

**COUNTY OF HENRICO, VIRGINIA**  
**COMPREHENSIVE**  
**ANNUAL FINANCIAL REPORT**  
**2006 - 2007**



**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



**COUNTY OF HENRICO**

**VIRGINIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2007**

**Prepared By  
The Director of Finance**

**COUNTY OF HENRICO, VIRGINIA**  
**Directory of Officials**  
**June 30, 2007**

**BOARD OF SUPERVISORS**

James B. Donati, Jr., Chairman .....	Varina District
David A. Kaechele, Vice Chairman .....	Three Chopt District
Richard W. Glover .....	Brookland District
Frank J. Thornton .....	Fairfield District
Patricia S. O'Bannon .....	Tuckahoe District

**ADMINISTRATIVE OFFICIALS**

Virgil R. Hazelett .....	County Manager
George T. Drumwright, Jr. ....	Deputy County Manager
Angela N. Harper .....	Deputy County Manager
Harvey L. Hinson .....	Deputy County Manager
Leon T. Johnson .....	Deputy County Manager
Robert K. Pinkerton .....	Deputy County Manager
Reta R. Busher .....	Director of Finance
Joseph P. Rapisarda, Jr. ....	County Attorney

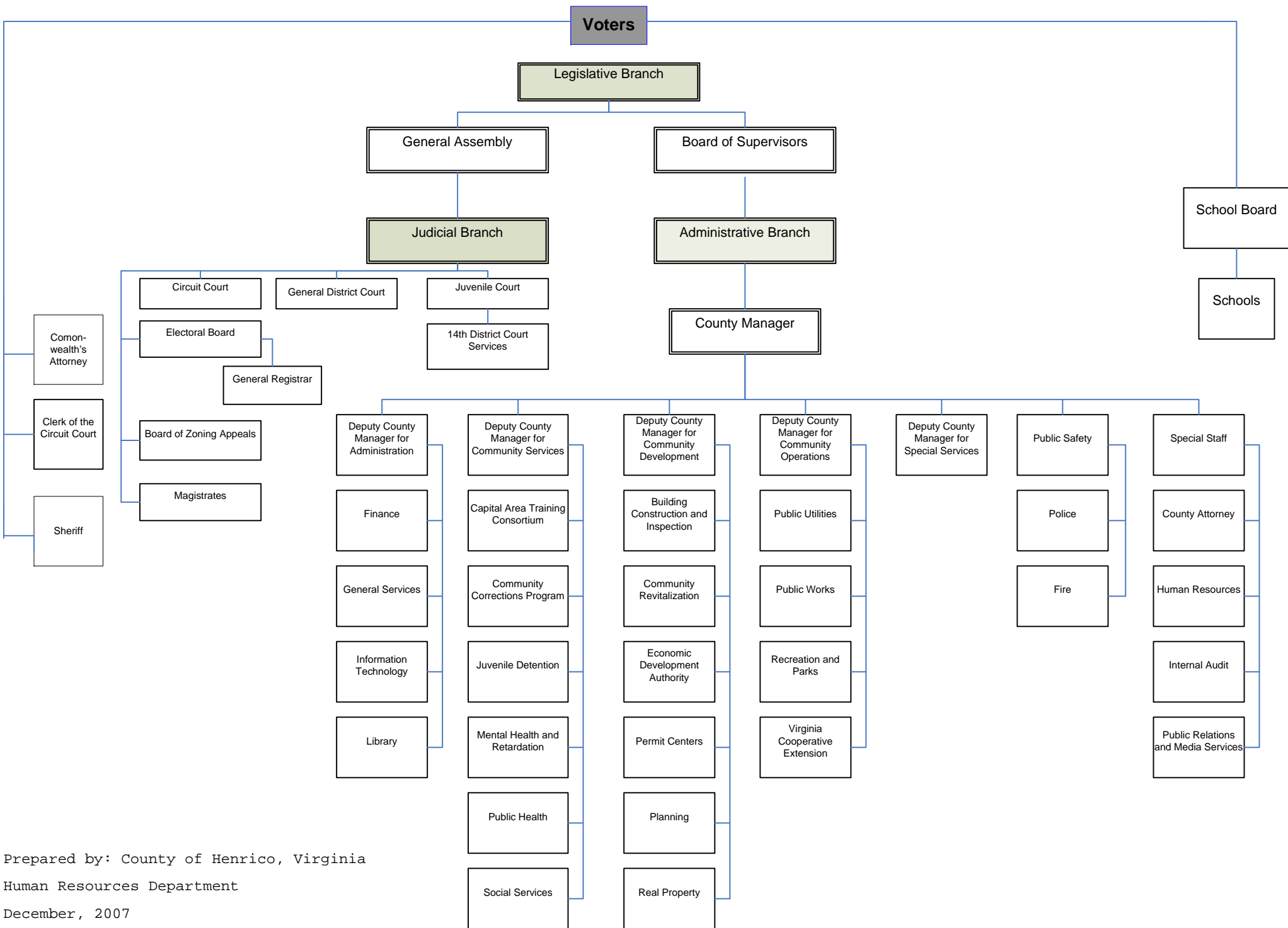
**ELECTED SCHOOL BOARD**

Dr. Lloyd E. Jackson, Jr., Chairman .....	Fairfield District
Hugh C. Palmer, Vice Chairman .....	Varina District
Linda L. McBride .....	Brookland District
James A. Fiorelli .....	Three Chopt District
Stuart P. Myers .....	Tuckahoe District

**ADMINISTRATIVE OFFICIALS - SCHOOLS**

Fred S. Morton, IV .....	Superintendent of Schools
Vacant .....	Assistant Superintendent for Operations
Dr. Patrick C. Kinlaw .....	Assistant Superintendent for Administrative Services
T. David Myers .....	Assistant Superintendent for Finance
Dr. Jean S. Murray .....	Assistant Superintendent for Instruction

# County of Henrico, Virginia Organization Chart



**COUNTY OF HENRICO, VIRGINIA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 for the Fiscal Year Ended June 30, 2007**

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**Henrico County**

**Proud of Our Progress;  
Excited About Our Future**

## **Introductory Section**



**Henrico County**

**Proud of Our Progress;  
Excited About Our Future**



COMMONWEALTH OF VIRGINIA  
COUNTY OF HENRICO

Virgil R. Hazelett, P.E.  
County Manager

November 28, 2007

The Honorable Board of Supervisors  
County of Henrico  
Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. 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 concerned readers. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. It also includes the required Management's Discussion and Analysis, a narrative review of the financial statements included in this document. Anyone with any comments or questions concerning this report is encouraged to contact the County of Henrico's Department of Finance.

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 information for the preparation of the County's financial statements 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 is accurate in all material respects.

KPMG LLP, a certified public accounting firm, audited the County's basic financial statements. As an independent auditor, KPMG LLP rendered an unqualified opinion stating that the County's basic financial statements for the fiscal year ended June 30, 2007, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report is presented as the first component of the Financial Section of this report.

The Honorable Board of Supervisors  
November 28, 2007

The independent audit of the financial statements of the County is part of a broader, federal and state mandated “Single Audit” designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government’s internal controls and compliance with legal requirements, with special emphasis on the administration of federal and state awards. This information is available in a separately issued report, which is available upon request from the Department of Finance.

### **Profile of the Government**

The County of Henrico is located in central Virginia bordering the City of Richmond to the west, north, and east and lies between the James and Chickahominy Rivers. 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 as there are two major interstate highways, major rail lines, and an international airport within the County’s borders. Henrico County is also convenient to the nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent County Population Estimates, 305,432 Henrico County residents (approximately one third of the Richmond Metropolitan area) live in a well-planned community of 244.06 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 goes 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 logo as a symbol of Henrico’s place in 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. 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.

The Honorable Board of Supervisors  
November 28, 2007

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 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 March. That body then undertakes an intensive review of that budget in a series of public meetings in mid-March. 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**

Henrico County exemplifies what is possible when a community aspires to stand out from the ordinary. Our residents live and work in a low-tax, high-quality community with a solid local economy and one of the premier public school systems in the nation. This environment is fostered by the Board of Supervisors, who has over time, consistently demanded innovation, effective planning and financial prudence when allocating public resources while consistently reducing tax rates. With an emphasis on excellence in customer service, sound financial management, and sustainable economic development, Henrico County has proven to be the community of choice.

Henrico County was recently named the number 3 U.S. metro center for businesses by Dow Jones MarketWatch. One of the contributing factors of this ranking was the concentration of major corporations in the County. Currently, five Fortune 1000 companies are headquartered in Henrico County. They include The Brinks Company, Circuit City Stores, Genworth Financial, LandAmerica Financial, and Markel Corporation. Besides these companies, Henrico County is also home to Phillip Morris U.S.A., Alfa Laval, Anthem, Hamilton Beach-Proctor Silex, and Southern States 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.

With so many businesses operating in Henrico County, the unemployment rate is exceptionally low. According to the Virginia Employment Commission, as of September 2007 the County's unemployment rate of 2.6 percent is below Virginia's 2.8 percent and well below the national rate of 4.5 percent. As would be expected, the average weekly wage during the second quarter of 2006 was

The Honorable Board of Supervisors  
November 28, 2007

6.0 percent higher than the national average (\$831 for Henrico County, \$784 for the United States).

Retail sales are quite strong in Henrico County as it ranks second behind only Fairfax County in the Commonwealth. The most recent annual data from the Virginia Department of Taxation reflects that Henrico County's annual taxable sales for 2006 totaled \$4.9 billion. Henrico's taxable sales per capita are also second in the State (behind Roanoke City), another indication that the County is a regional and perhaps statewide shopper's destination. Henrico has been able to establish itself as a destination for shoppers starting with Regency Shopping Center, which was built in the 1970s, and more recently with Short Pump Town Center. In the future, the County will be in an excellent position to maintain its place as a locality shoppers will seek to spend their money when the Shoppes at White Oak open in Eastern Henrico in coming years.

The presence of these business and corporate entities would not be possible if it was 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 has consistently been recognized by the *13 City/County Comparisons* compiled by the City of Chesapeake as the lowest taxing metropolitan locality in Virginia. The low tax burden combined with a record of conservative 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 the County'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/omb.html>.

#### **General Guidelines:**

The County of Henrico will maintain its triple –AAA (AAA/Aaa/AAA) General Obligation Bond ratings with Standard and Poors, 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 which, in turn, saves our County residents tax dollars.

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 Honorable Board of Supervisors  
November 28, 2007

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 will approve the first year of this plan 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 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 Honorable Board of Supervisors  
November 28, 2007

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

The County will continue to strive to exceed a 70% residential – 30% commercial real estate assessment ratio. Maintaining a healthy commercial 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 undesignated fund balance – as compared to similar sized Virginia localities. As a percentage of actual General Fund expenditures, the County’s undesignated fund balance has been:

FY 00: 12.90%	FY 04: 18.04%
FY 01: 15.54%	FY 05: 18.00%
FY 02: 16.69%	FY 06: 18.00%
FY 03: 17.79%	FY 07: 18.00%

During the FY 2005-06 budget process, the Board of Supervisors agreed with a policy recommendation to maintain the undesignated fund balance at a level of 18.0 percent of General Fund expenditures effective June 30, 2006. The policy of maintaining this reserve will be examined on an annual basis, during the annual budget process.

The County will not use its undesignated fund balance to subsidize current operations.

### **Major Initiatives and Accomplishments**

Within the span of a year, two new libraries opened at Tuckahoe and Twin Hickory. Both facilities (53,000 and 40,000 square feet, respectively) were approved in the November 2000 General Obligation Bond Referendum and provide state-of-the art amenities as each boast over 100 computers on site and wireless internet access. Tuckahoe Library, which was a replacement of an older library, has seen an increase in its circulation (from 709,199 items to 1,044,949). Also opening in the past year was the newly renovated Henrico Theatre. This 400 seat landmark will now serve as a community arts center in Highland Springs and provide programs such as stage performances and film festivals.

Glen Allen Stadium at RF&P Park began drawing youth baseball players and fans from around the country by hosting the Babe Ruth Baseball World Series. Eight regional winners from across the United States descended upon the stadium helping to contribute to the \$31 million spent in the County from continuous amateur athletic sporting events.

The Honorable Board of Supervisors  
November 28, 2007

The Henrico County Public School system, long recognized as one of the finest public school systems in the nation, received another accolade this year when the U.S. Department of Education named Pocahontas Middle School a 2006 No Child Left Behind Blue Ribbon School. The middle school was one of only 10 schools in Virginia and 250 nationwide to receive the award. There were also two new schools that opened at the beginning of the 2007-2008 school year. Colonial Trail Elementary School, built for a capacity of 680 students, was approved as part of the November 2000 General Obligation Bond Referendum to address the fast growing western region of the County. Elko Middle School, with a student capacity of 1,058, was approved as part of the March 2005 General Obligation Bond Referendum and addresses capacity issues at two middle schools in the eastern part of the County as well as accommodates future growth due to new development in that region.

### **Future Challenges**

In August of 2007, Governor Timothy Kaine announced there was a \$641 million shortfall in the current State Biennial Budget. The shortfall in the State budget is the result of the overestimation of State revenues, in particular the Recordation Tax, Interest on Investments, and Corporate Income Taxes. State agencies have reduced their budgets by as much as five percent in order to help close this shortfall. The Governor, as part of his solution to eliminate the shortfall, has also reduced aid payments to localities in certain areas. The County will make any necessary adjustment to revenue and expenditure projections to account for these aid reductions. However, as of this writing there are no adjustments anticipated due to the County's prudent approach to estimating State revenues.

### **GASB - 45**

A recently promulgated accounting standard, GASB Statement No. 45 ("GASB 45") requires state and local governments to account for and report their costs associated with Other Post-retirement (non-pension) Employee Benefits ("OPEB"), primarily post-retirement healthcare benefits. GASB 45 requires that state and local governments adopt actuarial methodologies to determine annual OPEB costs that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. Henrico County completed the required actuarial analysis of our future liabilities under GASB 45 and the results indicate the amount of the County's Annual Required Contribution (ARC) to be approximately \$9.9 million. Many local governments chose not to fund their accrued liability while others considered issuing bonds to offset this responsibility. The County fully funded the ARC in the FY2007-08 budget increasing its Estimated County Contributions by \$6.4 million. The County will continue to meet this funding challenge in future years within current revenue estimates.

Below is the anticipated growth in the Net OPEB Obligation based on contributions to the medical, dental and health care supplement plans on a pay-as-you-go cost basis. The assumptions used for this projection are based on a discount rate of 4.0% and an initial amortization period of 30 years.

The Honorable Board of Supervisors  
November 28, 2007

The amortization of the unfunded actuarial accrued liability has been “fresh started” each year, for this projection. Additionally, the data is projected into the future based on the active population remaining constant. Finally, the estimated contributions are based on projected medical premium payments and health care supplement payments made during the year for the retired employees by the County.

**Projection of Net OPEB Obligation based on  
Contributions Equal to Pay-As-You-Go Cost (Current Method)**  
(Amounts in Thousands)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Year	ARC	Interest on Net OPEB Obligation	ARC Adjustment	OPEB Cost  (2)+(3)-(4)	Estimated County Contributions	Change in Net OPEB Obligation  (5) - (6)	Net OPEB Obligation
0	\$ 9,920	\$ 0	\$ 0	\$ 9,920	\$ 3,586	\$ 6,334	\$ 6,334
1	10,422	253	352	10,323	4,111	6,212	12,546
2	10,869	502	698	10,673	4,606	6,067	18,613
3	11,343	745	1,035	11,053	5,158	5,895	24,508
4	11,797	980	1,363	11,414	5,781	5,633	30,141
5	12,227	1,206	1,676	11,757	6,382	5,375	35,516

**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, 2006. This was the twenty-fourth 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.

