| Total debt service | <u>8,315,638</u> | <u>8,315,638</u> | <u>8,315,638</u> | <u>-</u> |
| Total education | <u>404,050,000</u> | <u>417,705,754</u> | <u>415,092,488</u> | <u>2,613,266</u> |
| Total Component Unit - General Fund | <u>\$ 404,050,000</u> | <u>\$ 417,705,754</u> | <u>\$ 415,092,488</u> | <u>\$ 2,613,266</u> |
| Special Revenue Fund: | | | | |
| Education: | | | | |
| Instruction | \$ 41,841,234 | \$ 69,528,096 | \$ 32,275,751 | \$ 37,252,345 |
| Other educational programs | 732,272 | 830,241 | 309,844 | 520,397 |
| Total education | <u>42,573,506</u> | <u>70,358,337</u> | <u>32,585,595</u> | <u>37,772,742</u> |
| School food service | <u>18,638,229</u> | <u>19,801,935</u> | <u>18,693,469</u> | <u>1,108,466</u> |
| Total Component Unit - Special Revenue Fund | <u>\$ 61,211,735</u> | <u>\$ 90,160,272</u> | <u>\$ 51,279,064</u> | <u>\$ 38,881,208</u> |
| Grand Total Expenditures - Component Unit - School Board | <u>\$ 465,261,735</u> | <u>\$ 507,866,026</u> | <u>\$ 466,371,552</u> | <u>\$ 41,494,474</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

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 618,680 | \$ 660,171 | \$ 734,506 | \$ 795,307 | \$ 846,377 | \$ 917,136 | \$ 921,623 | \$ 946,772 | \$ 1,009,019 | \$ 1,029,263 |
| Restricted For: | | | | | | | | | | |
| Capital Projects | 39,903 | 45,800 | 42,176 | 83,043 | 87,472 | 73,835 | 86,705 | 94,717 | 80,728 | 93,239 |
| Debt Service | 24,589 | 28,288 | 27,293 | 30,881 | 32,847 | 40,667 | 38,006 | 35,199 | 37,787 | 34,667 |
| Special Revenue | 20,589 | 18,937 | 19,422 | 22,060 | 26,128 | 25,768 | 29,488 | 39,207 | 40,738 | 43,598 |
| Unrestricted | 101,333 | 114,439 | 143,902 | 161,949 | 184,450 | 214,984 | 203,684 | 182,965 | 129,229 | 110,705 |
| Total Governmental Activities Net Position | \$ 805,094 | \$ 867,635 | \$ 967,299 | \$ 1,093,240 | \$ 1,177,273 | \$ 1,272,390 | \$ 1,279,506 | \$ 1,298,860 | \$ 1,297,501 | \$ 1,311,472 |
| Business-type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 725,502 | \$ 773,417 | \$ 815,710 | \$ 826,625 | \$ 863,944 | \$ 885,430 | \$ 909,604 | \$ 923,622 | \$ 946,577 | \$ 969,304 |
| Debt Service | 11,590 | 11,470 | 11,453 | 15,885 | 15,699 | 15,129 | 16,704 | 16,516 | 16,516 | 15,070 |
| Unrestricted | 69,539 | 51,800 | 54,911 | 73,696 | 74,206 | 78,038 | 76,418 | 73,779 | 64,471 | 64,475 |
| Total Business-Type Activities Net Position | \$ 806,631 | \$ 836,687 | \$ 882,074 | \$ 916,205 | \$ 953,849 | \$ 978,597 | \$ 1,002,727 | \$ 1,013,917 | \$ 1,027,564 | \$ 1,048,849 |
| Primary Government: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,344,182 | \$ 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 |
| Restricted For: | | | | | | | | | | |
| Highways, Streets, and Buildings | 39,903 | 45,800 | 42,176 | 83,043 | 87,472 | 73,835 | 86,705 | 94,717 | 80,728 | 93,239 |
| Debt Service | 24,589 | 28,288 | 27,293 | 30,881 | 32,847 | 55,796 | 54,710 | 51,715 | 54,303 | 49,737 |
| Restricted Grants | 32,179 | 30,407 | 30,875 | 37,945 | 41,827 | 25,768 | 29,488 | 39,207 | 40,738 | 43,598 |
| Unrestricted | 170,872 | 166,239 | 198,813 | 235,645 | 258,656 | 293,022 | 280,102 | 256,744 | 193,700 | 175,180 |
| Total Primary Government Net Position | \$ 1,611,725 | \$ 1,704,322 | \$ 1,849,373 | \$ 2,009,446 | \$ 2,131,122 | \$ 2,250,987 | \$ 2,282,233 | \$ 2,312,777 | \$ 2,325,065 | \$ 2,360,321 |

Table may not foot due to rounding

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

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

Table II

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 66,700 | \$ 72,848 | \$ 67,016 | \$ 79,015 | \$ 100,488 | \$ 97,244 | \$ 102,595 | \$ 88,351 | \$ 96,745 | \$ 96,108 |
| Judicial Administration | 5,950 | 6,475 | 6,835 | 7,585 | 8,053 | 8,493 | 10,943 | 11,100 | 11,158 | 10,908 |
| Public Safety | 119,776 | 128,215 | 142,050 | 151,289 | 161,509 | 167,439 | 165,026 | 169,856 | 172,498 | 173,219 |
| Public Works | 65,727 | 53,711 | 54,640 | 60,957 | 61,590 | 65,154 | 77,785 | 71,986 | 75,272 | 70,303 |
| Health and Welfare | 47,945 | 50,924 | 54,016 | 57,777 | 60,903 | 62,145 | 67,543 | 60,937 | 60,572 | 57,700 |
| Education | 172,148 | 176,443 | 182,180 | 180,070 | 196,102 | 190,186 | 193,146 | 209,564 | 205,558 | 188,025 |
| Parks, Recreation and Culture | 22,731 | 24,497 | 26,090 | 28,748 | 33,624 | 34,829 | 35,204 | 34,329 | 34,987 | 34,781 |
| Community Development | 23,141 | 29,639 | 26,838 | 29,359 | 30,083 | 26,080 | 25,428 | 26,692 | 27,903 | 28,869 |
| Interest and Long-term Debt | 15,023 | 13,755 | 16,804 | 17,171 | 17,522 | 23,609 | 27,698 | 18,520 | 19,177 | 21,289 |
| Total Government Activities Expenses | 539,141 | 556,507 | 576,469 | 611,971 | 669,874 | 675,178 | 705,368 | 691,335 | 703,870 | 681,202 |
| Business-Type Activities: | | | | | | | | | | |
| Water and Sewer | 59,275 | 65,604 | 71,522 | 81,415 | 84,792 | 86,688 | 87,290 | 92,028 | 90,830 | 89,813 |
| Belmont Park Golf Course | 1,322 | 1,642 | 1,129 | 1,122 | 1,106 | 1,200 | 1,237 | 1,227 | 1,241 | 1,166 |
| Total Business-Type Activities Expenses | 60,597 | 67,246 | 72,651 | 82,537 | 85,898 | 87,888 | 88,527 | 93,255 | 92,071 | 90,979 |
| Total Primary Government Expenses | \$ 599,738 | \$ 623,753 | \$ 649,120 | \$ 694,508 | \$ 755,772 | \$ 763,066 | \$ 793,895 | \$ 784,590 | \$ 795,941 | \$ 772,181 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$ 20,189 | \$ 18,509 | \$ 18,439 | \$ 18,941 | \$ 16,298 | \$ 18,208 | \$ 15,207 | \$ 11,461 | \$ 12,212 | \$ 11,094 |
| Judicial Administration | 114 | 126 | 101 | 113 | 103 | 104 | 81 | 88 | 90 | 106 |
| Public Safety | 5,070 | 4,826 | 4,770 | 4,107 | 2,160 | 2,129 | 2,765 | 3,153 | 3,190 | 3,464 |
| Public Works | 10,452 | 9,844 | 10,313 | 10,566 | 11,601 | 12,738 | 13,741 | 15,760 | 13,667 | 15,077 |
| Health and Welfare | 5,875 | 6,283 | 8,303 | 8,062 | 8,436 | 9,059 | 9,645 | 9,507 | 10,225 | 10,234 |
| Parks, Recreation and Culture | 1,051 | 1,240 | 1,148 | 1,285 | 1,395 | 1,351 | 1,444 | 1,439 | 1,497 | 1,494 |
| Community Development | 545 | 586 | 528 | 691 | 605 | 472 | 547 | 4,901 | 5,749 | 6,328 |
| Operating grants and contributions | 104,191 | 115,674 | 125,012 | 143,668 | 120,155 | 141,967 | 111,874 | - | - | 109,426 |
| Capital grants and contributions | - | - | - | - | - | - | - | - | - | - |
| Total Governmental Activities Revenues | 147,487 | 157,088 | 168,614 | 187,433 | 160,753 | 186,027 | 155,304 | 46,309 | 46,630 | 157,223 |
| Business-Type Activities: | | | | | | | | | | |
| Water and Sewer | 66,119 | 92,605 | 113,022 | 108,688 | 116,085 | 110,179 | 106,220 | 91,827 | 97,318 | 100,998 |
| Belmont Park Golf Course | 729 | 691 | 943 | 931 | 986 | 964 | 868 | 867 | 979 | 844 |
| Total Business-Type Activities Revenues | 66,848 | 93,296 | 113,965 | 109,619 | 117,071 | 111,143 | 107,088 | 92,694 | 98,297 | 101,842 |
| Total Primary Government Revenues | \$ 214,335 | \$ 250,384 | \$ 282,579 | \$ 297,052 | \$ 277,824 | \$ 297,170 | \$ 262,392 | \$ 139,003 | \$ 144,927 | \$ 259,065 |