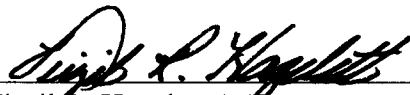
The Honorable Board of Supervisors  
November 28, 2007

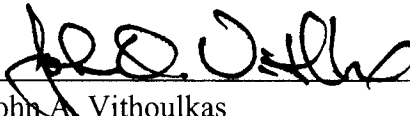
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**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 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,

  
\_\_\_\_\_  
Virgil R. Hazelett, P.E.  
County Manager

  
\_\_\_\_\_  
John A. Vithoukas  
Acting, Director of Finance

# 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, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

**Financial Section**



**Henrico County**

**Proud of Our Progress;  
Excited About Our Future**



**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 June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 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, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The accompanying Management's Discussion and Analysis on pages 3 through 13, the budgetary comparison information on pages 62 through 69, and the schedules of funding progress in note 9 on pages 52 through 54 are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



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 introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

KPMG LLP

November 28, 2007

## **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, 2007 (FY 2007). 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 2007**

The General Fund, on a current financial resource basis, reported revenues in excess of expenditures and other financial sources and uses by \$8.7 million (Exhibit 4) after making transfers of \$146.2 million, which include transfers to the Capital Projects Fund for \$79.9 million, Special Revenue Fund for \$18.4 million and Debt Service Fund for \$48.1 million. In addition, the County contributed \$176.9 million to the County's component units.

On a government-wide basis for governmental activities, the County had expenses net of program revenue of \$424.5 million. The general revenues of \$550.4 million exceeded expenses net of program revenues by \$125.9 million (Exhibit 2).

The County's total net assets, excluding component units, on the government-wide basis totaled \$2,009.4 million at June 30, 2007 (Exhibit 1).

In July 2006, the County sold Water and Sewer System Revenue Bonds, Series 2006A in the aggregate amount of \$81,470,000. The County also sold Water and Sewer System Refunding Bonds, Series 2006B in the aggregate amount of \$4,795,000. The proceeds of these bonds have and will continue to provide financing for capital additions and extensions to the Water and Sewer System and refund certain outstanding debt.

In November 2006, the County sold General Obligation Public Improvement Bonds in the aggregate amount of \$71,915,000. The proceeds of the Bonds have and will continue to provide financing for various County and School capital improvements.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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 other supplementary information in addition to the basic financial statements themselves.

The primary focus of the basic governmental financial statements over the last 20 years has been summarized fund type information on a current financial resource basis. Presenting two types of financial statements, each with a different snapshot of the County's finances, has modified this

approach. The current focus 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 STATEMENTS**

The government-wide 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 Assets and the Statement of Activities, which are the government-wide statements, reports information about the County as a whole and about its activities in a way that helps answer this question. These 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 statements report the County's net assets and the changes in them. One can think of the County's net assets – the difference between assets and liabilities – as one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors will need to be considered; however, such as changes in the County's property tax base and the condition of the County's infrastructure, to assess the overall health of the County.

In the Statement of Net Assets 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 (the School Board) and the James River Juvenile Detention Commission. 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** – Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash, and (2) the balances left, at year end that are available for spending. Consequently, 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. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explain the relationship (or 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 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 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 operation and the Technology Replacement 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 Assets

The following table reflects a summary of the County's net assets for fiscal years ended June 30, 2006 and 2007 (in millions):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Component Units</u>	
	2006	2007	2006	2007	2006	2007	2006	2007
Current and Other Assets	\$ 472.3	\$ 556.1	\$ 94.4	\$ 181.2	\$ 566.7	\$ 737.3	\$ 47.2	\$ 49.6
Capital Assets	<u>981.5</u>	<u>1,086.1</u>	<u>944.3</u>	<u>968.4</u>	<u>1,925.8</u>	<u>2,054.5</u>	<u>197.4</u>	<u>223.9</u>
<b>Total Assets</b>	<u>\$ 1,453.8</u>	<u>\$ 1,642.2</u>	<u>\$ 1,038.7</u>	<u>\$ 1,149.6</u>	<u>\$ 2,492.5</u>	<u>\$ 2,791.8</u>	<u>\$ 244.6</u>	<u>\$ 273.5</u>
Long-term Liabilities	\$ 400.0	\$ 443.5	\$ 126.9	\$ 202.6	\$ 526.9	\$ 646.1	\$ 29.9	\$ 33.7
Other Liabilities	<u>86.5</u>	<u>105.5</u>	<u>29.8</u>	<u>30.8</u>	<u>116.3</u>	<u>136.3</u>	<u>7.2</u>	<u>7.9</u>
<b>Total Liabilities</b>	<u>\$ 486.5</u>	<u>\$ 549.0</u>	<u>\$ 156.7</u>	<u>\$ 233.4</u>	<u>\$ 643.2</u>	<u>\$ 782.4</u>	<u>\$ 37.1</u>	<u>\$ 41.6</u>
Net Assets:								
Invested In Capital Assets, Net of Related Debt	\$ 734.5	\$ 795.3	\$ 815.7	\$ 826.6	\$ 1,550.2	\$ 1,621.9	\$ 176.6	\$ 199.8
Restricted	<u>88.9</u>	<u>135.9</u>	<u>11.4</u>	<u>15.9</u>	<u>100.3</u>	<u>151.8</u>	<u>3.6</u>	<u>3.2</u>
Unrestricted	<u>143.9</u>	<u>162.0</u>	<u>54.9</u>	<u>73.7</u>	<u>198.8</u>	<u>235.7</u>	<u>27.3</u>	<u>28.9</u>
<b>Total Net Assets</b>	<u>\$ 967.3</u>	<u>\$ 1,093.2</u>	<u>\$ 882.0</u>	<u>\$ 916.2</u>	<u>\$ 1,849.3</u>	<u>\$ 2,009.4</u>	<u>\$ 207.5</u>	<u>\$ 231.9</u>

The County's combined net assets increased by 8.6 percent, or \$160.1 million to \$2,009.4 million from \$1,849.3 million, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 2).

Net assets of the County's governmental activities increased 13.0 percent or \$125.9 million to \$1,093.2 million (Exhibit 2). Invested In Capital Assets, Net of Related Debt increased by \$60.8 million, which was due to an increase in Capital Assets. Restricted Assets had an overall increase of \$47.0 million. The governmental activities unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, increased by \$18.1 million to \$162.0 million at June 30, 2007 (Exhibit 1). The component units' net assets increased 11.7 percent or \$24.4 million from \$207.5 million to \$231.9 million primarily due to increases in Federal and State operating grants and contributions received in the current year.

The net assets of governmental activities increased mainly due to higher capital outlay expenditures of \$138.9 million in 2007 compared to \$99.5 million in 2006, an increase of \$39.3 million, or 39.5 percent. Capital outlay expenditures are added back to net assets as the result of an increase in capital assets capitalized during the year. Net Assets also increased due to the recognition of deferred grant revenues of approximately \$10.5 million from FEMA and Federal Highway Construction Fund grant programs. Net Assets also increased due to a decrease in accrued interest expense of \$2.2 million in 2007 compared to 2006, a decrease of 109 percent. Debt activities during the fiscal year resulted in a net increase of \$10.2 million in net assets. These increases were offset by a decrease of \$40.4 million in the change in fund balance in 2007

compared to 2006, or 43.5 percent. The change in fund balance for 2007 was \$52.4 million as compared to \$92.9 million for 2006.

The net assets of business-type activities increased 3.8 percent or \$34.2 million from \$882.0 million to \$916.2 million. Unrestricted assets available for the continuing operation of these activities, water and sewer, and the golf course, were \$71.2 million as of June 30, 2007.

### Schedule of Activities

The following chart shows the revenue and expenses of the governmental activities for the fiscal years ended June 30, 2006 and 2007 (in millions):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>		<u>Component Units</u>	
	2006	2007	2006	2007	2006	2007	2006	2007
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for Services	\$ 43.6	\$ 43.7	\$ 92.5	\$ 92.7	\$ 136.1	\$ 136.4	\$ 9.6	\$ 9.8
Operating Grants and Contributions	125.0	143.7	21.4	16.9	146.4	160.6	211.7	247.5
<b>General Revenues:</b>								
Property Taxes	312.2	350.2	-	-	312.2	350.2	-	-
Other Taxes	129.1	135.1	-	-	129.1	135.1	-	-
Other	66.2	65.2	4.1	7.1	70.3	72.3	2.4	2.7
Payment from Primary Government	-	-	-	-	-	-	179.9	176.9
<b>Total Revenue</b>	<u>\$ 676.1</u>	<u>\$ 737.9</u>	<u>\$ 118.0</u>	<u>\$ 116.7</u>	<u>\$ 794.1</u>	<u>\$ 854.6</u>	<u>\$ 403.6</u>	<u>\$ 436.9</u>
<b>Expenses:</b>								
General Government	\$ 67.0	\$ 79.0	\$ -	\$ -	\$ 67.0	\$ 79.0	\$ -	\$ -
Judicial Administration	6.8	7.6	-	-	6.8	7.6	-	-
Public Safety	142.1	151.3	-	-	142.1	151.3	4.5	4.8
Public Works	54.6	61.0	-	-	54.6	61.0	-	-
Health and Welfare	54.0	57.8	-	-	54.0	57.8	-	-
Education	182.2	180.1	-	-	182.2	180.1	380.5	407.7
Parks, Recreation and Cultural	26.1	28.7	-	-	26.1	28.7	-	-
Community Development	26.8	29.4	-	-	26.8	29.4	-	-
Interest on Long-term Debt	16.8	17.1	-	-	16.8	17.1	-	-
Water and Sewer	-	-	71.5	81.4	71.5	81.4	-	-
Golf Course	-	-	1.2	1.1	1.2	1.1	-	-
<b>Total Expenses</b>	<u>\$ 576.4</u>	<u>\$ 612.0</u>	<u>\$ 72.7</u>	<u>\$ 82.5</u>	<u>\$ 649.1</u>	<u>\$ 694.5</u>	<u>\$ 385.0</u>	<u>\$ 412.5</u>
<b>Change in Net Assets</b>	<u>99.7</u>	<u>125.9</u>	<u>45.3</u>	<u>34.2</u>	<u>145.0</u>	<u>160.1</u>	<u>18.6</u>	<u>24.4</u>
<b>Net Assets at beginning of year</b>	<u>867.6</u>	<u>967.3</u>	<u>836.7</u>	<u>882.0</u>	<u>1,704.3</u>	<u>1,849.3</u>	<u>188.9</u>	<u>207.5</u>
<b>Net Assets at end of year</b>	<u>\$ 967.3</u>	<u>\$ 1,093.2</u>	<u>\$ 882.0</u>	<u>\$ 916.2</u>	<u>\$ 1,849.3</u>	<u>\$ 2,009.4</u>	<u>\$ 207.5</u>	<u>\$ 231.9</u>

### REVENUES

For the fiscal year ended June 30, 2007, revenues from governmental activities totaled \$737.9 million, an increase of \$61.8 million, or 9.1 percent over fiscal year 2006. Real Estate Tax Revenues, the County's largest revenue source, which reflects the recognition of the second half

calendar year 2006 and the first half of calendar year 2007 real property tax billing, totaled \$276.4 million. The increase in Real Estate Tax revenue is primarily attributable to an increase in the County's assessed real property tax base, which increased 11.8 percent in calendar year 2007. The increase in assessments was offset by a 3 cent reduction in the Real Estate Tax Rate to 87 cents per \$100 of assessed value. This is the third consecutive year that the Board of Supervisors has reduced the Real Estate Tax Rate, as a means of offsetting some of the increase in assessed value of real estate in the County.

In fiscal year 2007, the County recorded \$64.4 million in personal property tax revenue from County residents, and received Personal Property Tax Relief from the Commonwealth of \$37.2 million for total personal property tax related receipts of \$101.6 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 will be based on the total 2004 reimbursement as of December 31, 2005. The County's share for 2007 of \$37.2 million, will be paid in three installments beginning in July 2007. At June 30, 2007, the County accrued \$18.4 million for the first half 2007 calendar year.

Business-type activities produced total revenues of \$116.7 million, a decrease of \$1.3 million from fiscal year 2006. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$91.8 million in charges for services and \$16.8 million in operating grants and contributions. (Exhibit 2)

## **EXPENSES**

For the fiscal year ended June 30, 2007, expenses for governmental activities totaled \$612.0 million, an increase of \$35.6 million, or 6.2 percent over fiscal year 2006. Included in this activity are increases for employee compensation and benefits, payments for educational expenses to the School Board, and cost increases in the areas of public safety, recreation, libraries and community development.

With historically low unemployment levels and high demand for skilled employees in both the public and private sectors in this region, it is important that the County provide competitive compensation levels for our employees. The FY 2007 expenses included funding for a combined merit pay increase and wage adjustment of 4.0 percent for all eligible County and School Board employees effective the first payday in July, 2007.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include \$151.1 million for School operations and \$25.5 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 \$82.5 million, an increase of \$9.8 million or 13.5 percent over fiscal year 2006 (Exhibit 2). The Water and Sewer activity accounts for \$81.4 million of the total expenses of \$82.5 million.

## FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2007, the governmental funds reflect a combined fund balance of \$423.9 million, an increase of \$52.4 million over fiscal year 2006 (Exhibit 3). Included in the combined fund balance is the General Fund, which accounts for \$203.3 million (Exhibit 4) of the total combined balance. This is a 4.4 percent increase over the General Fund balance of \$194.6 million recorded at June 30, 2006. The current General Fund Balance was impacted by General Fund Revenues, which grew by \$40.3, or 6.7 percent over fiscal year 2006. This was primarily due to increases in General Property Taxes (Real Estate and Personal Property Taxes). At the same time General Fund Expenditures grow by \$22.8 million or 5.0 percent over fiscal year 2006. In fiscal year 2007 the County funded a 4.0 percent pay increase, as well as benefits increases, and added personnel positions to Public Safety (Police and Fire). Other Financing Uses increased by \$47.5 million or 48.1 percent over fiscal year 2006, and attributable to operating transfers to Capital Projects which amounted to \$41.1 million for various County capital improvements projects. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed \$79.9 million to the Capital Projects Fund to finance various capital projects, \$18.4 million to the Special Revenue Fund and \$48.0 million for debt service.
- The General Fund contributed \$151.1 million to fund the fiscal year 2007 School Board operations.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$22.0 million (Exhibit 4) increased \$2.6 million or 13.6 percent in comparison to fiscal year 2006. The increase is due to revenues of \$46.0 million and transfers from the General Fund of \$18.4 million exceeding expenditures of \$61.6 million and transfers to the Capital Project Fund of \$275,500. The major function of the Special Revenue Fund is to account for State and Federal grants received by the County. State and Federal grants accounted for \$28.3 million in revenues and \$45.0 million in expenditures along with the County's solid waste function, which accounted for \$10.1 million in revenues and \$10.3 million in expenditures during the fiscal year.
- The Debt Service Fund Balance increased from \$4.1 million to \$4.6 million (Exhibit 4) during fiscal year 2007. The increase is due to revenues and other financing sources exceeding expenditures by \$538,762. During the fiscal year, expenditures for debt service were \$48.0 million and the Fund received transfers from the General Fund of \$48.0 million.
- The Capital Projects Fund Balance of \$193.9 million (Exhibit 4) increased \$40.5 million or 26.4 percent in comparison to fiscal year 2006. During the fiscal year, expenditures for capital projects were \$123.0 million, revenues were \$10.6 million and transfers totaled \$79.9 million. Transfers consisted of \$79.9 million from the General Fund, and \$275,500

from the Special Revenue Fund, for a solid waste capital project. In addition, the County issued \$71.9 million in General Obligation Public Improvement Bonds on November 6, 2006. The proceeds from this bond issue financed both County and School improvements.

## GENERAL FUND BUDGETARY HIGHLIGHTS

<b>General Fund Budget</b>			
(in millions)			
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
<b>Revenues:</b>			
Taxes	\$ 433.1	\$ 435.8	\$ 468.9
Intergovernmental	114.5	121.3	127.1
Other	<u>28.6</u>	<u>28.8</u>	<u>41.5</u>
Total Revenues	<u>\$ 576.2</u>	<u>\$ 585.9</u>	<u>\$ 637.5</u>
<b>Expenditures and Other Financing Uses:</b>			
Expenditures	\$ 468.9	\$ 496.9	\$ 482.7
Other Financing Uses	<u>98.5</u>	<u>146.2</u>	<u>146.2</u>
Total Expenditures and Other Financing Uses	<u>567.4</u>	<u>643.1</u>	<u>628.9</u>
Change in Fund Balance	<u>\$ 8.8</u>	<u>\$ (57.2)</u>	<u>\$ 8.6</u>

Revenue and other financing sources exceeded expenditures and other financing uses by \$8.6 million in the General Fund for fiscal year 2007.