Table may not foot due to rounding

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

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

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

Table II (Cont'd)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Net (Expense) Revenue</u> | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ (45,656) | \$ (53,265) | \$ (46,055) | \$ (59,019) | \$ (83,011) | \$ (77,796) | \$ (86,579) | \$ (75,510) | \$ (83,065) | \$ (83,886) |
| Judicial Administration | (47) | 445 | 703 | (1,081) | (1,445) | (2,398) | (5,795) | (5,874) | (5,869) | (5,498) |
| Public Safety | (90,688) | (97,640) | (109,490) | (112,189) | (126,924) | (136,612) | (135,030) | (137,288) | (139,818) | (142,236) |
| Public Works | (26,759) | 3,083 | 11,465 | 18,264 | (4,879) | 17,121 | (26,246) | (12,395) | (20,548) | (13,665) |
| Health and Welfare | (15,467) | (17,429) | (17,912) | (20,361) | (20,980) | (20,828) | (25,890) | (21,057) | (21,047) | (21,664) |
| Education | (172,148) | (176,443) | (182,180) | (180,070) | (196,102) | (190,186) | (193,146) | (209,564) | (205,558) | (188,025) |
| Parks, Recreation and Culture | (20,818) | (23,023) | (24,706) | (27,140) | (31,998) | (33,158) | (33,555) | (32,711) | (33,296) | (33,103) |
| Community Development | (5,049) | (21,392) | (22,875) | (25,770) | (26,260) | (21,685) | (16,125) | (14,153) | (15,847) | (14,613) |
| Interest and Long-term Debt | (15,023) | (13,755) | (16,804) | (17,171) | (17,522) | (23,609) | (27,698) | (18,520) | (19,177) | (21,289) |
| Total Governmental Activities Net Expense | (391,655) | (399,419) | (407,854) | (424,537) | (509,121) | (489,151) | (550,064) | (527,072) | (544,225) | (523,979) |
| Business-Type Activities: | | | | | | | | | | |
| Water and Sewer | 6,844 | 27,001 | 41,500 | 27,273 | 31,293 | 23,491 | 18,929 | 8,137 | 13,392 | 18,977 |
| Belmont Park Golf Course | (593) | (951) | (186) | (191) | (120) | (236) | (369) | (360) | (262) | (323) |
| Total Business-Type Activities Net Revenue | 6,251 | 26,050 | 41,314 | 27,082 | 31,173 | 23,255 | 18,560 | 7,777 | 13,130 | 18,654 |
| Total Primary Government Net Expense | \$ (385,404) | \$ (373,369) | \$ (366,540) | \$ (397,455) | \$ (477,948) | \$ (465,896) | \$ (531,504) | \$ (519,295) | \$ (531,095) | \$ (505,325) |
| <u>General Revenues and Other Changes in Net Position</u> | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | \$ 264,499 | \$ 288,230 | \$ 312,238 | \$ 350,196 | \$ 377,200 | \$ 383,557 | \$ 366,203 | \$ 356,285 | \$ 355,138 | \$ 355,171 |
| Local Sales and Use | 47,446 | 50,213 | 53,254 | 54,472 | 53,742 | 54,109 | 53,256 | 55,342 | 55,913 | 55,852 |
| Business License | 24,042 | 25,510 | 28,628 | 31,173 | 30,848 | 29,849 | 27,313 | 27,525 | 28,487 | 29,641 |
| Hotel and Motel | 8,108 | 8,308 | 9,139 | 10,305 | 10,489 | 9,640 | 9,006 | 9,389 | 10,627 | 10,851 |
| Bank Franchise | 10,654 | 7,901 | 4,904 | 5,120 | 11,114 | 17,220 | 14,579 | 18,906 | 17,440 | 11,740 |
| Other | 26,192 | 29,570 | 33,151 | 33,992 | 35,570 | 31,658 | 17,069 | 16,931 | 18,075 | 20,158 |
| Interest and Investment Earnings | 2,583 | 7,695 | 14,032 | 22,818 | 25,520 | 12,849 | 4,656 | 2,689 | 2,225 | 1,519 |
| Grants and Contributions | 42,134 | 43,063 | 50,635 | 39,482 | 47,612 | 43,735 | 61,238 | 57,854 | 54,053 | 51,426 |
| Miscellaneous/Donated Assets | 5,852 | 1,469 | 1,537 | 2,919 | 1,059 | 1,651 | 3,861 | 1,505 | 908 | 1,592 |
| Total Governmental Activities | 431,511 | 461,960 | 507,518 | 550,478 | 593,154 | 584,268 | 557,181 | 546,426 | 542,866 | 537,950 |
| Business-Type Activities: | | | | | | | | | | |
| Interest and Investment Earnings | 692 | 788 | 1,079 | 5,811 | 4,788 | 1,015 | 646 | 714 | 1,051 | 1,024 |
| Grants and Contributions | 1,056 | 1,427 | 1,185 | 1,332 | 1,187 | 983 | 661 | 436 | 492 | 436 |
| Miscellaneous/Donated Assets | 29,378 | 1,790 | 1,810 | (94) | 495 | (505) | 4,262 | 2,264 | (1,026) | 1,172 |
| Total Business-Type Activities | 31,125 | 4,005 | 4,074 | 7,049 | 6,471 | 1,493 | 5,569 | 3,414 | 517 | 2,632 |
| Total Primary Government | \$ 462,636 | \$ 465,965 | \$ 511,591 | \$ 557,527 | \$ 599,625 | \$ 585,761 | \$ 562,750 | \$ 549,840 | \$ 543,383 | \$ 540,582 |
| <u>Change in Net Position</u> | | | | | | | | | | |
| Government Activities | \$ 39,856 | \$ 62,541 | \$ 99,664 | \$ 125,941 | \$ 84,033 | \$ 95,116 | \$ 7,117 | \$ 19,354 | \$ (1,359) | \$ 13,971 |
| Business Activities | 37,376 | 30,055 | 45,388 | 34,131 | 37,644 | 24,748 | 24,129 | 11,191 | 13,647 | 21,286 |
| Total Primary Government Net Position | \$ 77,232 | \$ 92,596 | \$ 145,051 | \$ 160,072 | \$ 121,677 | \$ 119,865 | \$ 31,246 | \$ 30,545 | \$ 12,288 | \$ 35,257 |