Actual General Fund revenues exceeded original budgeted revenues by \$61.3 million during fiscal year 2007. This increase is attributable in part to increased real estate assessments and other increased local taxes such as real estate, personal property, business license and bank franchise tax revenues, which account for \$35.8 million of the increase. Revenue collections exceeded the revised budget by \$33.0 million. Actual General Fund expenditures were greater than the original budget by \$13.8 million, which was due in part to Board approved supplemental appropriations, and were less than the revised budget by \$14.2 million.

During the fiscal year 2007, the County Board of Supervisors amended the budget six 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, 2006.
- To reappropriate grant revenues authorized in fiscal year 2006 or earlier, but not expended or encumbered as of June 30, 2006.
- To appropriate grants or donations accepted or adjusted in fiscal year 2007.

- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2007 budget.

## CAPITAL ASSETS

At the end of fiscal year 2007, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,086.1 million (Note 6), which represents a net increase of \$104.6 million or 10.6 percent over the previous fiscal year-end balance. In Henrico, infrastructure assets include roads, bridges, and water and wastewater systems.

### Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2006	2007	2006	2007	2006	2007	2006	2007
<b>Non-Depreciable Assets:</b>								
Land	\$ 286.7	\$ 303.9	\$ 16.9	\$ 16.9	\$ 303.6	\$ 320.8	\$ 16.2	\$ 33.6
Construction in Progress	238.3	242.1	40.7	48.5	279.0	290.6	45.9	41.4
<b>Other Capital Assets:</b>								
Building	348.4	419.5	303.9	312.0	652.3	731.5	199.1	211.9
Infrastructure	438.0	465.2	749.0	782.0	1,187.0	1,247.2	-	-
Equipment	108.1	117.1	108.6	106.9	216.7	224.0	97.8	111.6
Improvements other than Buildings	27.0	27.1	3.8	3.8	30.8	30.9	20.9	21.9
Accumulated Depreciation On Other Capital Assets	<u>(465.0)</u>	<u>(488.8)</u>	<u>(278.6)</u>	<u>(301.7)</u>	<u>(743.6)</u>	<u>(790.5)</u>	<u>(182.5)</u>	<u>(196.5)</u>
Total	<u>\$ 981.5</u>	<u>\$ 1,086.1</u>	<u>\$ 944.3</u>	<u>\$ 968.4</u>	<u>\$ 1,925.8</u>	<u>\$ 2,054.6</u>	<u>\$ 197.4</u>	<u>\$ 223.9</u>

The business-type activities capital assets grew by \$24.1 million to \$968.4 million, an increase of 2.5 percent over the previous fiscal year. The County's business-type activities are made up of the County-owned golf course and the County's water and sewer activities.

The component unit's capital assets grew by \$26.5 million to \$223.9 million, an increase of 13.4 percent over the previous fiscal year. The School Board accounted for all of the net increase.

## LONG-TERM DEBT

In November 2000, the County's voters approved a \$237.0 million General Obligation Bond Referendum. The referendum included projects for Schools, Fire, Public Library, Public Works (roads projects), and Recreation and Parks. To date the County has issued \$236.9 million of the total voter approved bonds.

In March 2005, the County voters authorized the issuance of an additional \$349.3 million of general obligation bonds. These bonds will provide financing for future public improvements, including County and School facilities. To date the County has issued \$71.5 million of the voter approved bonds; with \$277.8 million in bonds approved but not issued.

On November 3, 2006, the County issued General Obligation Public Improvement Bonds, Series 2006 in the aggregate principal amount of \$71,915,000. The proceeds of the bonds will be used to finance public improvements for both County and School facilities, pursuant to the voter authorizations approved by referendums in November 2000 and March 2005. The interest rate on these bonds ranged between 4.00 percent and 5.00 percent. The bonds mature on December 1 of each of the years 2007 through 2026.

At the end of fiscal year 2007, the County had \$344.9 million in outstanding General Obligation Bonds, an increase of \$48.7 million, or 16.4 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

In November 2006, 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 conjunction with the issuance of the \$71.9 million in general obligation bonds. 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.

In addition to the general obligation bonds issued in November 2006, the County also issued \$81.4 million in Water and Sewer System Revenue Bonds (Series 2006 A) and \$4.8 million in Water and Sewer System Refunding Bonds (Series 2006 B) on July 6, 2006. The proceeds of the Series 2006 A Bonds will finance improvements, additions and extensions to the Water and Sewer System of the County. The proceeds of the Series 2006 B Bonds were used to refund \$4,835,000 Water and Sewer System Revenue and Refunding Revenue Bonds, Series 1994 of the County. The interest rate on these bonds ranged between 4.25 percent and 5.00 percent. The bonds mature on May 1 of each of the years 2007 through 2026.

## **ECONOMIC FACTORS**

According to the Virginia Employment Commission, the County added 18,170 jobs since 2000, pushing total employment over 159,534 as of June 2007. The County's unemployment rate, which was reported at 3.2 percent as of June 2007, continues to post at or below both the state and federal rates (3.2 percent and 4.7 percent respectively). As of 2005 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$40,036 registered considerably higher than both the national average of \$30,616 and the Commonwealth of Virginia average of \$37,503.

## **OTHER INFORMATION**

In preparation for the adoption in fiscal year 2008 of Governmental Accounting Standard Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45), the County had third-party actuaries prepare an evaluation of post retirement medical cost as of July 1, 2005. That evaluation estimated the Unfunded Actuarial Accrued Liability for both County and Schools Board combined to be \$88.5 million and the Annual Required Contribution (ARC) to be \$9.9 million. This information was based on a 30-year amortization of the unfunded actuarial liability and a 4 percent discount assumption.

During Fiscal Year 2008 the County will fully fund the ARC and establish a separate investment trust to finance the payment of benefits. The County Board of Supervisors, as part of the fiscal 2008 Budget, appropriated \$6.4 million for post retirement benefits. In addition to this amount, \$3.5 million of the current healthcare contributions will be combined to fully fund the \$9.9 million ARC for fiscal year 2008.

#### **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 Acting Director of Finance, P.O. Box 27032, Richmond, VA 23273-7032. Additional financial information can be found on our web-site [www.co.henrico.va.us](http://www.co.henrico.va.us).



**Henrico County**

**Proud of Our Progress;  
Excited About Our Future**

**COUNTY OF HENRICO, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2007**

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 493,113,232	\$ 109,362,917	\$ 602,476,149	\$ 38,070,300
Receivables, net	18,644,576	23,108,818	41,753,394	-
Due from other governments	47,397,445	-	47,397,445	11,058,541
Internal balances	(6,137,267)	6,137,267	-	-
Due from component units	1,100,393	-	1,100,393	-
Inventories	713,812	894,699	1,608,511	-
Prepays	-	20,000	20,000	-
Other assets	1,261,599	6,504,849	7,766,448	471,187
Restricted cash	-	35,174,355	35,174,355	37,344
Capital Assets:				
Land and construction in progress	546,035,856	65,426,052	611,461,908	75,105,585
Other capital assets, net	540,122,584	903,016,189	1,443,138,773	148,815,052
Capital assets, net	1,086,158,440	968,442,241	2,054,600,681	223,920,637
<b>Total Assets</b>	<b>\$ 1,642,252,230</b>	<b>\$ 1,149,645,146</b>	<b>\$ 2,791,897,376</b>	<b>\$ 273,558,009</b>
<b>Liabilities:</b>				
Accounts payable	\$ 60,859,839	\$ 11,115,930	\$ 71,975,769	\$ 2,924,127
Deposits payable	5,771,005	589,691	6,360,696	-
Accrued liabilities	24,220,153	2,242,634	26,462,787	-
Amounts held for others	191,088	-	191,088	1,096,332
Unearned revenues	14,441,998	16,852,767	31,294,765	2,817,771
Due to Primary Government	-	-	-	1,100,393
Long-term liabilities due within one year	56,850,678	9,117,682	65,968,360	15,462,992
Long-term liabilities due in more than one year	386,677,103	193,521,271	580,198,374	18,260,953
<b>Total Liabilities</b>	<b>\$ 549,011,864</b>	<b>\$ 233,439,975</b>	<b>\$ 782,451,839</b>	<b>\$ 41,662,568</b>
<b>Net Assets:</b>				
Invested in capital assets, net of related debt	\$ 795,306,678	\$ 826,624,558	\$ 1,621,931,236	\$ 199,772,001
Restricted for:				
Capital projects	83,043,064	-	83,043,064	-
Debt service	30,881,347	-	30,881,347	-
Special revenue	22,059,970	15,884,660	37,944,630	3,179,971
Unrestricted assets	161,949,307	73,695,953	235,645,260	28,943,469
<b>Total Net Assets</b>	<b>\$ 1,093,240,366</b>	<b>\$ 916,205,171</b>	<b>\$ 2,009,445,537</b>	<b>\$ 231,895,441</b>

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, 2007**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 79,015,136	\$ 18,941,285	\$ 1,054,460	\$ -
Judicial administration	7,584,571	112,847	6,390,512	-
Public safety	151,288,852	4,107,282	34,992,596	-
Public works	60,956,509	10,565,859	68,655,054	-
Health and welfare	57,777,300	8,061,768	29,354,399	-
Education	180,070,403	-	-	-
Parks, recreation and culture	28,747,686	1,285,079	322,096	-
Community development	29,359,057	690,560	2,898,775	-
Interest on long-term debt	17,170,874	-	-	-
Total Governmental Activities	611,970,388	43,764,680	143,667,892	-
<b>Business-type activities:</b>				
Water and Sewer	81,415,464	91,824,554	16,863,661	-
Belmont Park Golf Course	1,122,100	930,715	-	-
Total Business-type Activities	82,537,564	92,755,269	16,863,661	-
<b>Total Primary Government</b>	<u>\$ 694,507,952</u>	<u>\$ 136,519,949</u>	<u>\$ 160,531,553</u>	<u>\$ -</u>
<b>Component Units:</b>				
School Board	\$ 407,717,286	\$ 9,828,289	\$ 243,192,373	\$ -
James River Juvenile Detention Commission	4,879,219	-	4,286,333	89,601
<b>Total Component Units</b>	<u>\$ 412,596,505</u>	<u>\$ 9,828,289</u>	<u>\$ 247,478,706</u>	<u>\$ 89,601</u>

**General Revenues:**

Taxes:  
Property  
Local sales and use  
Business licenses  
Hotel and motel  
Bank franchise  
Other  
Interest and investment earnings  
Grants and contributions  
Payment from Henrico County  
Recovered costs  
Miscellaneous  
Educational contribution  
Total General Revenues

Change in net assets

**Net Assets at July 1 2006**

**Net Assets at June 30, 2007**

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
\$ (59,019,391)	\$ -	\$ (59,019,391)	\$ -
(1,081,212)	-	(1,081,212)	-
(112,188,974)	-	(112,188,974)	-
18,264,404	-	18,264,404	-
(20,361,132)	-	(20,361,132)	-
(180,070,403)	-	(180,070,403)	-
(27,140,511)	-	(27,140,511)	-
(25,769,722)	-	(25,769,722)	-
(17,170,874)	-	(17,170,874)	-
(424,537,816)	-	(424,537,816)	-
-	27,272,751	27,272,751	-
-	(191,385)	(191,385)	-
-	27,081,366	27,081,366	-
<u>\$ (424,537,816)</u>	<u>\$ 27,081,366</u>	<u>\$ (397,456,450)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (154,696,624)
-	-	-	(503,285)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (155,199,909)</u>
\$ 350,196,111	\$ -	\$ 350,196,111	\$ -
54,472,822	-	54,472,822	-
31,173,501	-	31,173,501	-
10,304,986	-	10,304,986	-
5,120,138	-	5,120,138	-
33,991,920	-	33,991,920	-
22,818,390	5,811,620	28,630,010	190,988
39,482,420	1,332,242	40,814,662	-
-	-	-	678,300
-	-	-	500,917
2,919,107	(94,403)	2,824,704	1,248,810
-	-	-	176,898,865
<u>\$ 550,479,395</u>	<u>\$ 7,049,459</u>	<u>\$ 557,528,854</u>	<u>\$ 179,517,880</u>
\$ 125,941,579	\$ 34,130,825	\$ 160,072,404	\$ 24,317,971
967,298,787	882,074,346	1,849,373,133	207,577,470
<u>\$ 1,093,240,366</u>	<u>\$ 916,205,171</u>	<u>\$ 2,009,445,537</u>	<u>\$ 231,895,441</u>

**COUNTY OF HENRICO, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

**Exhibit 3**

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>Assets:</b>					
Cash and cash equivalents	\$ 235,920,071	\$ 25,745,664	\$ 4,606,347	\$ 209,874,251	\$ 476,146,333
Receivables, net	16,388,613	2,253,739	-	-	18,642,352
Due from other governmental units	36,808,516	3,367,104	-	7,221,825	47,397,445
Due from component units	414,612	-	-	685,781	1,100,393
Due from other funds	162,892	-	-	-	162,892
Advance to other fund	112,500	-	-	-	112,500
<b>Total Assets</b>	<u>\$ 289,807,204</u>	<u>\$ 31,366,507</u>	<u>\$ 4,606,347</u>	<u>\$ 217,781,857</u>	<u>\$ 543,561,915</u>
<b>Liabilities:</b>					
Accounts payable	\$ 49,300,270	\$ 755,802	\$ -	\$ 9,157,934	\$ 59,214,006
Deposits payable	5,771,005	-	-	-	5,771,005
Accrued liabilities	11,811,728	4,206,307	-	1,938,211	17,956,246
Amounts held for others	-	191,088	-	-	191,088
Unearned revenues	19,646,337	4,153,340	-	6,305,726	30,105,403
Due to other funds	-	-	-	6,412,659	6,412,659
<b>Total liabilities</b>	<u>86,529,340</u>	<u>9,306,537</u>	<u>-</u>	<u>23,814,530</u>	<u>119,650,407</u>
<b>Fund Balances:</b>					
Reserved for:					
Advance to other funds	112,500	-	-	-	112,500
Encumbrances	5,822,870	735,644	-	69,432,323	75,990,837
Unreserved, reported as:					
Designated	74,613,801	21,324,326	4,606,347	124,535,004	225,079,478
Undesignated	122,728,693	-	-	-	122,728,693
<b>Total fund balances</b>	<u>203,277,864</u>	<u>22,059,970</u>	<u>4,606,347</u>	<u>193,967,327</u>	<u>423,911,508</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 289,807,204</u>	<u>\$ 31,366,507</u>	<u>\$ 4,606,347</u>	<u>\$ 217,781,857</u>	

**Adjustments for the Statement of Net Assets:**

Capital assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6)	\$ 1,072,505,121
Deferred revenue that has not been recognized in the current period and is reported as liabilities in the governmental funds. (Note 3)	15,663,405
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)	(443,255,889)
Accrued interest on bonds payable is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(6,263,907)
Other assets reported in governmental activities are not deferred and recorded as assets in the governmental funds.	1,261,599
Internal service funds are used by management to charge the costs of equipment replacement, therefore, the assets and liabilities of the internal service funds are included in government activities in the Statement of Net Assets.	30,124,593
Internal service funds' net profit allocation to business-type activities and component units is included in the Statement of Net Assets as accounts payable, but is not included in the governmental funds.	(706,064)
Net Assets of Governmental Activities	<u>\$ 1,093,240,366</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, 2007**

**Exhibit 4**

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues:</b>					
General property taxes	\$ 342,936,509	\$ 3,466,156	\$ -	\$ -	\$ 346,402,665
Other local taxes	125,926,766	3,992,577	-	-	129,919,343
Licenses and permits	4,596,388	-	-	-	4,596,388
Fines and forfeitures	2,639,646	-	-	-	2,639,646
Revenue from use of money and property	16,792,176	70,236	-	6,447,637	23,310,049
Charges for services	7,436,514	17,589,902	-	-	25,026,416
Miscellaneous	5,223,516	272,823	-	1,863,588	7,359,927
Recovered costs	4,834,712	1,093,103	-	-	5,927,815
Intergovernmental	127,120,620	19,558,854	-	2,261,200	148,940,674
<b>Total Revenues</b>	<u>637,506,847</u>	<u>46,043,651</u>	<u>-</u>	<u>10,572,425</u>	<u>694,122,923</u>
<b>Expenditures:</b>					
Current operating:					
General government	61,180,647	1,375,153	-	-	62,555,800
Judicial administration	6,742,617	784,659	-	-	7,527,276
Public safety	145,197,144	4,717,521	-	-	149,914,665
Public works	34,663,842	10,675,216	-	-	45,339,058
Health and welfare	22,320,464	35,360,478	-	-	57,680,942
Parks, recreation, and culture	27,208,578	89,819	-	-	27,298,397
Community development	20,769,114	8,589,316	-	-	29,358,430
Education	151,134,059	-	208,264	25,556,542	176,898,865
Miscellaneous	13,507,132	-	-	-	13,507,132
Debt service:					
Principal	46,343	-	29,260,000	-	29,306,343
Interest and other charges	7,892	-	18,570,208	-	18,578,100
Capital outlay	-	-	-	97,470,355	97,470,355
<b>Total Expenditures</b>	<u>482,777,832</u>	<u>61,592,162</u>	<u>48,038,472</u>	<u>123,026,897</u>	<u>715,435,363</u>
Excess (deficiency) of revenues over (under) expenditures	<u>154,729,015</u>	<u>(15,548,511)</u>	<u>(48,038,472)</u>	<u>(112,454,472)</u>	<u>(21,312,440)</u>
<b>OTHER FINANCING (USES) SOURCES:</b>					
Transfers in	-	18,461,927	48,057,065	79,925,936	146,444,928
Transfers out	(146,169,428)	(275,500)	-	-	(146,444,928)
Issuance of bonds	-	-	-	71,915,000	71,915,000
Issuance of bond premium	-	-	520,169	1,144,052	1,664,221
Issuance of capital leases	104,320	-	-	-	104,320
Total other financing (uses) sources, net	<u>(146,065,108)</u>	<u>18,186,427</u>	<u>48,577,234</u>	<u>152,984,988</u>	<u>73,683,541</u>
Net change in fund balance	8,663,907	2,637,916	538,762	40,530,516	52,371,101
<b>Fund Balances - July 1, 2006</b>	194,613,957	19,422,054	4,067,585	153,436,811	371,540,407
<b>Fund Balances - June 30, 2007</b>	<u>\$ 203,277,864</u>	<u>\$ 22,059,970</u>	<u>\$ 4,606,347</u>	<u>\$ 193,967,327</u>	<u>\$ 423,911,508</u>
<b>Adjustments for the Statement of Activities:</b>					
Net change in fund balances - total governmental funds					\$ 52,371,101
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 Assets.					29,306,343
Revenues in governmental funds that do provide current financial resources are not reported as revenues in the Statement of Activities. (Note 3)					10,279,898
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the life of the assets.					138,866,557
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.					1,352,389
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)					(33,817,055)
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)					179,725
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities					(73,683,541)
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.					(4,071)
Internal service fund revenues not recorded in the governmental funds.					1,090,233
Change in Net Assets of Governmental Activities					<u>\$ 125,941,579</u>

**COUNTY OF HENRICO, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2007**

Exhibit 5

	<b>Business Type Activities - Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Revenue</b>	<b>Belmont Park Golf Course</b>	<b>Total</b>	
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 109,362,917	\$ -	\$ 109,362,917	\$ 16,966,899
Receivables, net	23,108,818	-	23,108,818	2,224
Due from other funds	6,412,659	-	6,412,659	-
Inventories	894,699	-	894,699	713,812
Prepays	20,000	-	20,000	-
Restricted cash	35,174,355	-	35,174,355	-
<b>Total current assets</b>	<u>174,973,448</u>	<u>-</u>	<u>174,973,448</u>	<u>17,682,935</u>
Noncurrent assets:				
Other assets	6,503,693	1,156	6,504,849	-
Capital Assets:				
Land and Construction in Progress	65,175,561	250,491	65,426,052	-
Other Capital Assets, Net	901,154,703	1,861,486	903,016,189	13,653,319
<b>Capital Assets, Net</b>	<u>966,330,264</u>	<u>2,111,977</u>	<u>968,442,241</u>	<u>13,653,319</u>
<b>Total Assets</b>	<u>\$ 1,147,807,405</u>	<u>\$ 2,113,133</u>	<u>\$ 1,149,920,538</u>	<u>\$ 31,336,254</u>
<b>LIABILITIES:</b>				
Current liabilities:				
Accounts payable	\$ 11,075,454	\$ 40,476	\$ 11,115,930	\$ 939,769
Deposits payable	589,691	-	589,691	-
Due to other funds	-	162,892	162,892	-
Accrued liabilities	2,224,586	18,048	2,242,634	-
Unearned revenues	16,852,767	-	16,852,767	-
Long-term liabilities due within one year	9,100,232	17,450	9,117,682	169,262
<b>Total current liabilities</b>	<u>39,842,730</u>	<u>238,866</u>	<u>40,081,596</u>	<u>1,109,031</u>
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Long-term liabilities due in more than one year	193,505,585	15,686	193,521,271	102,630
<b>Total liabilities</b>	<u>233,348,315</u>	<u>367,052</u>	<u>233,715,367</u>	<u>1,211,661</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	824,512,581	2,111,977	826,624,558	13,653,319
Restricted	15,884,660	-	15,884,660	-
Unrestricted Assets	74,061,849	(365,896)	73,695,953	16,471,274
<b>Total net assets</b>	<u>914,459,090</u>	<u>1,746,081</u>	<u>916,205,171</u>	<u>30,124,593</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 1,147,807,405</u>	<u>\$ 2,113,133</u>	<u>\$ 1,149,920,538</u>	<u>\$ 31,336,254</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 ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 6

	<b>Business Type Activities - Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Revenue</b>	<b>Belmont Park Golf Course</b>	<b>Total</b>	
<b>Operating Revenues:</b>				
Charges for services:				
Water system	\$ 39,931,003	\$ -	\$ 39,931,003	\$ -
Sewer system	40,912,796	-	40,912,796	-
Golf course fees	-	930,715	930,715	-
Interdepartmental charges	-	-	-	18,544,861
Other	573,976	76,407	650,383	79,261
<b>Total operating revenue</b>	<b>81,417,775</b>	<b>1,007,122</b>	<b>82,424,897</b>	<b>18,624,122</b>
<b>Operating Expenses:</b>				
Purchased services	7,017,711	53,180	7,070,891	-
Payment in lieu of taxes	2,638,000	-	2,638,000	-
Utility charges	5,128,762	44,620	5,173,382	140,420
Personnel services and benefits	14,697,736	493,002	15,190,738	3,327,784
Professional services	8,475,419	107,939	8,583,358	46,389
Materials and supplies	4,642,812	194,171	4,836,983	11,131,346
Maintenance and repairs	1,193,674	29,818	1,223,492	1,795,366
Other expenses	3,629,891	64,234	3,694,125	166,031
Depreciation	25,927,172	135,136	26,062,308	1,947,642
<b>Total operating expenses</b>	<b>73,351,177</b>	<b>1,122,100</b>	<b>74,473,277</b>	<b>18,554,978</b>
Operating income (loss)	8,066,598	(114,978)	7,951,620	69,144
<b>Nonoperating Revenues (Expenses):</b>				
Investment income	5,811,620	-	5,811,620	-
Connection fees	10,980,755	-	10,980,755	-
Interest expense	(8,064,287)	-	(8,064,287)	-
Other	(744,786)	-	(744,786)	96,741
<b>Total nonoperating revenues, net</b>	<b>7,983,302</b>	<b>-</b>	<b>7,983,302</b>	<b>96,741</b>
Income before contributions	16,049,900	(114,978)	15,934,922	165,885
<b>Contributions:</b>				
Contribution in-aid	-	-	-	879,517
Debt service contributions	1,332,242	-	1,332,242	-
Capital contributions - donated assets	16,863,661	-	16,863,661	34,714
<b>Total contributions</b>	<b>18,195,903</b>	<b>-</b>	<b>18,195,903</b>	<b>914,231</b>
<b>Change in net assets</b>	<b>34,245,803</b>	<b>(114,978)</b>	<b>34,130,825</b>	<b>1,080,116</b>
<b>Total Net Assets - July 1, 2006</b>	<b>880,213,287</b>	<b>1,861,059</b>	<b>882,074,346</b>	<b>29,044,477</b>
<b>Total Net Assets - June 30, 2007</b>	<b>\$ 914,459,090</b>	<b>\$ 1,746,081</b>	<b>\$ 916,205,171</b>	<b>\$ 30,124,593</b>

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, 2007**

Exhibit 7

	<b>Business Type Activities - Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Revenue</b>	<b>Belmont Park Golf Course</b>	<b>Total</b>	
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 79,556,605	\$ 1,007,122	\$ 80,563,727	\$ 18,622,061
Payments to suppliers	(25,907,686)	(449,930)	(26,357,616)	(12,836,647)
Payments to employees	(17,512,186)	(483,678)	(17,995,864)	(3,313,979)
Payment in lieu of taxes	(2,638,000)	-	(2,638,000)	-
Net cash provided by operating activities	<u>33,498,733</u>	<u>73,514</u>	<u>33,572,247</u>	<u>2,471,435</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of assets	(32,572,091)	(73,514)	(32,645,605)	(2,713,383)
Proceeds from sale of capital assets	64,584	-	64,584	343,092
Connection fees paid by contractors	11,011,412	-	11,011,412	-
Payments on capital leases	(2,149)	-	(2,149)	-
Contribution-in-aid	-	-	-	879,517
Debt service contributions	432,242	-	432,242	-
Bond issuance costs	(152,229)	-	(152,229)	-
Bond proceeds	89,081,073	-	89,081,073	-
Defeasance of debt	(4,865,000)	-	(4,865,000)	-
Gain on debt issue	(54,808)	-	(54,808)	-
Interest paid on bonds	(9,081,624)	-	(9,081,624)	-
Principal paid on bonds	(8,440,000)	-	(8,440,000)	-
Net cash provided by (used in) capital and related financing activities	<u>45,421,410</u>	<u>(73,514)</u>	<u>45,347,896</u>	<u>(1,490,774)</u>
<b>Cash Flows From Investing Activities:</b>				
Investment income	6,520,121	-	6,520,121	-
<b>Net Increase in Cash</b>	<u>85,440,264</u>	<u>-</u>	<u>85,440,264</u>	<u>980,661</u>
<b>Cash and Cash Equivalents - July 1, 2006</b>	<u>59,097,008</u>	<u>-</u>	<u>59,097,008</u>	<u>15,986,238</u>
<b>Cash and Cash Equivalents - June 30, 2007</b>	<u>\$ 144,537,272</u>	<u>\$ -</u>	<u>\$ 144,537,272</u>	<u>\$ 16,966,899</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>				
Operating income (loss)	\$ 8,066,598	\$ (114,978)	\$ 7,951,620	\$ 69,144
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	25,927,172	135,136	26,062,308	1,947,642
Increase in accounts receivable	(901,675)	-	(901,675)	(2,061)
Increase in due to other funds	-	61,797	61,797	-
(Increase) decrease in inventories	(95,804)	-	(95,804)	26,822
Increase (decrease) in accounts payable	1,060,875	(17,761)	1,043,114	416,086
Increase in deposits payable	377,264	-	377,264	-
Increase in other liabilities	46,723	9,320	56,043	13,802
Decrease in unearned revenue	(982,420)	-	(982,420)	-
<b>Net cash provided by operating activities</b>	<u>\$ 33,498,733</u>	<u>\$ 73,514</u>	<u>\$ 33,572,247</u>	<u>\$ 2,471,435</u>
<b>Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets:</b>				
Cash and cash equivalents	\$ 109,362,917	\$ -	\$ 109,362,917	\$ 16,966,899
Restricted cash and cash equivalents	<u>35,174,355</u>	<u>-</u>	<u>35,174,355</u>	<u>-</u>
<b>Cash and Cash Equivalents - June 30, 2007</b>	<u>\$ 144,537,272</u>	<u>\$ -</u>	<u>\$ 144,537,272</u>	<u>\$ 16,966,899</u>

Supplemental disclosure of noncash investing and capital and related financing activities:

The Water and Sewer Fund received donated assets in the form of infrastructure provided by developers of new subdivisions throughout the County. The value of the assets received during the year was \$16,863,661.

Central Automotive Maintenance received donated equipment valued at \$34,714.

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

**COUNTY OF HENRICO, VIRGINIA**  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY NET ASSETS**  
**JUNE 30, 2007**

Exhibit 8

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,791,548
<b>Total Assets</b>	\$ 1,791,548
<b>Liabilities:</b>	
Amounts held for others	\$ 1,790,889
Accounts payable	659
<b>Total Liabilities</b>	\$ 1,791,548

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

**COUNTY OF HENRICO, VIRGINIA  
STATEMENT OF NET ASSETS  
COMPONENT UNITS  
JUNE 30, 2007**

**Exhibit 9**

	<b>School Board</b>	<b>James River Juvenile Detention Commission</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 34,574,557	\$ 3,495,743	\$ 38,070,300
Restricted cash	-	37,344	37,344
Due from other governmental units	10,970,184	88,357	11,058,541
Other assets	455,150	16,037	471,187
Total current assets	<u>45,999,891</u>	<u>3,637,481</u>	<u>49,637,372</u>
Capital assets:			
Land and construction in progress	75,075,585	30,000	75,105,585
Other capital assets, net	140,743,038	8,072,014	148,815,052
Capital assets, net	<u>215,818,623</u>	<u>8,102,014</u>	<u>223,920,637</u>
<b>Total Assets</b>	<u>\$ 261,818,514</u>	<u>\$ 11,739,495</u>	<u>\$ 273,558,009</u>
<b>Liabilities:</b>			
Accounts payable	\$ 2,605,494	\$ 318,633	\$ 2,924,127
Amounts held for others	1,096,332	-	1,096,332
Unearned revenues	2,816,535	1,236	2,817,771
Due to Primary Government	685,781	414,612	1,100,393
Long-term liabilities due within one year	15,014,111	448,881	15,462,992
Total current liabilities	<u>22,218,253</u>	<u>1,183,362</u>	<u>23,401,615</u>
Long-term liabilities due in more than one year	13,830,173	4,430,780	18,260,953
Total liabilities	<u>36,048,426</u>	<u>5,614,142</u>	<u>41,662,568</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	196,549,648	3,222,353	199,772,001
Restricted	3,120,856	59,115	3,179,971
Unrestricted assets	26,099,584	2,843,885	28,943,469
Total net assets	<u>225,770,088</u>	<u>6,125,353</u>	<u>231,895,441</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 261,818,514</u>	<u>\$ 11,739,495</u>	<u>\$ 273,558,009</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, 2007**

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
<b>Governmental Activities:</b>						
School Board:						
Instructional	\$ 407,717,286	\$ 9,828,289	\$ 243,192,373	\$ -	\$ (154,696,624)	\$ -
Total School Board	407,717,286	9,828,289	243,192,373	-	(154,696,624)	-
<b>Business Type Activities:</b>						
James River Juvenile Detention Commission	4,879,219	-	4,286,333	89,601	-	(503,285)
<b>Total Component Units</b>	<u>\$ 412,596,505</u>	<u>\$ 9,828,289</u>	<u>\$ 247,478,706</u>	<u>\$ 89,601</u>	<u>\$ (154,696,624)</u>	<u>\$ (503,285)</u>
<b>General Revenues:</b>						
Interest and investment earnings				\$ -	\$ 190,988	\$ 190,988
Payment from County					678,300	678,300
Recovered costs				500,917	-	500,917
Miscellaneous				1,248,810	-	1,248,810
Educational contribution				176,898,865	-	176,898,865
Total General Revenues				<u>\$ 178,648,592</u>	<u>\$ 869,288</u>	<u>\$ 179,517,880</u>
Change in net assets				\$ 23,951,968	\$ 366,003	\$ 24,317,971
<b>Net Assets at July 1, 2006</b>				201,818,120	5,759,350	207,577,470
<b>Net Assets at June 30, 2007</b>				<u>\$ 225,770,088</u>	<u>\$ 6,125,353</u>	<u>\$ 231,895,441</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, 2007

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**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 accounting significant policies:

A. Reporting Entity

The County implemented GASB Statement No. 34 - *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments* for the fiscal year ended June 30, 2002. GASB Statement No. 34 requires the following components to the financial statements:

Management’s Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the County’s financial activities in the form of a “management’s discussion and analysis” (“MD&A”). This analysis is similar to the analysis the private sector provides in their annual reports.