Table may not foot due to rounding

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

Table III

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Unspendable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 113 | \$ 113 | \$ 113 |
| Restricted | - | - | - | - | - | - | - | 4,512 | 4,532 | 5,026 |
| Committed | - | - | - | - | - | - | - | 5,000 | 10,000 | 2,920 |
| Assigned | - | - | - | - | - | - | - | 79,631 | 89,409 | 72,184 |
| Unassigned | - | - | - | - | - | - | - | 133,005 | 109,597 | 114,170 |
| Total General Fund | 135,249 | 156,001 | 194,614 | 203,279 | 234,792 | 247,327 | 242,864 | 222,261 | 213,651 | 194,413 |
| All Other Governmental Funds: | | | | | | | | | | |
| Unspendable | - | - | - | - | - | - | - | - | - | - |
| Restricted | - | - | - | - | - | - | - | 26,738 | 28,532 | 28,448 |
| Committed | - | - | - | - | - | - | - | 208,320 | 212,618 | 191,275 |
| Assigned | - | - | - | - | - | - | - | 15,238 | 14,964 | 15,907 |
| Unassigned | - | - | - | - | - | - | - | - | - | - |
| Total All Other Governmental Funds | 143,240 | 122,734 | 176,926 | 220,633 | 217,357 | 282,424 | 214,957 | 250,296 | 256,114 | 235,630 |
| Total Fund Balances | \$ 278,489 | \$ 278,735 | \$ 371,540 | \$ 423,912 | \$ 452,149 | \$ 529,751 | \$ 457,822 | \$ 472,557 | \$ 469,765 | \$ 430,043 |
| General Fund: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Advance to Other Funds | \$ 135 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 |
| Encumbrances | 7,704 | 8,335 | 4,398 | 5,823 | 6,076 | 7,116 | 4,298 | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Designated | 25,058 | 40,111 | 76,912 | 74,614 | 98,599 | 100,889 | 101,927 | | | |
| Undesignated | 102,352 | 107,442 | 113,191 | 122,729 | 130,004 | 139,209 | 136,526 | | | |
| Total General Fund | 135,249 | 156,001 | 194,614 | 203,279 | 234,792 | 247,327 | 242,865 | | | |
| All Other Governmental Funds: | | | | | | | | | | |
| Reserved for: | | | | | | | | | | |
| Encumbrances | 33,794 | 34,090 | 87,000 | 70,168 | 70,725 | 96,054 | 69,556 | | | |
| Unreserved, reported in: | | | | | | | | | | |
| Designated: | | | | | | | | | | |
| Special Revenue Fund | 20,338 | 16,240 | 18,154 | 21,324 | 24,859 | 24,373 | 24,333 | | | |
| Debt Service Fund | 7,569 | 7,602 | 4,067 | 4,606 | 5,216 | 7,422 | 6,496 | | | |
| Capital Project Fund | 81,539 | 64,802 | 67,705 | 124,535 | 116,557 | 154,575 | 114,572 | | | |
| Undesignated | - | - | - | - | - | - | - | | | |
| Total All Other Governmental Funds | 143,240 | 122,734 | 176,926 | 220,633 | 217,357 | 282,424 | 214,957 | | | |
| Total Fund Balances | \$ 278,489 | \$ 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.

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

Table IV

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues: | | | | | | | | | | |
| General Property Taxes | \$ 264,120 | \$ 287,165 | \$ 316,998 | \$ 346,403 | \$ 371,556 | \$ 377,532 | \$ 367,444 | \$ 353,555 | \$ 351,142 | \$ 352,275 |
| Other Local Taxes | 116,443 | 121,502 | 129,075 | 129,919 | 127,268 | 126,270 | 119,791 | 127,013 | 129,354 | 125,872 |
| Licenses and Permits | 3,756 | 4,421 | 4,345 | 4,596 | 4,202 | 3,032 | 2,665 | 2,963 | 3,486 | 3,177 |
| Fines and Forfeitures | 1,818 | 2,150 | 2,445 | 2,640 | 2,404 | 2,333 | 2,480 | 3,187 | 2,958 | 3,415 |
| Use of Money and Property | 3,050 | 8,236 | 14,459 | 23,310 | 26,302 | 13,761 | 7,185 | 3,673 | 3,117 | 2,746 |
| Charges for Services | 25,740 | 25,328 | 27,798 | 25,026 | 22,105 | 23,825 | 25,928 | 25,993 | 26,279 | 27,446 |
| Miscellaneous | 9,744 | 6,586 | 4,207 | 7,360 | 7,451 | 9,075 | 7,191 | 8,545 | 6,861 | 8,639 |
| Recovered Costs | 4,044 | 5,261 | 5,416 | 5,928 | 5,455 | 6,392 | 6,246 | 6,319 | 6,908 | 6,231 |
| Intergovernmental Revenue | 144,817 | 137,462 | 148,376 | 148,941 | 176,600 | 164,086 | 168,695 | 165,570 | 160,862 | 155,590 |
| Total Government Revenues | 573,532 | 598,111 | 653,119 | 694,123 | 743,343 | 726,306 | 707,625 | 696,818 | 690,967 | 685,391 |
| Expenditures: | | | | | | | | | | |
| General Government | 53,719 | 58,125 | 61,718 | 62,556 | 66,566 | 65,526 | 68,009 | 66,831 | 67,384 | 70,513 |
| Judicial Administration | 5,897 | 6,429 | 6,847 | 7,527 | 8,210 | 8,609 | 10,933 | 10,872 | 11,055 | 10,811 |
| Public Safety | 119,168 | 125,721 | 141,916 | 149,915 | 159,842 | 167,650 | 161,797 | 166,872 | 168,379 | 170,502 |
| Public Works | 52,558 | 40,558 | 42,139 | 45,339 | 47,226 | 50,799 | 52,693 | 47,941 | 54,071 | 51,344 |
| Health and Welfare | 47,897 | 50,789 | 53,855 | 57,681 | 61,420 | 62,776 | 61,632 | 60,487 | 60,342 | 57,369 |
| Parks, Recreation and Culture | 21,354 | 23,230 | 24,742 | 27,298 | 30,377 | 31,698 | 30,639 | 29,873 | 30,826 | 30,508 |
| Community Development | 23,086 | 29,600 | 26,800 | 29,358 | 30,076 | 25,134 | 25,615 | 26,416 | 27,711 | 28,687 |
| Education | 169,678 | 174,162 | 179,897 | 176,899 | 188,503 | 184,328 | 192,895 | 200,633 | 195,626 | 177,967 |
| Miscellaneous | 8,752 | 9,387 | 1,851 | 13,507 | 20,092 | 21,545 | 21,209 | 16,072 | 17,821 | 14,964 |
| Debt Service - Principal | 23,258 | 22,747 | 26,442 | 29,306 | 32,890 | 30,452 | 35,155 | 32,477 | 32,542 | 38,869 |
| - Interest | 14,267 | 14,471 | 15,576 | 18,578 | 18,996 | 22,384 | 20,125 | 19,260 | 22,610 | 22,162 |
| Capital Outlay | 42,565 | 42,676 | 59,510 | 97,470 | 82,761 | 118,776 | 100,066 | 82,574 | 80,574 | 51,801 |
| Total Government Expenditures | 582,199 | 597,895 | 641,293 | 715,434 | 746,959 | 790,677 | 780,768 | 760,308 | 768,941 | 725,497 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (8,667) | 216 | 11,826 | (21,311) | (3,616) | (64,371) | (73,143) | (63,490) | (77,974) | (40,106) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers-in | 73,257 | 89,401 | 105,108 | 146,445 | 108,134 | 115,122 | 96,503 | 96,801 | 84,029 | 109,077 |
| Transfers-out | (73,257) | (89,401) | (105,108) | (146,445) | (108,134) | (115,122) | (96,503) | (96,801) | (84,029) | (109,077) |
| Issuance of Bonds | 38,920 | - | 77,815 | 71,915 | 29,810 | 171,315 | 156,160 | 72,205 | 66,075 | 37,500 |
| Issuance of Bond Premium | 2,031 | - | 3,096 | 1,664 | 1,335 | 7,389 | 21,307 | 5,714 | 7,885 | 7,566 |
| Issuance of Capital Lease Obligations | - | 29 | 69 | 104 | 709 | 67 | 140 | 306 | 1,222 | 126 |
| Payment to Escrow Agent | - | - | - | - | - | (36,799) | (176,393) | - | - | (44,809) |
| Total Other Financing Sources, Net | 40,951 | 29 | 80,980 | 73,683 | 31,854 | 141,972 | 1,214 | 78,225 | 75,182 | 383 |
| Net Change in Fund Balances | \$ 32,284 | \$ 245 | \$ 92,806 | \$ 52,372 | \$ 28,238 | \$ 77,601 | \$ (71,959) | \$ 14,735 | \$ (2,792) | \$ (39,723) |
| Debt service as a percentage of noncapital expenditures | 7.14% | 7.07% | 7.76% | 8.31% | 8.12% | 8.28% | 8.22% | 7.94% | 8.17% | 9.18% |

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 Personal Property | Personal Property Tax Rate (2) | Total Taxable Assessed Value | Total Direct Tax Rate | Estimated Actual Value of Taxable Property |
|------|----------------------|-------------------------|--------------------------|---------------------|----------------------------|-------------------|-------------------------|--------------------------------|------------------------------|-----------------------|--|
| | Residential Property | Commercial Property (1) | Public (3) Service Corp. | Total Real Property | Real Property Tax Rate (2) | Personal Property | | | | | |
| 2004 | 14,820,557 | 7,482,898 | 889,991 | 23,193,446 | 0.94 | 2,792,062 | 7,090 | 2,799,152 | 25,992,598 | 4.44 | 25,992,598 |
| 2005 | 17,046,539 | 8,288,217 | 797,890 | 26,132,646 | 0.92 | 3,030,117 | 5,487 | 3,035,604 | 29,168,250 | 4.42 | 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 | 33,808,513 | 4.40 | 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 | 37,449,730 | 4.37 | 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 | 39,617,224 | 4.37 | 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 | 39,681,360 | 4.37 | 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 | 36,065,011 | 4.37 | 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 | 35,902,071 | 4.37 | 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 | 35,083,232 | 4.37 | 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 | 35,304,376 | 4.37 | 35,304,376 |

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

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 |
|-------------|------------------|----------------------------------|---------------------------|----------|--------------------|-------------------------|
| 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 |
| 2004 | 0.94 | 3.50 | 1.00 | 1.60 | 1.00 | 8.04 |

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 2013 | | | Calendar Year 2012 | | | Calendar Year 2004 | | |
|---|--|--|----------------------------------|------|--|----------------------------------|------|--|----------------------------------|------|
| | | Real/Personal Property Assessed Valuation | Percent of Total Valuation | Rank | Real/Personal Property Assessed Valuation | Percent of Total Valuation | Rank | Real/Personal Property Assessed Valuation | Percent of Total Valuation | Rank |
| Virginia Power Company | Utility | 486,322,607 | 1.38% | 1 | 480,779,926 | 1.37% | 1 | 359,597,047 | 1.39% | 1 |
| Forest City (Short Pump TC, White Oak, etc) | Retail and Offices | 271,182,400 | 0.77% | 2 | 327,201,300 | 0.93% | 2 | 170,288,900 | 0.66% | 6 |
| Highwoods Properties | Offices and Warehouses | 247,842,800 | 0.70% | 3 | 239,462,800 | 0.68% | 4 | 197,797,800 | 0.77% | 4 |
| Verizon | Utility | 246,657,830 | 0.70% | 4 | 275,747,131 | 0.79% | 3 | 222,116,917 | 0.86% | 3 |
| The Wilton Companies | Office, Retail & Warehouse | 219,226,700 | 0.62% | 5 | 217,046,500 | 0.62% | 6 | 128,496,300 | 0.50% | 8 |
| General Services Corporation | Apartments | 218,288,900 | 0.62% | 6 | 225,270,600 | 0.64% | 5 | - | N/A | - |
| HCA Health Services of VA | Hospital | 176,048,778 | 0.50% | 7 | 169,321,052 | 0.48% | 7 | 116,773,486 | 0.45% | 10 |
| Weinstein Family | Apartments | 172,613,600 | 0.49% | 8 | 159,713,700 | 0.46% | 8 | - | N/A | - |
| Excel Realty Holdings (West Broad Village) | Offices | 127,464,700 | 0.36% | 9 | - | N/A | N/A | - | N/A | - |
| United Dominion Realty Trust | Apartments | 123,893,600 | 0.35% | 10 | 120,251,000 | 0.34% | 9 | 128,069,000 | 0.50% | 9 |
| Lingerfelt Companies | Offices | - | N/A | N/A | 117,284,400 | 0.33% | 10 | - | N/A | - |
| Liberty Property, LP | Warehouses and Offices | - | N/A | N/A | - | N/A | N/A | 175,946,400 | 0.68% | 5 |
| Gumenick | Apartments | - | N/A | N/A | - | N/A | N/A | - | N/A | - |
| Qimonda AG (Infineon Technologies) | Industrial | - | N/A | N/A | - | N/A | N/A | 352,906,800 | 1.37% | 2 |
| Sovran Bank, as Trustee | Regency Shopping Center | - | N/A | N/A | - | N/A | N/A | - | N/A | - |
| VAC Limited | Apartments | - | N/A | N/A | - | N/A | N/A | 133,985,400 | 0.52% | 7 |
| Circuit City Stores, Inc. | Retail Distribution Center & Stores | - | N/A | N/A | - | N/A | N/A | - | N/A | - |
| North Park Associates | Virginia Center Commons | - | N/A | N/A | - | N/A | N/A | - | N/A | - |
| Totals | | \$ 2,289,541,915 | 6.49% | | \$ 2,332,078,409 | 6.65% | | \$ 1,985,978,050 | 7.70% | |
| Total Assessed Values | | \$ 35,304,375,594 | | | \$ 35,083,231,701 | | | \$ 25,850,516,232 | | |