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 Assets - The Statement of Net Assets 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, in the government-wide Statement of Net Assets and reports depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net assets of the County are broken down into three categories: 1) investment in capital assets, net of related debt; 2) restricted net assets; and 3) unrestricted net assets.

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).

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. Under GAAP, 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.

As required by GAAP, these 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 discretely presented component unit has a June 30 fiscal year-end.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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In accordance with GASB No. 14, *The Financial Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations Are Component Units*, the County has presented those entities which comprise the primary government along with discretely presented component units in the government-wide financial statements.

Discretely Presented Component Units:

School Board

The County of Henrico School Board (School Board) is a legally separate organization providing elementary and secondary 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 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 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 George T. Drumwright, Jr., P.O. Box 27032, Richmond, VA 23273.

Joint Venture:

Capital Region Airport Commission

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

Greater Richmond Convention Center Authority

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

B. Government-wide and Fund Accounting Statements

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 Assets, 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 Assets consists of the investment in capital assets, net of related debt, restricted net assets and unrestricted net assets. Investment in capital assets, net of related debt, consists of net capital assets less related long-term liabilities. Restricted net assets consist of amounts restricted by external sources related to capital projects, debt service and amounts received in the Special Revenue Fund.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.), which are otherwise being supported by general government revenues (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 (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 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' major fund statements in the fund financial statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting. This 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 (private parties, long-term disability participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

Governmental Funds:

General Fund

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

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. 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 operating transfers from the General Fund. The Capital Projects Fund is considered a major fund for reporting purposes.

Proprietary Funds:

Enterprise Funds

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

These funds include the operation, maintenance and construction of the County-owned water and wastewater ("sewer") utility (considered a single segment for financial reporting purposes) and the County-owned 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 operation and Technology Replacement 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.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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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.

C. Capital Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund is 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 (revenues and other financing sources) and decreases (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 in the governmental activities in the government-wide financial statements is provided to account for the differences between the two statements (i.e. capital assets and long-term liabilities, etc.).

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 \$2,500 for land and equipment and \$25,000 for buildings, improvements and infrastructure are met. In accordance with GAAP, infrastructure has been capitalized retroactively to 1980. Depreciation is recorded on general capital assets on a governmental-wide basis using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructures	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.

Proprietary Funds

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.

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

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

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructures	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 income statement.

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. Basis of Accounting - Financial Statements

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.

The County adopted GASB Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* in 2002. This statement establishes new financial reporting requirements for state and local governments. The County also adopted GASB Statement No. 37 *Basic Financial Statements – and Management’s Discussion and Analysis-for State and Local Governments: Omnibus*, and GASB Statement No. 38 *Certain Financial Statement Note Disclosures*. These statements provide additional guidance related to GASB Statement No. 34 and are required to be implemented along with GASB Statement No. 34.

The County adopted GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1* in 2006. This Statement requires governments to enhance and update the statistical section that accompanies the basic financial statements to reflect the significant changes that have taken place within the organization.

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.

Government - Wide Financial Statements

The government-wide statements of net assets and statements of activities reports all funds on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are either included on the balance sheet or on the statement of net assets.

Governmental Funds Financial Statements

Governmental Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when 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,

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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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 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. Exceptions to this general rule are principal and interest on general long-term debt which are recognized when due.

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. Payments in lieu of taxes are equal to the calculated tax assessment on capital assets used in various operations.

Fiduciary Funds

Agency Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

The County adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

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 1<sup>st</sup>.

Prior to April 1, the County Manager submits to the 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 County Board of Supervisors 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.

**COUNTY OF HENRICO, VIRGINIA**  
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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. Encumbrances, which have been re-appropriated, are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

H. Inventory and Prepaid Expenses

Proprietary Funds

Inventory consists mainly of supplies and spare parts held for consumption, which are valued by methods, that 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

In accordance with Financial Accounting Standards Board ("FASB") Statements No. 34 and 62, *Capitalization of Interest Cost* and *Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants*, respectively, the cost of properties for the Water and Wastewater segment of the Enterprise Funds 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, 2007, the Water and Sewer Enterprise Fund incurred interest of \$9,708,681, of which \$1,644,394 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.

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 7 hours for every 80 standard hours after 20 years of service. While there is no requirement that annual leave be taken, the maximum permissible accumulation is 364 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 decrease in the accrued liability for compensated absences within the government-wide financial statements is expensed in the year used by County employees within the General and Special Revenue Funds. 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 GASB Statement No. 16, *Accounting for Compensated Absences*, the liability has been recorded using the termination payment method.

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L. Reserved and Designated Fund Balance

The County's governmental fund balance reserves are used to indicate the portion of the fund balance that is not appropriated for expenditures or is legally segregated for a specific future use. Designations of portions of the fund balance are established to indicate tentative plans for financial resource utilization in a future period.

Designation of fund balance by purpose is as follows:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
Self-insurance (See Note 8)	\$ 7,500,000	\$ -	\$ -	\$ -
Debt service	-	-	4,606,347	-
Construction commitments	-	-	-	124,535,004
Capital projects	49,192,035	-	-	-
Street Lighting	-	713,612	-	-
State and Federal Grants	-	9,747,017	-	-
Solid Waste	-	6,176,014	-	-
For FY 2007-08 Budget	5,735,662	-	-	-
Revenue Stabilization	10,883,793	-	-	-
All Others	<u>1,302,311</u>	<u>4,687,683</u>	<u>-</u>	<u>-</u>
<b>Total designated for specific purposes</b>	<b><u>\$ 74,613,801</u></b>	<b><u>\$21,324,326</u></b>	<b><u>\$4,606,347</u></b>	<b><u>\$ 124,535,004</u></b>

M. Statement of Cash Flows

In accordance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, 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. GASB Statement No. 20 Election

GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*, requires enterprise activities to apply all applicable GASB pronouncements, as well as FASB pronouncements, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. In accordance with GASB No. 20, management has elected not to apply FASB pronouncements issued after November 30, 1989.

O. New Accounting Pronouncements

In June 2004, the Governmental Accounting Standards Board issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits that are commonly referred to as other postemployment benefits, or OPEB. This Statement requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB, in their basic financial statements. The County intends to establish a separate trust to account for costs and obligations related to postemployment benefits. The County intends to fully fund the initial net Annual Required Contribution (ARC) during the implementation year. The County will adopt this Statement for the fiscal year ending June 30, 2008.

In September 2006, the Governmental Accounting Standards Board issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This Statement establishes criteria that governments will use to ascertain whether the proceeds received in exchange for an interest in their expected future cash flows from collecting specific receivables or other specific revenues, should be reported as revenue or as a liability. The County has not completed the evaluation of the impact that the

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implementation of this Statement will have on the financial statements. The County will adopt this Statement for the fiscal year ending June 30, 2008.

In November 2006, the Governmental Accounting Standards Board issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. 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, 2009.

In May 2007, the Governmental Accounting Standards Board issued Statement No. 50, *Pension Disclosures*. This Statement establishes criteria that governments will use to more closely align current pension disclosure requirements with those disclosures required as part of Statement No. 45 for retiree health insurance and other post-employment benefits. 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, 2008.

In July 2007, the Governmental Accounting Standards Board issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This Statement establishes guidance that governments will use regarding how to identify, account for, and report intangible assets. 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, 2010.

**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 James River Juvenile Detention Commission 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, 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 GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, 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 are shown at amortized cost. As of June 30, 2007, 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, Evergreen Investments, as of June 30, 2007. The net decrease in fair value of investments during the year ended June 30, 2007, was \$613,410. This amount takes into account all changes in fair value that occurred during the year.

**Deposits - Bank**

At June 30, 2007, the carrying value of the County's deposits with banks was \$13,042,459 and the bank balance was \$13,559,174. 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.

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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 \$1,075,660 and the bank balance was \$1,118,275. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was \$2,926,289, and the bank balance was \$2,926,289. 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, 2007, the County had deposits of \$10,960,743 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, 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. 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 commercial paper, banker's acceptances, 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	70%
U.S. Government Agencies	70%
Banker's Acceptance	70%
Money Market	40%
Certificates of Deposit	100%
Commercial Paper	35%
Local Government Investment Pool	75%

With a further limitation of 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>
U.S. Treasury	\$ 27,646,817	70%	4%
U.S. Government Agencies	243,775,780	70%	40%
Commercial Paper	127,939,895	35%	21%
U.S. Government Money Market Funds	<u>215,925,727</u>	40%	35%
Total Investments	<u>\$ 615,288,219</u>		<u>100%</u>

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**Component Units**

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
U.S. Treasury	\$ 2,280,136	70%	7%
U.S Government Agencies	20,105,096	70%	59%
Commercial Paper	10,551,679	35%	31%
U.S. Government Money Market Funds	1,167,384	40%	3%
Total Investments	<u>\$ 34,104,295</u>		<u>100%</u>

The County's portfolio manager, Evergreen Investments, provided the day-to-day management of investments during fiscal year 2007. 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, State Street 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, 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, commercial paper and money market funds. All investments were in compliance with the State Statues governing investments of Public funds. The credit quality of commercial paper purchased during the fiscal year was rated P-1 or better by Standard and Poor's. The County used two money market mutual funds during the fiscal year, the State Non-Arbitrage Pool is rated AAAM by Standard and Poor's and the SSgA Money Market Funds is rated AAAM by Standard and Poor's.

*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, State Street Bank.

As of June 30, 2007, the County had the following investments and maturities:

**Primary Government**

	<u>Investment Maturities (in years)</u>		
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
U.S. Treasury	\$ 27,646,817	\$ 18,419,544	\$ 9,227,273
U.S Government Agencies	243,775,780	190,948,114	52,827,666
Commercial Paper	127,939,895	127,939,895	-
U.S. Government Money Market Funds	215,925,727	6,801,448	-
Total Investments	<u>\$ 615,288,219</u>	<u>\$ 344,109,001</u>	<u>\$ 62,054,939</u>
Total Deposits	13,042,459		
Total Held By Fiscal Agent	10,960,743		
Total Cash on Hand	109,242		
Total Deposits and Investments	<u>\$ 639,400,663</u>		

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**Component Units:**

**School Board**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
U.S. Treasury	\$ 2,280,136	\$ 1,519,128	\$ 761,008
U.S Government Agencies	20,105,096	15,748,202	4,356,894
Commercial Paper	10,551,679	10,551,679	-
U.S. Government Money Market Funds	560,986	560,986	-
Total Investments	\$ 33,497,897	\$ 28,379,995	\$ 5,117,902
Total Deposits	1,075,660		
Total Cash on Hand	1,000		
Total Deposits and Investments	\$ 34,574,557		

**James River Juvenile Detention Commission**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
U.S. Government Money Market Funds	\$ 606,398	\$ 606,398	\$ -
Total Deposits	2,926,289		
Total Cash on Hand	400		
Total Deposits and Investments	\$ 3,533,087		
Total Deposit and Investments-Reporting Entity	\$ 677,508,307		

The School Activity Funds' cash of \$4,398,281 and Mental Health and Retardation Agency Fund cash of \$41,389, not under the control of the Director of Finance, is not pooled with the Reporting Entity cash and investments, and therefore, is not included in the above presentation. These deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

**NOTE 3. RECEIVABLES**

Receivables at June 30, 2007 consist of the following:

**Primary Government**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>General</b>	<b>Special Revenue</b>	<b>Enterprise Funds</b>	<b>Total</b>
Receivables:				
Interest	\$ 3,322,445	\$ -	\$ -	\$ 3,322,445
Taxes	15,133,440	-	-	15,133,440
Accounts	3,418,179	2,852,855	23,392,718	29,663,752
Gross Receivables	21,874,064	2,852,855	23,392,718	48,119,637
Less: Allowances for Doubtful Accounts	5,485,451	599,116	283,900	6,368,467
Net Receivables	\$ 16,388,613	\$ 2,253,739	\$ 23,108,818	\$ 41,751,170

Central Automotive Maintenance has a receivable of \$2,224 as of June 30, 2007 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$5,184,376 that is not

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available to pay for current period expenditures and, therefore, are included in the unearned revenue for the governmental funds. Tax revenue reported in the governmental funds includes \$199,131 of revenue that provides current financial resources but has been recognized previously in the government-wide statements, and therefore is not included in the government-wide statements.

**Component Units**

<u>Receivables:</u>	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
Intergovernmental	<u>\$ 10,970,184</u>	<u>\$ 88,357</u>	<u>\$ 11,058,541</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. 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 will be 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 2007, the State reimbursement receivable is reflected as a due from other governments. Revenue for the State reimbursement is recorded as non-categorical aid from the State. Localities will continue to assess and administer the Personal Property Tax Relief program.

**NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units for Governmental Funds at June 30, 2007 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Commonwealth of Virginia:</b>			
<b>Non-categorical aid for:</b>			
Local Sales and Use Tax	\$ 5,088,968	\$ -	\$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	117,769	-	-
State Recordation Fees	364,795	-	-
Richmond Center	2,576,247	-	-
<b>Categorical aid for:</b>			
Public Works	-	-	7,218,825
Public Safety	3,678,098	1,937	-
Social Services	1,635,357	2,034,815	-
Treasurer	2,446,153	261,456	-
Correction & Detention	2,037,282	279,914	-
Mental Health & Mental Retardation	-	7,244	-
Circuit Court	250,694	-	-
Commonwealth Attorney	<u>152,690</u>	<u>28,369</u>	<u>-</u>
Total due from the Commonwealth of Virginia	<u>36,808,516</u>	<u>2,613,735</u>	<u>7,218,825</u>

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	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Federal Government:</b>			
<b>Categorical aid:</b>			
Work Training Grants (CATC)	-	159,016	-
Public Safety	-	206,940	-
Correction & Detention	-	99,386	-
Commonwealth Attorney	-	71,193	-
Community Development Block Grant	-	216,834	3,000
Total due from the Federal Government	-	753,369	3,000
Total due from Other Governmental Units	\$ 36,808,516	\$ 3,367,104	\$ 7,221,825

Amounts due from other governmental units for the School Board Component Unit at June 30, 2007 include:

	<b>School Board</b>
<b>Commonwealth of Virginia:</b>	
<b>Non-categorical aid for:</b>	
State Sales and Use Tax	\$ 3,558,863
<b>Categorical aid for:</b>	
Education	1,656,491
Total due from the Commonwealth of Virginia	5,215,354
<b>Federal Government:</b>	
<b>Categorical aid:</b>	
Education	5,754,830
Total due from the Federal Government	5,754,830
Total due from Other Governmental Units	\$ 10,970,184

**NOTE 6. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2007 follows:

	<b>Balance June 30, 2006</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2007</b>
<b>Governmental Activities</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 286,708,513	\$ 17,207,232	\$ -	\$ 303,915,745
Construction in Progress	238,333,714	86,469,296	82,682,899	242,120,111
Total Capital Assets Not Being Depreciated	\$ 525,042,227	\$ 103,676,528	\$ 82,682,899	\$ 546,035,856
Other Capital Assets:				
Buildings	\$ 348,416,141	\$ 71,109,711	\$ -	\$ 419,525,852
Infrastructure	438,039,791	27,159,043	-	465,198,834
Equipment	108,083,354	22,078,469	13,045,630	117,116,193
Improvements other than buildings	27,018,985	53,780	-	27,072,765
Total Other Capital Assets	\$ 921,558,271	\$ 120,401,003	\$ 13,045,630	\$ 1,028,913,644
Less Accumulated Depreciation for:				
Buildings	\$ (93,196,097)	\$ (7,887,493)	\$ -	\$ (101,083,590)
Infrastructure	(290,269,109)	(14,118,023)	-	(304,387,132)
Equipment	(68,402,152)	(12,483,477)	(12,015,094)	(68,870,535)
Improvements other than buildings	(13,174,099)	(1,275,704)	-	(14,449,803)
Total Accumulated Depreciation	\$ (465,041,457)	\$ (35,764,697)	\$ (12,015,094)	\$ (488,791,060)
Total Net of Depreciation	\$ 981,559,041	\$ 188,312,834	\$ 83,713,435	\$ 1,086,158,440