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 |
| 2004 | 296,552,199 | 284,758,490 | 96.0% | 11,562,088 | 296,320,578 | 99.9% |
| 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% | N/A (2) | 351,926,258 | 98.4% |

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 2012 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 | | | Net 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 Designated for Principal Payments | Designated for | | | | | |
| 2004 | 261,087,588 | 7,568,786 | 253,518,802 | 253,518,802 | 2.3% | 1.0% | 878.03 | 68,127,765 |
| 2005 | 243,361,502 | 7,602,585 | 235,758,917 | 235,758,917 | 2.0% | 0.8% | 803.59 | 61,436,460 |
| 2006 | 302,815,368 | 4,067,585 | 298,747,783 | 298,747,783 | 2.4% | 0.9% | 997.68 | 55,748,161 |
| 2007 | 352,206,984 | 4,606,347 | 347,600,637 | 347,600,637 | 2.6% | 0.9% | 1,149.02 | 49,771,138 |
| 2008 | 356,022,994 | 5,216,511 | 350,806,483 | 350,806,483 | 2.5% | 0.9% | 1,148.00 | 43,865,892 |
| 2009 | 472,480,255 | 7,421,544 | 465,058,711 | 465,058,711 | 3.6% | 1.2% | 1,510.75 | 41,106,810 |
| 2010 | 451,492,866 | 6,496,004 | 444,996,862 | 444,996,862 | 3.4% | 1.2% | 1,427.53 | 36,568,194 |
| 2011 | 494,358,769 | 4,768,994 | 489,589,775 | 489,589,775 | 3.5% | 1.4% | 1,553.48 | 35,902,455 |
| 2012 | 533,781,559 | 2,757,410 | 531,024,149 | 531,024,149 | 3.8% | 1.5% | 1,669.06 | 35,011,636 |
| 2013 | 498,120,008 | 757,411 | 497,362,597 | 497,362,597 | 3.5% | 1.4% | 1,545.24 | 31,648,127 |

| Fiscal Year | Business-Type Activities | | | Total Primary Government | Percentage of Personal Income (3) | Percentage of Estimated Actual Value of Taxable Property | Per Capita Debt | Component Units | | |
|-------------|-----------------------------|----------------|--------|--------------------------|-----------------------------------|--|-----------------|-----------------|---------------|----------------|
| | Water & Sewer Revenue Bonds | Capital Leases | Leases | | | | | School Board | Facility Bond | Capital Leases |
| 2004 | 139,484,724 | - | - | 468,700,077 | 4.2% | 1.8% | 1,623.29 | 10,563,008 | 6,080,000 | - |
| 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 |
| 2007 | 201,471,701 | 12,444 | 12,444 | 603,462,267 | 4.5% | 1.6% | 1,994.80 | 19,268,975 | 4,870,000 | 9,661 |
| 2008 | 193,498,758 | 7,718 | 7,718 | 593,395,362 | 4.3% | 1.5% | 1,941.87 | 21,733,285 | 4,425,000 | 5,780 |
| 2009 | 184,941,553 | 2,729 | 2,729 | 698,531,347 | 5.4% | 1.8% | 2,269.20 | 11,963,471 | 3,960,000 | 1,688 |
| 2010 | 187,913,854 | 23,332 | 23,332 | 675,998,246 | 5.1% | 1.9% | 2,168.57 | 20,337,101 | 3,470,000 | 7,549 |
| 2011 | 181,293,222 | 16,110 | 16,110 | 711,570,556 | 5.1% | 2.0% | 2,257.83 | 21,698,861 | 2,960,000 | 5,963 |
| 2012 | 172,866,644 | 20,562 | 20,562 | 741,680,401 | 5.3% | 2.1% | 2,331.17 | 11,606,052 | 2,425,000 | 3,906 |
| 2013 | 164,219,306 | 21,719 | 21,719 | 694,009,160 | 4.8% | 2.0% | 2,156.20 | 7,246,929 | 1,860,000 | 1,397 |

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 |
|-------------|-------------------|------------------------|--|-----------|-----------|------------|----------|
| 2004 | 68,286,629 | 40,437,572 | 27,849,057 | 6,630,000 | 5,898,343 | 12,528,343 | 2.22 |
| 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 |

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) |
|------|--------------------------|--|-----------------------------|--|--------------------------|
| 2004 | 288,735 | 11,089,421 | 39,564 | 44,637 | 3.7% |
| 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 | 12,832,954 | 42,108 | 48,822 | 7.6% |
| 2010 | 311,726 | 13,137,352 | 42,735 | 48,230 | 7.0% |
| 2011 | 315,157 | 13,823,694 | 44,529 | 48,431 | 6.2% |
| 2012 | 318,158 (5) | 14,088,857 (6) | 44,816 (6) | 49,769 | 5.9% |
| 2013 | 321,867 (5) | 14,359,107 (6) | 45,104 (6) | 49,871 | 5.6% |

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 10/30/2012)
- (5) Based on a trend average 2006-2010
- (6) Calculation based on trend average 2007 - 2011

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

Table XII

| Employer | 2013 (1) | | | 2012 | | | 2011 | | | 2010 | | | 2009 | | | |
|--|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|---|
| | Employees | Rank | Percent of Total Employment | Employees | Rank | Percent of Total Employment | Employees | Rank | Percent of Total Employment | Employees | Rank | Percent of Total Employment | Employees | Rank | Percent of Total Employment | |
| Henrico County School Board | 5,000-9,999 | 1 | 3.6% | 5,000-9,999 | 1 | 3.9% | 5,000-9,999 | 1 | 4.2% | 5,000-9,999 | 1 | 4.3% | 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 | 3 | 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 | 2.4% | 1,000-4,999 | 2 | 2.5% | 1,000-4,999 | 2 | 2.6% | 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 | 1.9% | 1,000-4,999 | 4 | 1.9% | 1,000-4,999 | 4 | 2.0% | |
| Henrico Doctors' Hospital (HCA) | 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% | 1,000-4,999 | 6 | 2.0% | |
| Admiral Security Services | 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% | 1,000-4,999 | 9 | 2.0% | |
| Bank of America | 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% | 1,000-4,999 | 7 | 2.0% | |
| Anthem (Blue Cross & Blue Shield) | 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% | 1,000-4,999 | 5 | 2.0% | |
| Wells Fargo Bank NA | 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% | - | N/A | - | |
| United States Postal Service | 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% | 1,000-4,999 | - | N/A | - |
| Walmart | 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% | 1,000-4,999 | 12 | 2.0% | |
| Martin's Food Market | 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% | - | N/A | - | |
| GNA Corporation | 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% | 1,000-4,999 | 11 | 2.0% | |
| SunTrust Bank | 1,000-4,999 | 14 | 1.8% | 500-999 | 19 | 0.5% | 500-999 | 19 | 0.5% | 500-999 | - | N/A | - | N/A | - | |
| Kroger | 500-999 | 15 | 0.5% | 500-999 | 15 | 1.8% | 500-999 | 15 | 0.5% | 500-999 | 17 | 0.5% | 500-999 | 20 | 0.5% | |
| Markel Service, Inc. | 500-999 | 16 | 0.5% | 500-999 | 17 | 0.5% | 500-999 | 18 | 0.5% | 500-999 | 20 | 0.5% | 500-999 | 19 | 0.5% | |
| Apex Systems, Inc. | 500-999 | 17 | 0.5% | - | N/A | - | - | N/A | - | - | N/A | - | - | N/A | - | |
| Dominion Resources | 500-999 | 18 | 0.5% | 500-999 | 19 | 0.5% | 500-999 | 16 | 0.5% | 500-999 | 14 | 0.5% | 500-999 | 16 | 0.5% | |
| Virginia Department of Social Services | 500-999 | 19 | 0.5% | 500-999 | 20 | 0.5% | - | N/A | - | 500-999 | 18 | 0.5% | 500-999 | 18 | 0.5% | |
| Verizon Virginia, Inc. | 500-999 | 20 | 0.5% | - | N/A | - | 500-999 | 20 | 0.5% | 500-999 | 16 | 0.5% | 500-999 | 17 | 0.5% | |
| Altria Corporate Services Inc | - | - | - | 500-999 | 14 | 1.8% | 500-999 | 14 | 0.5% | 1,000-4,999 | 13 | 1.9% | 1,000-4,999 | 13 | 2.0% | |
| Access America | - | - | - | 500-999 | 16 | 0.5% | 500-999 | 17 | 0.5% | - | N/A | - | - | N/A | - | |
| Ukrops | - | - | - | - | N/A | - | - | - | - | 500-999 | 19 | 0.5% | 1,000-4,999 | 10 | 2.0% | |
| Circuit City Stores | - | - | - | - | N/A | - | - | - | - | - | N/A | - | 1,000-4,999 | 8 | 2.0% | |
| First Union National Bank | - | - | - | - | N/A | - | - | - | - | - | N/A | - | 1,000-4,999 | 14 | 2.0% | |
| Qimonda North America Corp | - | - | - | - | N/A | - | - | - | - | - | N/A | - | 1,000-4,999 | 15 | 2.0% | |
| Totals | | | 32.6% | | | 31.9% | | | | | | 32.2% | | | 35.3% | |
| Total County Employment (3) | 164,450 | | | 166,525 | | | 155,163 | | | 154,233 | | | 153,486 | | | |

Source: Virginia Employment Commission
Employees and percentage of employment based on size code as published by VEC
(1) 2013 Data as of 1st Qtr 2013
(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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agriculture & Home Extension | 5 | 5 | 5 | 3 | 3 | 3 | 3 | 3 | 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 | 5 |
| Building Inspections | 55 | 55 | 59 | 59 | 61 | 61 | 58 | 58 | 56 | 54 |
| Central Automotive Maintenance | 61 | 61 | 64 | 65 | 65 | 65 | 65 | 65 | 67 | 67 |
| Circuit Court Services | 6 | 7 | 7 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Commonwealth's Attorney | 43 | 45 | 45 | 50 | 56 | 56 | 54 | 54 | 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 |
| County Attorney | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 19 |
| County Manager | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Electoral Board | 9 | 9 | 10 | 10 | 9 | 9 | 9 | 9 | 8 | 8 |
| Finance | 159 | 160 | 160 | 166 | 166 | 167 | 159 | 159 | 157 | 153 |
| Fire | 462 | 477 | 491 | 522 | 531 | 540 | 539 | 539 | 539 | 539 |
| General Services | 149 | 149 | 150 | 157 | 160 | 161 | 156 | 156 | 155 | 147 |
| Human Resources | 55 | 51 | 50 | 55 | 57 | 56 | 53 | 53 | 52 | 48 |
| Hold Complement (2) | - | - | - | - | - | - | - | - | 19 | 43 |
| Information Technology | 84 | 85 | 85 | 91 | 90 | 89 | 83 | 83 | 85 | 89 |
| Internal Audit | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Juvenile Detention & VJCCCA | 29 | 31 | 31 | 31 | 33 | 33 | 33 | 33 | 33 | 33 |
| Library | 118 | 131 | 144 | 178 | 178 | 183 | 173 | 173 | 168 | 164 |
| Mental Health | 223 | 223 | 223 | 224 | 225 | 225 | 220 | 220 | 220 | 218 |
| Permit Centers | 17 | 17 | 17 | 19 | 19 | 19 | 18 | 18 | 17 | 17 |
| Planning | 57 | 43 | 46 | 50 | 50 | 50 | 49 | 49 | 46 | 43 |
| Police | 756 | 763 | 785 | 810 | 799 | 799 | 797 | 799 | 798 | 798 |
| Public Relations & Media Services | 17 | 19 | 19 | 20 | 20 | 20 | 19 | 19 | 19 | 19 |
| Public Utilities | 310 | 310 | 310 | 316 | 320 | 320 | 308 | 309 | 307 | 306 |
| Public Works | 258 | 259 | 259 | 265 | 266 | 266 | 258 | 258 | 254 | 254 |
| Real Property | 7 | 7 | 7 | 7.5 | 7.5 | 7.5 | 7 | 7 | 7 | 7 |
| Recreation & Parks | 140 | 144 | 152 | 167 | 172 | 172 | 168 | 178 | 178 | 177 |
| Sheriff | 358 | 360 | 360 | 362 | 378 | 377 | 371 | 371 | 371 | 371 |
| Social Services | 142 | 146 | 149 | 154 | 157 | 168 | 168 | 168 | 168 | 168 |
| Solid Waste | 69 | 69 | 78 | 78 | 75 | 75 | 70 | 69 | 69 | 69 |
| Sub-total General Government | 3,640 | 3,694 | 3,774 | 3,938 | 3,976 | 4,000 | 3,915 | 3,927 | 3,927 | 3,927 |
| Education | 5,599 | 5,908 | 6,081 | 6,231 | 6,422 | 6,588 | 6,634 | 6,567 | 6,564 | 6,564 |
| Total Government Employees | 9,239 | 9,602 | 9,855 | 10,168 | 10,397 | 10,587 | 10,549 | 10,494 | 10,491 | 10,491 |