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Government activities capital assets net of accumulated depreciation at June 30, 2007 are comprised of the following:

General Capital Assets, Net	\$1,086,158,440
Internal Service Fund Capital Assets, Net	(13,653,319)
Combined Adjustment	<u>\$1,072,505,121</u>

Depreciation was charged to governmental functions as follows:

General Government Administration	\$ 6,244,369
Judicial Administration	62,745
Public Safety	5,918,164
Public Works	17,992,796
Education	3,171,538
Health and Welfare	210,623
Parks and Recreation	2,068,222
Community Development	96,240
Total Depreciation	<u>\$ 35,764,697</u>

**Business Type Activities**

<u>Water and Sewer:</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Capital Assets Not Being Depreciated:				
Land	\$ 16,643,887	\$ -	\$ -	\$ 16,643,887
Construction in progress	40,699,032	32,499,058	24,666,416	48,531,674
Total Capital Assets Not Being Depreciated	<u>\$ 57,342,919</u>	<u>\$ 32,499,058</u>	<u>\$ 24,666,416</u>	<u>\$ 65,175,561</u>
Other Capital Assets:				
Buildings	\$ 301,947,343	\$ 8,126,485	\$ 21,756	\$ 310,052,072
Equipment	107,808,441	861,793	2,567,384	106,102,850
Improvements	1,426,652	-	-	1,426,652
Infrastructure	748,963,591	33,837,045	760,532	782,040,104
Total Other Capital Assets	<u>\$ 1,160,146,027</u>	<u>\$ 42,825,323</u>	<u>\$ 3,349,672</u>	<u>\$ 1,199,621,678</u>
Accumulated Depreciation	<u>(275,313,927)</u>	<u>(25,927,172)</u>	<u>(2,774,124)</u>	<u>(298,466,975)</u>
Total Net of Depreciation	<u>\$ 942,175,019</u>	<u>\$ 49,397,209</u>	<u>\$ 25,241,964</u>	<u>\$ 966,330,264</u>

<u>Belmont Golf Course:</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</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	847,460	73,514	20,628	900,346
Improvements	2,368,662	-	-	2,368,662
Total Other Capital Assets	<u>\$ 5,123,709</u>	<u>\$ 73,514</u>	<u>\$ 20,628</u>	<u>\$ 5,176,595</u>
Accumulated Depreciation	<u>(3,200,601)</u>	<u>(135,136)</u>	<u>(20,628)</u>	<u>(3,315,109)</u>
Total Net of Depreciation	<u>\$ 2,173,599</u>	<u>\$ (61,622)</u>	<u>\$ -</u>	<u>\$ 2,111,977</u>

**Component Units**

<u>School Board:</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Capital Assets Not Being Depreciated:				
Land	\$ 16,184,754	\$ 17,442,521	\$ -	\$ 33,627,275
Construction in progress	45,933,277	6,991,952	11,476,919	41,448,310
Total Capital Assets Not Being Depreciated	<u>\$ 62,118,031</u>	<u>\$ 24,434,473</u>	<u>\$ 11,476,919</u>	<u>\$ 75,075,585</u>

**COUNTY OF HENRICO, VIRGINIA**  
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<u>School Board:</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Other Capital Assets:				
Buildings	\$ 189,812,655	\$ 12,841,993	\$ -	\$ 202,654,648
Equipment	97,540,549	17,406,873	3,677,325	111,270,097
Improvements	20,671,677	906,686	-	21,578,363
Total Other Capital Assets	\$ 308,024,881	\$ 31,155,552	\$ 3,677,325	\$ 335,503,108
Accumulated Depreciation	(181,124,773)	(17,279,783)	(3,644,486)	(194,760,070)
Total Net of Depreciation	\$ 189,018,139	\$ 38,310,242	\$ 11,509,758	\$ 215,818,623

All depreciation was charged to the education function.

<u>James River Juvenile Detention Center:</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Other Capital Assets:				
Building	\$ 9,243,433	\$ -	\$ -	\$ 9,243,433
Improvements	237,874	-	-	237,874
Equipment	257,997	6,141	-	264,138
Total Other Capital Assets	\$ 9,739,304	\$ 6,141	\$ -	\$ 9,745,445
Accumulated Depreciation	(1,391,718)	(281,713)	\$ -	(1,673,431)
Total Net of Depreciation	\$ 8,377,586	\$ (275,572)	\$ -	\$ 8,102,014

**NOTE 7. LONG-TERM DEBT**

**Governmental Activities**

The following is a summary of the changes in the total long-term liabilities of governmental activities for the year ended June 30, 2007:

	<u>Balance June 30, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
General obligation (GO) bonds	\$ 296,220,000	\$ 71,915,000	\$ 23,225,000	\$ 344,910,000
Capital lease obligations	55,748,161	104,320	6,081,343	49,771,138
Notes payable	203,896	-	143,054	60,842
Accrued claims payable	13,623,825	6,451,817	5,732,141	14,343,501
Accrued compensated absences	15,375,063	14,307,128	13,931,466	15,750,725
Pension liabilities	3,367,388	-	2,428	3,364,960
Landfill post-closure costs	9,353,512	224,667	1,285,609	8,292,570
Total	\$ 393,891,845	\$ 93,002,932	\$ 50,401,041	\$ 436,493,736
Premium on bonds	6,142,382	1,664,221	772,558	7,034,045
Total long-term debt	\$ 400,034,227			\$ 443,527,781
Current maturities	(52,714,006)			(56,850,678)
Net long-term liabilities	\$ 347,320,221			\$ 386,677,103

**COUNTY OF HENRICO, VIRGINIA**  
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Current maturities of long-term liabilities consists of the following:

General obligation bonds	\$ 26,275,000
Capital lease obligations	9,068,254
Notes payable	60,842
Accrued claims payable	6,034,940
Accrued compensated absences	14,271,856
Landfill	<u>1,139,786</u>
Total current maturities	<u>\$ 56,850,678</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, 2007 were:	
Long-term liabilities (detail above)	\$ 443,527,781
Internal Service Fund long-term liabilities	<u>(271,892)</u>
Combined adjustment	<u>\$ 443,255,889</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 \$179,725, which represents the change in accrued interest on bonds payable as of June 30, 2007.

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 only \$236,948,800 has been issued as of June 30, 2007. In 2005, voters authorized an additional \$349,300,000 in bonds of which \$71,557,496 has been issued as of June 30, 2007. The County plans to issue the remaining bonds in future fiscal years.

In January, 2003, the County sold \$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 sold \$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 sold General Obligation Public Improvement Bonds, Series 2005 in the aggregate principal amount of \$77,815,000. 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 November 7, 2000 and March 8, 2005. The Bonds mature on July 15<sup>th</sup> in each of the years 2006 through 2025.

On November 3, 2006, the County sold General Obligation Public Improvement Bonds, Series 2006 in the aggregate principal amount of \$71,915,000. The proceeds of the Bonds will be used to finance 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 1<sup>st</sup> in each of the years 2007 through 2026.

In prior years, the County sold the \$90,970,000 General Obligation Public Improvement Refunding Bonds - Series of 1993 ("1993 Refunding Issue") to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds - Series 1980, 1985, and 1990 and Virginia Public School Authority ("VPSA") Bonds, Series 1988 and 1990. The proceeds of the 1993 Refunding Issue were deposited in a trust fund and were used to purchase U.S. Government obligations that are scheduled to mature and pay interest in amounts necessary to provide the funds to pay the Refunded Debt. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$13,650,000 remained outstanding at June 30, 2007) nor the assets placed in the trust fund are reflected in the financial statements.

As of June 30, 2007, 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 and the Water and Sewer Fund of \$1,938,211 and \$815,500, respectively, at June 30, 2007.

**COUNTY OF HENRICO, VIRGINIA**  
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General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2007 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 1994A Bonds	6.34 %	04/01/94	12/15/06	\$ 4,370,000	\$ -
VPSA 1996 Bonds	5.00-6.00	11/01/96	07/15/16	30,595,000	15,295,000
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	35,740,000	23,210,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	10,640,000
2001 G.O. Bonds	4.50-5.00	05/15/01	01/15/21	37,110,000	25,970,000
2002 G.O. Bonds	3.00-5.00	02/01/02	04/01/22	27,035,000	19,995,000
2003 G.O. Bonds	2.00-5.00	01/15/03	01/15/23	107,545,000	68,945,000
2004 G.O. Bonds	4.00-5.25	05/15/04	07/15/24	38,920,000	35,020,000
2005 G.O. Bonds	3.25-5.00	08/17/05	07/15/25	77,815,000	73,920,000
2006 G.O. Bonds	4.00-5.00	11/15/06	12/01/26	71,915,000	<u>71,915,000</u>
<b>TOTAL</b>					<u>\$ 344,910,000</u>

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

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 26,275,000	\$ 15,511,435
2009	26,140,000	14,277,597
2010	24,210,000	13,070,300
2011	24,115,000	11,999,028
2012	20,865,000	10,893,481
2013-2017	99,260,000	40,038,542
2018-2022	82,165,000	18,538,094
2023-2026	<u>41,880,000</u>	<u>3,706,125</u>
<b>TOTAL</b>	<u>\$ 344,910,000</u>	<u>\$ 128,034,602</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. There are no sinking fund requirements. The County has no legal debt margin requirement. All Henrico County 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 autonomous and independent of any city, town or other political jurisdiction; therefore, there is no overlapping debt or taxing power.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Business-Type Activities**

A summary of the changes in 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, 2007 are as follows:

	<u>Balance</u> <u>July 1, 2006</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2007</u>
<b>Water and Sewer Revenue Bonds:</b>				
1994 Refunding Bonds - \$41,345,000 3.5% to 5.88%	\$ 4,835,000	\$ -	\$ 4,835,000	\$ -
1997 Virginia Resource Authority Bonds - \$32,000,000 Variable Interest Rate	27,705,000	-	680,000	27,025,000
1999 Revenue and Refunding Bonds - \$101,000,000 3.1% to 5.25%	84,310,000	-	3,945,000	80,365,000
2002 Refunding Bonds - 17,345,000 3.0% to 4.625%	10,085,000	-	1,905,000	8,180,000
2006 Revenue and Refunding Bonds - \$86,265,000, 4.25% to 5.00%	-	<u>86,265,000</u>	<u>1,940,000</u>	<u>84,325,000</u>
Total bonds payable	<u>\$ 126,935,000</u>	<u>\$ 86,265,000</u>	<u>\$ 13,305,000</u>	<u>\$ 199,895,000</u>
<b>Other Liabilities:</b>				
Capital lease obligations	\$ -	\$ 14,593	\$ 2,149	\$ 12,444
Accrued compensated absences	873,761	909,698	865,097	918,362
Pension liabilities	<u>236,616</u>	<u>-</u>	<u>170</u>	<u>236,446</u>
Total long-term liabilities	<u>\$ 128,045,377</u>	<u>\$ 87,189,291</u>	<u>\$ 14,172,416</u>	<u>\$ 201,062,252</u>
(Discount) Premium on bonds payable	<u>(1,150,544)</u>	<u>2,816,073</u>	<u>88,828</u>	<u>1,576,701</u>
Total long-term debt	<u>\$ 126,894,833</u>			<u>\$ 202,638,953</u>
Current maturities	<u>(8,204,073)</u>			<u>(9,117,682)</u>
Net long-term liabilities	<u>\$ 118,690,760</u>			<u>\$ 193,521,271</u>

Current maturities of long-term debt consists of the following:

Revenue bonds	\$ 8,205,000
Capital lease obligations	5,271
Accrued compensated absences	907,411
Total current maturities	<u>\$ 9,117,682</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 included in the County's financial statements. At June 30, 2007, \$41,626,000 of Water and Sewer System Revenue Bonds, which were considered defeased, remained outstanding.

The Fund's revenue is pledged as collateral for the 1994 Revenue and Refunding Issue, and the non-refunded portion of the 1986 and 1992 Bonds, (collectively, the "Bonds"). The Bond covenants require that in each year the net operating revenues of the Fund, as defined by the covenants, which in the opinion of Bond Counsel do not consider depreciation or payments in-lieu-of taxes an expense, be at least equal to 1.25 times the total debt service requirements for the year (principal and interest on the Bonds and interest on any outstanding Bond Anticipation Notes). In addition, the covenants prohibit the County from issuing any bonds, notes, certificates of indebtedness or other evidences of indebtedness having in any way a lien and charge on the revenues of the Water and Sewer System prior to the lien and charge created by the covenants for the payment of and collateral for the outstanding Bonds.

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

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

Net operating revenues were 2.23 times the annual debt service requirements for the year ended June 30, 2007.

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 sold 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 1<sup>st</sup> in each of the years 2007 through 2036. The 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.

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2007 and thereafter follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 8,205,000	\$ 10,086,677
2009	8,365,000	9,737,794
2010	8,530,000	9,375,593
2011	8,705,000	8,997,934
2012	8,955,000	7,860,256
2013-2017	33,710,000	36,037,680
2018-2022	34,635,000	28,648,601
2023-2027	44,340,000	18,732,870
2028-2032	25,705,000	8,042,361
2033-2036	<u>18,745,000</u>	<u>2,400,250</u>
<b>Total</b>	<b><u>\$ 199,895,000</u></b>	<b><u>\$ 139,920,016</u></b>

**Component Units**

**School Board:**

The Board of Supervisors has authorized the School Board to borrow funds from the Literary Fund of the Commonwealth of Virginia (the "Literary Fund") to finance repairs to eligible educational facilities. For each facility qualifying for a loan, the School Board borrowed funds from the Literary Fund in the form of a demand note with interest ranging from 3.00 percent to 5.00 percent with maturities through May 1, 2009, to cover the repair costs incurred. Once the repair of a facility has been completed, the demand note is converted into a 20-year note payable with annual installments due on the anniversary date of the note. Total outstanding loans at June 30, 2007 were \$262,939. Loans made by the Literary Fund are recorded as specific liens against the educational facilities for which the funds were borrowed.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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The School Board's outstanding debt as of June 30, 2007 is as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Capital lease obligations	\$ 15,453,321	\$ 12,587,980	\$ 8,772,326	\$ 19,268,975
Literary fund loans	452,986	-	190,047	262,939
Accrued claims payable	5,327,223	3,285,134	2,943,847	5,668,510
Accrued compensated absences	<u>3,338,117</u>	<u>3,429,090</u>	<u>3,123,347</u>	<u>3,643,860</u>
Total School Board	<u>\$ 24,571,647</u>	<u>\$ 19,302,204</u>	<u>\$ 15,029,567</u>	<u>\$ 28,844,284</u>
Current Maturities				<u>(15,014,111)</u>
Net long-term liabilities				<u>\$ 13,830,173</u>

Current maturities of long-term debt consists of the following:

Capital lease obligations	\$ 8,298,736
Literary fund loans	173,512
Accrued claims payable	3,132,444
Accrued compensated absences	3,409,419
Total current maturities	<u>\$ 15,014,111</u>

Debt service on Literary fund loans payable during future fiscal years ending June 30 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2008	173,512	10,692
2009	<u>89,427</u>	<u>3,664</u>
<b>Total</b>	<u>\$ 262,939</u>	<u>\$ 14,356</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, 2007 is as follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Facility revenue bond	\$ 5,290,000	\$ -	\$ 420,000	\$ 4,870,000
Capital lease obligations	<u>13,343</u>	<u>-</u>	<u>3,682</u>	<u>9,661</u>
Total JRJDC	<u>\$ 5,303,343</u>	<u>\$ -</u>	<u>\$ 423,682</u>	4,879,661
Current Maturities				<u>(448,881)</u>
Net long-term liabilities				<u>\$ 4,430,780</u>

Principal and interest payments for future fiscal years subsequent to June 30, 2007 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 445,000	\$ 232,283
2009	465,000	209,010

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	2010	490,000	185,221
	2011	510,000	160,310
	2012	535,000	134,610
	2013-2016	<u>2,425,000</u>	<u>249,275</u>
	<b>Total</b>	<u>\$ 4,870,000</u>	<u>\$ 1,170,709</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 Statement of Financial Accounting Standards No. 13, *Accounting for Leases* ("FASB Statement 13"), which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$56,088,796 of equipment and \$64,479,386 of buildings has been capitalized as of June 30, 2007. The acquisition of fixed 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 a debt service expenditure in the General or Debt Service Funds when the cash outlays are made. Assets capitalized under these lease agreements are pledged as collateral on the obligations.