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 (294 as of March 5, 2012) 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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| 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 | 101,686 | 103,487 | 105,742 | 107,533 | 109,333 | 109,970 | 110,369 | 112,383 | 112,490 | 113,085 |
| Vehicles Assessed | 326,000 | 339,000 | 347,000 | 348,862 | 349,306 | 328,204 | 347,913 | 347,790 | 354,721 | 350,000 |
| GFOA Award CAFR - # of Years | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 |
| GFOA Award Budget - # of Years | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| General Services: | | | | | | | | | | |
| Fleet Annual Miles Driven | 21,455,860 | 22,135,909 | 22,170,727 | 22,601,564 | 24,000,000 | 24,594,634 | 25,112,408 | 24,681,815 | 24,553,438 | 24,366,836 |
| Gallons of Fuel Consumed | 2,554,269 | 2,595,253 | 2,649,446 | 2,723,080 | 2,867,559 | 2,963,209 | 3,007,474 | 2,955,906 | 2,940,537 | 2,918,184 |
| Total Work Orders Completed | 16,661 | 19,247 | 26,963 | 28,301 | 30,490 | 24,589 | 20,361 | 22,308 | 24,550 | 23,000 |
| Information Technology | | | | | | | | | | |
| Internet Pages Accessed | 12,846,893 | 8,840,785 | 8,840,785 | 12,207,405 | 13,861,882 | 16,629,902 | 19,212,527 | 19,121,527 | 6,365,812 | 6,944,024 |
| 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 | 2,125,382 |
| Central Computer Average Uptime | 99.4% | 99.2% | 99.1% | 99.6% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% | 99.8% |
| Judicial Administration | | | | | | | | | | |
| Clerk of Circuit Court: | | | | | | | | | | |
| Deed Book Entries | 101,478 | 75,432 | 82,426 | 76,146 | 67,768 | 50,160 | 50,440 | 37,682 | 48,972 | 48,926 |
| Civil Cases | 2,838 | 2,947 | 2,831 | 2,881 | 3,001 | 2,852 | 3,104 | 3,034 | 3,113 | 3,135 |
| Criminal Cases | 7,208 | 8,196 | 8,113 | 8,613 | 8,001 | 6,971 | 7,133 | 6,431 | 5,616 | 5,833 |
| General District Courts: | | | | | | | | | | |
| New Criminal Cases Filed | 8,663 | 9,271 | 10,422 | 10,475 | 7,878 | 10,386 | 10,620 | 15,196 | 13,057 | 13,312 |
| New Civil Cases Filed | 38,436 | 38,855 | 39,095 | 37,502 | 33,134 | 43,284 | 42,329 | 40,411 | 40,011 | 42,508 |
| New Traffic Cases Filed | 55,243 | 63,727 | 68,642 | 72,102 | 62,073 | 66,924 | 76,218 | 80,481 | 71,329 | 73,728 |
| Commonwealth Attorney: | | | | | | | | | | |
| Criminal Cases | 21,602 | 26,163 | 25,980 | 25,532 | 26,000 | 25,084 | 25,038 | 34,061 | 34,227 | 35,225 |
| Traffic Cases | 82,402 | 98,664 | 99,567 | 96,553 | 97,000 | 94,356 | 107,397 | 109,152 | 99,262 | 110,000 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Calls For Service | 222,614 | 202,244 | 200,158 | 205,189 | 209,292 | 197,808 | 193,173 | 192,726 | 198,373 | 202,340 |
| Criminal Arrests | 18,747 | 21,132 | 21,925 | 24,815 | 25,311 | 21,399 | 20,330 | 20,716 | 19,989 | 20,389 |
| Traffic Arrests | 43,614 | 51,945 | 56,811 | 51,496 | 52,525 | 53,051 | 63,009 | 65,481 | 59,062 | 60,243 |
| Fire Protection: | | | | | | | | | | |
| Calls For Service | 34,086 | 34,192 | 35,365 | 37,962 | 39,043 | 36,931 | 37,575 | 39,120 | 40,963 | 41,563 |
| EMS and Rescue Calls | 21,534 | 23,114 | 24,229 | 25,722 | 27,100 | 27,293 | 28,028 | 29,114 | 30,189 | 31,082 |
| Fire Incidents | 1,221 | 1,092 | 1,223 | 1,204 | 1,183 | 1,025 | 915 | 1,110 | 983 | 939 |
| Sheriff: | | | | | | | | | | |
| Civil Papers Served | 123,344 | 119,079 | 120,370 | 121,201 | 123,098 | 115,186 | 120,746 | 116,434 | 115,948 | 120,000 |
| Annual Commitments to Jail | 10,882 | 11,610 | 12,201 | 12,588 | 12,600 | 13,605 | 16,888 | 17,623 | 12,157 | 13,000 |
| Average Daily Inmate Population | 1,062 | 1,005 | 1,169 | 1,234 | 1,300 | 1,164 | 1,140 | 1,167 | 1,138 | 1,180 |
| Building Inspections: | | | | | | | | | | |
| Total Permits Issued | 20,535 | 21,928 | 20,907 | 18,509 | 20,000 | 12,819 | 11,975 | 12,208 | 13,771 | 13,750 |
| Total Inspections | 88,631 | 98,185 | 95,661 | 86,130 | 85,500 | 59,795 | 51,495 | 51,351 | 56,236 | 67,075 |
| Public Works | | | | | | | | | | |
| Public Works: | | | | | | | | | | |
| Lane Miles Maintained | 3,138 | 3,212 | 3,277 | 3,231 | 3,310 | 3,348 | 3,385 | 3,402 | 3,433 | 3,434 |
| Traffic Signals Maintained | 126 | 131 | 136 | 138 | 130 | 138 | 140 | 144 | 144 | 151 |
| Development Plans Reviewed | 1,654 | 1,420 | 1,415 | 1,630 | 1,536 | 1,026 | 776 | 653 | 691 | 778 |
| Health and Social Services | | | | | | | | | | |
| Public Health: | | | | | | | | | | |
| Patient Visits | 24,623 | 25,190 | 25,700 | 26,000 | 26,050 | 26,308 | 28,545 | 27,531 | 27,153 | 27,153 |
| Water/Sewer Inspection Applications | 305 | 400 | 397 | 350 | 350 | 195 | 179 | 179 | 243 | 243 |

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

Table XIV

| Function/Program | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <i>Health and Social Services cont.</i> | | | | | | | | | | |
| Social Services: | | | | | | | | | | |
| Clients Entering Employment | 372 | 476 | 369 | 531 | 525 | 545 | 609 | 483 | 632 | 650 |
| Clients Employed After 90 Days | 282 | 319 | 277 | 409 | 404 | 436 | 493 | 367 | 512 | 527 |
| Education | | | | | | | | | | |
| Schools: | | | | | | | | | | |
| Cost Per Student | \$ 7,235 | \$ 7,642 | \$ 7,832 | \$ 8,485 | \$ 8,957 | \$ 9,369 | \$ 9,485 | \$ 9,015 | \$ 9,041 | \$ 9,205 |
| Teaching Positions | 3,154 | 3,394 | 3,489 | 3,554 | 3,657 | 3,791 | 3,815 | 3,720 | 3,737 | 3,719 |
| Student/Teacher Ratio | 14.2 | 13.6 | 13.4 | 13.4 | 13.2 | 12.7 | 13.0 | 13.0 | 13.0 | 13.4 |
| Parks, Recreation and Cultural: | | | | | | | | | | |
| Recreation: | | | | | | | | | | |
| Park Visitation | 3,098,697 | 3,253,600 | 3,595,204 | 3,401,181 | 3,500,000 | 3,537,272 | 4,001,371 | 3,951,571 | 3,829,590 | 4,100,000 |
| Program Participants | 475,226 | 267,912 | 264,393 | 306,575 | 350,000 | 306,498 | 396,900 | 397,000 | 397,000 | 397,000 |
| Recreation Programs | 2,273 | 13,604 | 13,514 | 16,364 | 16,550 | 17,234 | 15,848 | 16,400 | 16,400 | 16,400 |
| Library: | | | | | | | | | | |
| Customer Visits | 1,389,948 | 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 |
| Annual Circulation of Materials | 2,606,087 | 2,637,910 | 2,637,296 | 2,695,776 | 2,690,534 | 3,584,375 | 3,786,229 | 3,905,151 | 3,860,738 | 3,899,345 |
| Customer Visits | 1,389,948 | 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 |
| Community Development | | | | | | | | | | |
| Economic Development: | | | | | | | | | | |
| Prospects Available | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 | 95 |
| Retention Calls | 690 | 690 | 690 | 464 | 580 | 690 | 650 | 650 | 650 | 650 |
| Successful Prospects | 30 | 30 | 38 | 36 | 38 | 30 | 38 | 38 | 35 | 35 |
| Planning: | | | | | | | | | | |
| Reviews Completed | 490 | 604 | 490 | 537 | 289 | 326 | 256 | 300 | 260 | 300 |
| Petitions and Permits Processed | 275 | 300 | 275 | 262 | 122 | 110 | 85 | 87 | 87 | 90 |
| Maps Prepared | 2,200 | 2,591 | 2,200 | 1,603 | 1,588 | 848 | 743 | 1,036 | 1,048 | 1,000 |
| Community Development (con't) | | | | | | | | | | |
| Community Revitalization: | | | | | | | | | | |
| Community Maintenance Cases | 7,960 | 8,861 | 8,882 | 8,996 | 9,075 | 10,985 | 11,345 | 11,004 | 10,421 | 10,400 |
| Inspections Completed | 17,345 | 21,903 | 21,304 | 22,133 | 22,500 | 27,513 | 29,138 | 27,499 | 26,626 | 27,000 |
| Volunteers Hours Worked | 7,580 | 4,903 | 7,423 | 7,154 | 7,511 | 5,024 | 6,242 | 2,488 | 4,076 | 4,500 |
| Permit Center: | | | | | | | | | | |
| Permit Applications Received | 7,519 | 7,500 | 6,886 | 6,298 | 5,873 | 4,253 | 4,225 | 4,519 | 4,734 | 5,508 |
| Permit Applications Reviewed | 13,401 | 14,010 | 13,675 | 11,605 | 11,307 | 6,954 | 7,156 | 7,113 | 7,191 | 6,739 |
| Permits Issued | 3,430 | 4,775 | 4,229 | 5,763 | 5,151 | 4,168 | 4,035 | 4,447 | 4,646 | 5,424 |
| Inquires | 20,890 | 21,621 | 24,184 | 23,348 | 20,404 | 15,248 | 14,072 | 13,295 | 12,793 | 12,554 |
| Public Utilities | | | | | | | | | | |
| Solid Waste: | | | | | | | | | | |
| Number of Customers | 29,657 | 31,085 | 32,346 | 34,364 | 36,000 | 37,647 | 39,117 | 39,862 | 41,121 | 41,700 |
| Tons of Waste Collected | 88,531 | 78,561 | 100,079 | 108,614 | 97,800 | 91,855 | 81,785 | 83,264 | 90,495 | 85,700 |
| Tons Deposited in Public Use Areas | 40,552 | 39,539 | 32,346 | 37,078 | 30,000 | 40,272 | 32,212 | 29,700 | 29,888 | 31,000 |
| Water and Sewer: | | | | | | | | | | |
| Number of Water Customers | 86,400 | 88,200 | 90,000 | 91,482 | 92,800 | 94,886 | 91,776 | 92,243 | 92,946 | 93,300 |
| Number of Sewer Customers | 84,900 | 86,600 | 88,391 | 89,790 | 91,000 | 91,631 | 88,854 | 89,355 | 90,068 | 90,400 |
| Fire Hydrants in Service | 9,972 | 10,264 | 10,561 | 11,054 | 11,200 | 11,567 | 11,799 | 11,969 | 12,167 | 12,300 |

Source: Approved County Budget

(1) FY2012 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 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government | | | | | | | | | | |
| Vehicles | 313 | 337 | 340 | 410 | 533 | 728 | 487 | 575 | 559 | 534 |
| Building Square Footage | 2,065,008 | 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 |
| 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 | 2 |
| Police Field Offices | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Vehicles | 659 | 636 | 648 | 650 | 638 | 651 | 711 | 740 | 734 | 808 |
| Sheriff: | | | | | | | | | | |
| Vehicles | 57 | 55 | 54 | 55 | 55 | 55 | 60 | 59 | 61 | 61 |
| 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 | 18 | 19 | 19 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Vehicles | 181 | 193 | 164 | 169 | 168 | 168 | 175 | 177 | 177 | 175 |
| Public Works: | | | | | | | | | | |
| Miles of Maintained Roads | 1,272 | 1,279 | 1,298 | 1,311 | 1,317 | 1,327 | 1,338 | 1,339 | 1,349 | 1,354 |
| Miles of Storm Drainage | 1,033 | 1,042 | 1,062 | 1,078 | 1,093 | 1,102 | 1,116 | 1,116 | 1,116 | 959 |
| Vehicles | 272 | 298 | 311 | 306 | 299 | 323 | 323 | 315 | 333 | 333 |
| Education | | | | | | | | | | |
| Schools: | | | | | | | | | | |
| School Facilities | 68 | 68 | 68 | 70 | 70 | 71 | 71 | 71 | 73 | 73 |
| Vehicles | 947 | 911 | 1,033 | 1,070 | 1,096 | 1,158 | 1,131 | 1,137 | 1,173 | 1,183 |
| Recreation and Cultural | | | | | | | | | | |
| Recreation: | | | | | | | | | | |
| Recreation/Community Centers | 15 | 15 | 17 | 17 | 17 | 20 | 17 | 20 | 20 | 20 |
| Developed Park Acreage | 1772 | 1772 | 1800 | 1897 | 1900 | 2505 | 2505 | 2505 | 2505 | 2515 |
| Athletic Fields/Courts | 374 | 403 | 407 | 417 | 419 | 419 | 423 | 410 | 410 | 187 |
| County Golf Courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library: | | | | | | | | | | |
| Number of Libraries | 10 | 10 | 10 | 10 | 10 | 11 | 10 | 11 | 11 | 11 |
| Titles in Collection | 285,423 | 275,065 | 298,528 | 326,326 | 331,242 | 327,455 | 329,141 | 324,527 | 314,907 | 321,108 |
| Volumes in Collection | 702,895 | 656,680 | 823,864 | 895,954 | 1,042,188 | 901,837 | 924,076 | 860,640 | 863,149 | 899,266 |
| Public Utilities | | | | | | | | | | |
| Water and Sewer: | | | | | | | | | | |
| Miles of Water Mains | 1,370 | 1,403 | 1,431 | 1,463 | 1,495 | 1,515 | 1,528 | 1,548 | 1,558 | 1,572 |
| Miles of Sewer Mains | 1,324 | 1,345 | 1,364 | 1,391 | 1,420 | 1,445 | 1,443 | 1,450 | 1,456 | 1,463 |
| Vehicles | 327 | 328 | 341 | 341 | 347 | 354 | 353 | 358 | 358 | 358 |
| Landfills | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: Approved County Budget

(1) FY2012 column data is revised budget not actual, where actual data is not yet available