The County and the Henrico Economic Development Authority ("EDA") 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 are being 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 thru 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 financial statements. This advanced refunding was undertaken to reduce the total debt service payments over the next 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.

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>
2008	\$ 67,984	\$ 9,000,270	\$ 8,298,736	\$ 17,366,990
2009	58,228	4,919,540	8,230,475	13,208,243
2010	13,748	4,927,398	3,808,834	8,749,980
2011	-	4,935,545	-	4,935,545
2012	-	4,943,382	-	4,943,382
2013-2017	-	24,776,767	-	24,776,767
2018-2022	<u>-</u>	<u>16,540,441</u>	<u>-</u>	<u>16,540,441</u>
Total minimum lease payments	\$ 139,960	\$ 70,043,343	\$ 20,338,045	\$ 90,521,348
Less amount representing interest	<u>8,822</u>	<u>20,403,343</u>	<u>1,069,070</u>	<u>21,481,235</u>
Present value of future minimum lease payments	<u>\$ 131,138</u>	<u>\$ 49,640,000</u>	<u>\$ 19,268,975</u>	<u>\$ 69,040,113</u>

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JRJDC entered into a capital lease agreement for \$15,469 during fiscal year 2006 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>
2008	\$ 4,298
2009	4,299
2010	<u>1,710</u>
Total minimum lease payments	\$ 10,307
Less amount representing interest	<u>646</u>
Present value of future minimum lease payments	<u>\$ 9,661</u>

The Water and Sewer Fund entered into a capital lease agreement for \$14,593 during fiscal year 2007 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>
2008	\$ 5,271
2009	5,271
2010	<u>2,776</u>
Total minimum lease payments	\$ 13,318
Less amount representing interest	<u>874</u>
Present value of future minimum lease payments	<u>\$ 12,444</u>

**NOTE 8. CONTINGENCIES AND COMMITMENTS**

A. Litigation

The County and School Board are named as defendants in several cases including tax assessment, construction contract, personal injury, special education, civil rights and other contract cases. The maximum exposure amount that can be reasonably estimated is \$430,000 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately \$616,000 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, 2007 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, 2007 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, to be immaterial.

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C. Risk Management

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks and other claims. Insurance carriers cover workers' compensation claims in excess of \$750,000 per occurrence. Travelers Insurance Company covers property claims between \$1,000,000 and \$2,000,000 per occurrence. 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, 2007 includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$2,091,312 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, 2007, 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.

In addition, the County has recorded \$14,343,501 for the County and \$5,668,510 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, 2007 that are not expected to be liquidated with current resources. Also, the County has designated \$7,500,000 of the June 30, 2007 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2007, the County and Schools had an outstanding claims liability as follows:

	<u>FY 2006</u>		<u>FY 2007</u>	
	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>
Balance, July 1	\$ 13,620,668	\$ 5,815,452	\$ 13,623,825	\$ 5,327,223
Current year claims and changes in estimates	6,024,073	1,505,241	6,451,817	3,285,134
Claim payments	<u>(6,020,916)</u>	<u>(1,993,470)</u>	<u>(5,732,141)</u>	<u>(2,943,847)</u>
Balance, June 30	<u>\$ 13,623,825</u>	<u>\$ 5,327,223</u>	<u>\$ 14,343,501</u>	<u>\$ 5,668,510</u>

D. Commitments

At June 30, 2007, 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	\$ 1,642,389	\$ -
Buildings and Grounds	391,103	-
Road Maintenance and Drainage	13,709,442	-
Community Development	165,427	-
Landfill Expansion and Development	306,922	-
Sewer Extensions	5,643,357	-
Public Safety Projects	2,921,032	-
Parks and Recreation	4,547,541	-
Judicial Administration	721,944	-
Libraries	2,105,302	-
Education Projects	37,277,864	7,145,799
<b>Total</b>	<u>\$ 69,432,323</u>	<u>\$ 7,145,799</u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 16,188,588	
Water Plant Projects	5,213,268	
Computer and Information Systems	1,796,596	
<b>Total</b>	<u>\$ 23,198,452</u>	

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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 \$1,905,300 for fiscal year 2007.

At June 30, 2007, 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>	
2008	\$ 1,989,696	\$ 96,184	\$ 108,480	\$ 78,460	\$ 2,272,820
2009	1,935,986	53,945	36,508	48,963	2,075,402
2010	1,856,611	5,771	-	5,285	1,867,667
2011	1,775,990	-	-	-	1,775,990
2012	1,069,672	-	-	-	1,069,672
2013-2017	1,380,307	-	-	-	1,380,307
2018-2022	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>
<b>Total</b>	<b><u>\$10,008,289</u></b>	<b><u>\$ 155,900</u></b>	<b><u>\$ 144,988</u></b>	<b><u>\$ 132,708</u></b>	<b><u>\$10,441,885</u></b>

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

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2007, was \$8,311,474 and \$23,992.

At June 30, 2007, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2008	\$ 346,413
2009	286,123
2010	278,714
2011	221,136
2012	190,415
2013-2017	872,625
2018-2022	393,130
2023-2027	<u>197,114</u>
	<b><u>\$ 2,785,670</u></b>

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.

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Richmond Metropolitan Authority ("RMA") Baseball Stadium Facility

In connection with the RMA's responsibility for maintaining and operating the Richmond metropolitan area's baseball stadium facility, the County Board of Supervisors entered into a non-binding moral obligation under which funding would be requested for the County's share (one-third) of any annual net operating losses and any deficit in debt service on the \$3,810,000 RMA Revenue Bonds. The RMA Revenue Bonds were issued under the terms of a bond resolution dated August 28, 1984. In September, 1994, the Authority issued \$2,750,000 in revenue bonds in order to satisfy outstanding obligations on the 1984 bonds. The revenue bonds were paid in full as of June 30, 2005.

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 contributes to the Virginia Retirement System ("VRS"), an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the "System"). 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 salary ('AFS') 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. AFS is defined as the highest consecutive 36 months of reported salary. 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/2006AnnuRept.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. The employer may assume this 5 percent member contribution which the County has done. 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 2007 were 11.43 percent and 17.37 percent, respectively, of annual covered payroll.

C. Annual Pension Cost

For 2007, the County annual pension cost of \$22,222,242 was equal to the required and actual contributions; the School Board Non-Professional Group's cost of \$350,375 was also equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return, (b) projected salary increases ranging from 3.75 percent to 6.20 percent per year, and (c) 2.5 percent

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per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.5 percent. The actuarial value of the County and School Board Non-Professional assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. Unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis within a period of 21 years or less.

**NET PENSION OBLIGATION (NPO)**

Annual Required Contribution (ARC)	\$ 22,222,242
Interest on NPO	270,300
Adjustment to the ARC	<u>(272,899)</u>
Annual Pension Cost	22,219,644
Contributions made	<u>(22,222,242)</u>
Decrease in NPO	(2,598)
NPO beginning of year	<u>3,604,004</u>
NPO end of year	<u><u>\$ 3,601,406</u></u>

The Net Pension Obligation at June 30, 2007 consists of \$3,364,960 for Governmental Activities and \$236,446 for Business-Type Activities as presented in Note 7.

**TREND INFORMATION FOR COUNTY**

<b><u>FISCAL YEAR ENDING</u></b>	<b><u>ANNUAL PENSION COST (APC)</u></b>	<b><u>PERCENTAGE OF APC CONTRIBUTED</u></b>	<b><u>NET PENSION OBLIGATION</u></b>
June 30, 2005	\$16,066,645	100.99%	\$ 3,598,865
June 30, 2006	\$17,078,728	99.97%	\$ 3,604,004
June 30, 2007	\$22,219,644	100.01%	\$ 3,601,406

**TREND INFORMATION FOR SCHOOL BOARD NON-PROFESSIONAL**

<b><u>FISCAL YEAR ENDING</u></b>	<b><u>ANNUAL PENSION COST (APC)</u></b>	<b><u>PERCENTAGE OF APC CONTRIBUTED</u></b>	<b><u>NET PENSION OBLIGATION</u></b>
June 30, 2005	\$ 351,499	100.00%	\$ 0
June 30, 2006	\$ 360,895	100.00%	\$ 0
June 30, 2007	\$ 350,375	100.00%	\$ 0

**SCHEDULE OF FUNDING PROGRESS FOR COUNTY**

<b><u>Actuarial Valuation Date</u></b>	<b><u>Actuarial Value of Assets</u></b>	<b><u>Actuarial Accrued Liability</u></b>	<b><u>Un-funded Actuarial Accrued Liability (UAAL)</u></b>	<b><u>Ratio Funded Obligation</u></b>	<b><u>Covered Payroll</u></b>	<b><u>UAAL as a Percentage of Covered Payroll</u></b>
June 30, 2004	\$545,071,778	\$624,559,255	\$ 79,487,477	87.27%	\$169,769,647	46.82%
June 30, 2005	\$565,206,141	\$717,213,213	\$152,007,072	78.81%	\$176,971,182	85.89%
June 30, 2006	\$604,990,594	\$739,808,059	\$134,817,465	81.78%	\$186,908,290	72.13%

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**SCHEDULE OF FUNDING PROGRESS FOR SCHOOL BOARD NON-PROFESSIONAL**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability</b>	<b>Un-funded Actuarial Accrued Liability (UAAL)</b>	<b>Ratio Funded Obligation</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
June 30, 2004	\$ 5,102,610	\$ 8,171,909	\$ 3,069,299	62.44%	\$ 1,802,266	170.30%
June 30, 2005	\$ 5,101,316	\$ 8,353,804	\$ 3,252,488	61.07%	\$ 1,864,084	174.48%
June 30, 2006	\$ 5,265,210	\$ 8,735,795	\$ 3,470,585	60.27%	\$ 1,929,738	179.85%

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

A. Plan Description

The School Board also contributes to the VRS, a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the ‘System’). 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 salary (‘AFS’) 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. AFS is defined as the highest consecutive 36 months of reported salary. 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/2006AnnuRept.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. The employer may assume this 5 percent member contribution. 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 2006 was 9.20 percent of annual covered payroll. The School Board’s contributions to VRS for the years ending 2007, 2006 and 2005 were \$18,736,216, \$12,906,780, and \$11,159,790, respectively, and are equal to the required contributions for each year.

**NOTE 11. OTHER POST-EMPLOYMENT BENEFITS**

In addition to the pension benefits described in Notes 9 and 10, the County provides two types of post-employment health care benefits. The first benefit is for all employees retired due to disability prior to January 1, 2003. These employees are eligible to receive the same benefit as an active employee for each year of service with the County, or until age 65, or until eligible for Medicare, whichever comes first. Currently 29 disabled retirees meet the eligibility requirements. During the fiscal year ended June 30, 2007, an expenditure of \$148,589 was recognized for the health care benefit.

The School Board offers the same benefit for all employees retired due to disability prior to January 1, 2003. Currently 32 disabled retirees meet the eligibility requirements. During the fiscal year ended June 30, 2007, an expenditure of \$157,803 was recognized for the health care benefit.

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The County offers a second benefit in the form of a health care credit, established by a resolution approved by the Board and made effective January 1, 2003. All County employees who retire with a minimum of 20 years of VRS service, 10 years of which must be with the County are eligible. The County will provide the health care credit at a rate of \$3.00 per month for each year of service. This credit results in an annual reduction in the health care premium of at least \$720 per year. Currently 324 retirees meet the eligibility requirements. The County contributed on a “pay-as-you-go” basis and incurred an expenditure of \$336,135 for the post-employment health care credit during the fiscal year ended June 30, 2007.

The School Board offers the same benefit to all employees effective January 1, 2003. Currently 50 School Board retirees meet the eligibility requirements. The School Board contributed on a “pay-as-you-go” basis and incurred an expenditure of \$53,123 for the post-employment health care credit during the fiscal year ended June 30, 2007.

**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, 2007, an expenditure of \$8,806,675 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 Golf Course for \$112,500 for a loan. The General Fund has a receivable due from JRJDC for operating expenses paid by the General Fund and from Belmont Golf Course for a loan. The Water and Sewer Fund also has a receivable due from the Capital Projects Fund for a loan and the Capital Projects Fund has a receivable from Schools for a loan.

Individual interfund and component unit receivables and payables balances at June 30, 2007 were as follows:

	<b>Receivables</b>	<b>Payables</b>
General Fund	\$ 577,504	\$ -
Water and Sewer Fund	6,412,659	-
Capital Projects Fund	685,781	6,412,659
Belmont Golf Course	-	162,892
Component Unit – School Board	-	685,781
Component Unit - JRJDC	-	414,612
	\$ 7,675,944	\$ 7,675,944

**NOTE 14. FUND TRANSFERS**

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

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Inter-fund transfers for the year ended June 30, 2007 were as follows:

	<b>Transfers Out</b>	<b>Transfers In</b>
Governmental Funds:		
General Fund	\$146,169,428	\$ -
Special Revenue Fund	275,500	18,461,927
Debt Service Fund	-	48,057,065
Capital Projects Fund	-	79,925,936
	<u>\$146,444,928</u>	<u>\$146,444,928</u>

**NOTE 15. RELATED-PARTY TRANSACTIONS**

During fiscal year 2007, the County contributed \$1,171,801 to the Economic Development Authority, to foster economic development within the County, and the County received \$269,507 from the Capital Region Airport Commission for water and sewer services.

**NOTE 16. UNEARNED REVENUE**

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 \$32,921,938 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, 2007 totaled \$3,657,182 and \$2,816,535 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 \$5,184,376 at June 30, 2007.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2007, but paid in advance by the taxpayers, totaled \$10,368,663 at June 30, 2007.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2007. Unearned grant revenue at June 30, 2007 for the County totaled \$3,677,145, \$496,158 and \$6,305,726 for the General Fund, Special Revenue Fund and Capital Projects Fund, respectively. This also represents a liability of \$416,153 by the County for monies received in advance of expenditures being made as of June 30, 2007.

Also, the Water and Sewer Enterprise Fund recorded unearned revenue in the amount of \$16,852,767, which consists of an advance payment from a customer of \$11,543,034 for water capacity, an advance from a customer of \$3,644,888 and amounts held for contractors of \$1,664,845.

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**NOTE 17. SURETY BONDS**

Surety bonds covered the following constitutional officers and County employees at June 30, 2007:

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
Reta R. Busher – Director of Finance and Employees of the Director of Finance	\$ 1,000,000
Michael L. Wade – Sheriff and Employees of the Sheriff	\$ 3,000

Faithful Performance Blanket Position Coverage, Virginia Association of Counties Group Self Insurance Risk Pool

All County positions	\$ 250,000
All School positions	\$ 250,000

Excess Public Employee Dishonesty Coverage, Travelers Casualty and Surety Company of America

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

American Manufacturers

David Myers – School Board Agent	\$ 10,000
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Fidelity and Deposit Company of Maryland

Virgil R. Hazelett – County Manager	\$ 100,000
Paul N. Proto – Director of Department of General Services	\$ 100,000
Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Teresa Robins – School Board Clerk	\$ 10,000

Lumberman’s Mutual Casualty Company

George T. Drumwright, Jr. – Deputy County Manager	\$ 100,000
Angela N. Harper – Deputy County Manager	\$ 100,000
Harvey L. Hinson – Deputy County Manager	\$ 100,000
Leon T. Johnson – Deputy County Manager	\$ 100,000
Robert K. Pinkerton – Deputy County Manager	\$ 100,000
Gordon R. Ragland, Jr. – Director of Department of Social Services	\$ 100,000

**NOTE 18. JOINT VENTURES**

- A. 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

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

The percentage shares of the jurisdictions involved include the following:

City of Richmond	29.27%
County of Henrico	31.44%
County of Chesterfield	30.17%
County of Hanover	9.12%
	<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 their administrative office at South Airport Drive, Richmond, Virginia 23231.

- B. 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 \$10,288,236 for transient occupancy tax to the Convention Authority during the year ended June 30, 2007.

Complete financial statements for the Convention Authority can be obtained from 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 GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs*, \$8,292,570 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2007. 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, 98.89 percent of Phase II's estimated capacity, and 97.78 percent of Phase III's and 9.92 percent of Phase IV's estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$768,398 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 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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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 4.1 years and will be closed in September 2011.

**NOTE 20. SPECIAL ASSESSMENT**

On September 26, 2000, the Board of Supervisors, by resolution, created the Short Pump Town Center Community Development Authority (Authority). The creation of the 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 Authority, any County, City, Town or other Subdivision of the Commonwealth, including the County of Henrico, Virginia, are pledged to the payment of the principal of or interest on the 2003 Bonds. At June 30, 2007, the total Bonds outstanding were \$10,990,000. The annual principal payment of \$5,045,000 was paid February 1, 2007.

By memorandum of understanding between the County and the District, dated September 30, 2003, the County will collect and pay to the SPTC District the Special Assessments levied on the SPTC District. The Special Assessments for 2007 were assessed at \$6,177,416. As of June 30, 2007, the County paid the SPTC District \$3,088,708 which represents the first half payment of the annual assessment. The County anticipates making the second half payment of \$3,088,708 on November 15, 2007.

On March 14, 2006, the Board of Supervisors, by resolution, created the Reynolds Crossing Community Development Authority (Authority). The creation of the 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 Henrico 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 of Virginia (Commonwealth), or the Authority, or any Political Subdivision thereof, including the County is pledged to the payment of the principal of or interest on the 2007 Bonds. At June 30, 2007, the total 2007 Bonds Outstanding were \$14,594,000. The first interest payment is due September 1, 2007 and first principal commencing on March 1, 2010.

By memorandum of understanding between the County and the District, dated November 1, 2006, the County will collect and pay to the District the Special Assessments levied on the District. The Special Assessment will commence with tax year 2008. As of June 30, 2007, the County has not collected or paid any assessments to the District.

**COUNTY OF HENRICO, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2007**

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**NOTE 21. JOINTLY GOVERNED ORGANIZATIONS**

A. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the "Waste Authority") was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg 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 Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2007 were \$2,031,903.

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 \$390,000 for the year ended June 30, 2007.

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 \$1,512,582 to RMCVB for the year ended June 30, 2007.

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 \$169,980 for the year ended June 30, 2007.

**NOTE 22. SUBSEQUENT EVENTS**

On December 12, 2006, the Board of Supervisors, by resolution, created The Shops at White Oak Village Community Development Authority (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 a "The Shops at While Oak Village" currently under construction. The SWOV District consists of approximately 87 acres of land within Henrico County. The SWOV District is expected to consist of an open-air regional retail center and outparcel development, with four major anchor stores.

On October 17, 2007, the Authority issued The Shops at White Oak Village Community Authority, \$23,870,000 Special Assessment Revenue Bonds, Series 2007 (Bonds) which will be used to finance the cost of infrastructure improvements within the SWOV District. Neither the Faith nor the Credit of the Commonwealth of Virginia, or the Authority, or any Political Subdivision thereof, including the County, is pledged to the payment of the principal of or the interest on the Bonds.

**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, 2007**

**Exhibit 11**  
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<b>Fund, Major and Minor Revenue Sources</b>	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 260,584,300	\$ 260,584,300	\$ 276,405,950	\$ 15,821,650
Current personal property taxes	57,178,780	57,178,780	64,430,374	7,251,594
Delinquent real property taxes	400,000	400,000	571,159	171,159
Delinquent personal property taxes	300,000	300,000	1,200,652	900,652
Interest	300,000	300,000	271,707	(28,293)
Land redemption	50,000	50,000	56,667	6,667
Total general property taxes	<u>318,813,080</u>	<u>318,813,080</u>	<u>342,936,509</u>	<u>24,123,429</u>
Other local taxes:				
County recordation taxes	2,900,000	2,900,000	5,828,897	2,928,897
Local sales and use taxes	52,900,000	52,900,000	54,472,822	1,572,822
Consumer utility taxes	4,925,000	4,925,000	4,033,837	(891,163)
Business and professional license taxes	25,800,000	25,800,000	31,173,501	5,373,501
Franchise license private public utility	3,183,600	3,183,600	3,019,721	(163,879)
Motor vehicle license taxes	6,225,000	6,225,000	6,155,519	(69,481)
Hotel and motel taxes	7,587,600	10,287,600	10,304,986	17,386
Bank franchise taxes	3,986,400	3,986,400	5,120,138	1,133,738
Grantor's taxes	800,000	800,000	1,357,060	557,060
Consumption tax	1,150,000	1,150,000	1,161,840	11,840
Other local taxes - various	4,820,000	4,820,000	3,298,445	(1,521,555)
Total other local taxes	<u>114,277,600</u>	<u>116,977,600</u>	<u>125,926,766</u>	<u>8,949,166</u>
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	155,000	155,000	157,219	2,219
Transfer fees	110,000	110,000	121,239	11,239
Zoning application fees	10,800	10,800	10,165	(635)
Structure and equipment permits	2,850,000	2,850,000	3,505,530	655,530
Septic tank permits	14,000	14,000	56,614	42,614
Taxi cab certificates	5,900	5,900	8,930	3,030
Permits to purchase precious metal	2,000	2,000	5,480	3,480
Dog licenses	370,000	370,000	274,758	(95,242)
Other	313,500	313,500	456,453	142,953
Total permits, privilege fees and regulatory licenses	<u>3,831,200</u>	<u>3,831,200</u>	<u>4,596,388</u>	<u>765,188</u>
Fines and forfeitures:				
False alarm penalties	85,000	85,000	72,745	(12,255)
Traffic violations	1,850,000	1,850,000	2,488,630	638,630
Parking violations	100,000	100,000	78,271	(21,729)
Total fines and forfeitures	<u>2,035,000</u>	<u>2,035,000</u>	<u>2,639,646</u>	<u>604,646</u>
Revenue from use of money and property:				
Sale of equipment and publications	84,200	84,200	219,274	135,074
Rented county property	379,000	379,000	272,385	(106,615)
Use of money	8,160,000	8,160,000	16,300,517	8,140,517
Total revenue from use of money and property	<u>8,623,200</u>	<u>8,623,200</u>	<u>16,792,176</u>	<u>8,168,976</u>
Charges for services:				
Public works	135,000	135,000	171,813	36,813
Library	312,000	312,000	413,019	101,019
Sheriff fees	1,022,500	1,022,500	836,761	(185,739)
Commonwealth's Attorney fees	12,000	12,000	15,193	3,193
Public safety	2,220,000	2,220,000	1,193,064	(1,026,936)
Finance charges	3,137,000	3,137,000	3,206,700	69,700
Recreation	577,700	579,800	666,877	87,077
Information technology	710,000	710,000	933,087	223,087
Total charges for services	<u>8,126,200</u>	<u>8,128,300</u>	<u>7,436,514</u>	<u>(691,786)</u>

**COUNTY OF HENRICO, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Exhibit 11**  
**Page 2 of 3**

Fund, Major and Minor Revenue Sources	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous	\$ 2,550,300	\$ 2,645,112	\$ 5,223,516	\$ 2,578,404
Total miscellaneous	<u>2,550,300</u>	<u>2,645,112</u>	<u>5,223,516</u>	<u>2,578,404</u>
Recovered costs:				
Finance	1,944,500	1,944,500	1,960,502	16,002
General services	145,000	145,000	1,557,596	1,412,596
Public health	55,000	55,000	57,466	2,466
Public works	368,000	368,000	302,675	(65,325)
Juvenile detention	-	-	728	728
Sheriff	850,000	1,049,800	946,995	(102,805)
Public safety	25,000	25,000	8,750	(16,250)
Total recovered costs	<u>3,387,500</u>	<u>3,587,300</u>	<u>4,834,712</u>	<u>1,247,412</u>
Total revenue from local sources	<u>461,644,080</u>	<u>464,640,792</u>	<u>510,386,227</u>	<u>45,745,435</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
ABC profits	153,700	153,700	153,770	70
Wine tax	161,000	161,000	161,181	181
Rolling stock	110,000	110,000	134,720	24,720
Recovery of central costs	12,500	12,500	16,969	4,469
Mobile home sales and use tax	416,000	416,000	457,835	41,835
Motor vehicle rental tax	2,167,800	2,167,800	2,417,300	249,500
PPTRA revenue	37,221,220	37,221,220	37,221,220	-
Communications sales and use tax - HB568	-	-	5,792,983	5,792,983
Overweight truck citations	16,000	16,000	1,843	(14,157)
Total non-categorical aid	<u>40,258,220</u>	<u>40,258,220</u>	<u>46,357,821</u>	<u>6,099,601</u>
Shared expenses:				
Sheriff	10,568,600	10,825,200	11,073,233	248,033
Commonwealth's Attorney	1,383,800	1,418,969	1,750,090	331,121
Election commission	73,500	73,500	94,516	21,016
Finance	731,900	731,900	920,230	188,330
Circuit court	3,935,800	4,393,738	4,124,392	(269,346)
Total shared expenses	<u>16,693,600</u>	<u>17,443,307</u>	<u>17,962,461</u>	<u>519,154</u>
Categorical aid:				
Library	245,100	245,100	246,096	996
Public safety	13,308,000	15,017,746	15,238,010	220,264
Social services	3,734,500	5,844,877	5,541,689	(303,188)
Public works	29,424,600	29,424,600	29,559,525	134,925
Juvenile and domestic relations	667,000	667,000	604,418	(62,582)
Total categorical aid	<u>47,379,200</u>	<u>51,199,323</u>	<u>51,189,738</u>	<u>(9,585)</u>
Total revenue from the Commonwealth	<u>104,331,020</u>	<u>108,900,850</u>	<u>115,510,020</u>	<u>6,609,170</u>
Revenue from the Federal Government:				
Social services	10,183,200	12,358,311	11,593,290	(765,021)
Public safety	26,000	26,000	17,310	(8,690)
Total revenue from the Federal Government	<u>10,209,200</u>	<u>12,384,311</u>	<u>11,610,600</u>	<u>(773,711)</u>
Total intergovernmental	<u>114,540,220</u>	<u>121,285,161</u>	<u>127,120,620</u>	<u>5,835,459</u>
<b>Total General Fund</b>	<u>\$ 576,184,300</u>	<u>\$ 585,925,953</u>	<u>\$ 637,506,847</u>	<u>\$ 51,580,894</u>

continued

**COUNTY OF HENRICO, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Exhibit 11**  
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<b>Fund, Major and Minor Revenue Sources</b>	<b>Original</b>	<b>Revised</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ -	\$ 2,027,141	\$ 2,517,455	\$ 490,314
Current personal property taxes	-	920,388	948,701	28,313
Total general property taxes	-	2,947,529	3,466,156	518,627
Other local taxes:				
Local sales and use taxes	-	2,907,410	3,321,279	413,869
Business and professional license taxes	-	545,061	671,298	126,237
Total other local taxes	-	3,452,471	3,992,577	540,106
Revenue from use of money and property	56,211	56,211	70,236	14,025
Charges for services:				
Miscellaneous charges for services	7,136,360	7,257,378	7,580,512	323,134
Refuse collection billing	5,148,000	5,148,000	5,128,313	(19,687)
Landfill weighing fees	950,000	950,000	1,369,190	419,190
Recycle fees	70,000	70,000	225,041	155,041
Bulky waste collection fees	733,000	733,000	723,774	(9,226)
Leaf collection	2,487,760	2,487,760	2,487,760	-
Charges for street lights	60,855	60,855	75,312	14,457
Total charges for services	16,585,975	16,706,993	17,589,902	882,909
Miscellaneous revenues	1,166,374	1,227,362	272,823	(954,539)
Recovered costs:				
Recovered costs	493,816	1,025,758	1,019,903	(5,855)
Recoveries and rebates	1,300	1,300	73,200	71,900
Total recovered costs	495,116	1,027,058	1,093,103	66,045
Total revenue from local sources	18,303,676	25,417,624	26,484,797	1,067,173
Intergovernmental:				
Revenue from the Commonwealth:				
Division of Litter Control	25,000	25,000	33,307	8,307
Social services	3,904,272	4,949,134	4,066,159	(882,975)
Mental health and retardation	5,399,833	6,005,736	5,858,879	(146,857)
Virginia department of corrections	1,428,882	1,475,140	1,195,226	(279,914)
Commonwealth's Attorney	171,822	171,822	203,402	31,580
Miscellaneous state grants	644,651	1,045,349	1,758,172	712,823
Total revenue from the Commonwealth	11,574,460	13,672,181	13,115,145	(557,036)
Revenue from the Federal Government:				
Capital Training	1,188,872	1,188,872	978,358	(210,514)
Community Development Block Grants	-	2,356,976	1,920,417	(436,559)
Public safety	-	251,408	129,374	(122,034)
Mental health and retardation	2,262,983	2,363,894	2,194,322	(169,572)
Miscellaneous federal grants	518,481	1,108,546	1,221,238	112,692
Total revenue from the Federal Government	3,970,336	7,269,696	6,443,709	(825,987)
Total intergovernmental	15,544,796	20,941,877	19,558,854	(1,383,023)
<b>Total Special Revenue Fund</b>	<b>\$ 33,848,472</b>	<b>\$ 46,359,501</b>	<b>\$ 46,043,651</b>	<b>\$ (315,850)</b>
<b>Grand Total Revenues</b>	<b>\$ 610,032,772</b>	<b>\$ 632,285,454</b>	<b>\$ 683,550,498</b>	<b>\$ 51,265,044</b>

**COUNTY OF HENRICO, VIRGINIA  
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Exhibit 12  
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Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government administration:				
Legislative:				
Board of Supervisors	\$ 1,123,133	\$ 1,145,834	\$ 1,143,469	\$ 2,365
Total legislative	<u>1,123,133</u>	<u>1,145,834</u>	<u>1,143,469</u>	<u>2,365</u>
General and financial administration:				
County Manager	3,624,553	3,707,352	3,533,863	173,489
County Attorney	1,992,719	2,087,628	2,039,817	47,811
Human resources	6,196,499	6,149,007	4,978,685	1,170,322
Finance	12,076,075	12,663,498	11,475,006	1,188,492
General services	19,840,289	25,001,230	25,108,039	(106,809)
Internal audit	347,145	377,145	318,912	58,233
Real property agent	589,967	596,467	540,585	55,882
Information technology	12,115,442	12,101,411	10,933,337	1,168,074
Total general and financial administration	<u>56,782,689</u>	<u>62,683,738</u>	<u>58,928,244</u>	<u>3,755,494</u>
Board of elections:				
Election commission	1,351,297	1,370,183	1,108,934	261,249
Total board of elections	<u>1,351,297</u>	<u>1,370,183</u>	<u>1,108,934</u>	<u>261,249</u>
Total general government administration	<u>59,257,119</u>	<u>65,199,755</u>	<u>61,180,647</u>	<u>4,019,108</u>
Judicial administration:				
Courts:				
Circuit Court	2,871,657	3,402,288	2,743,694	658,594
General District Court	175,491	192,433	189,236	3,197
Juvenile and Domestic Relations Court	71,319	76,679	65,910	10,769
Total Courts	<u>3,118,467</u>	<u>3,671,400</u>	<u>2,998,840</u>	<u>672,560</u>
Commonwealth's Attorney:				
Commonwealth's Attorney	3,748,443	3,783,612	3,743,777	39,835
Total Commonwealth's Attorney	<u>3,748,443</u>	<u>3,783,612</u>	<u>3,743,777</u>	<u>39,835</u>
Total judicial administration	<u>6,866,910</u>	<u>7,455,012</u>	<u>6,742,617</u>	<u>712,395</u>
Public safety:				
Law enforcement:				
Police department	58,794,520	60,716,278	58,804,408	1,911,870
Total law enforcement	<u>58,794,520</u>	<u>60,716,278</u>	<u>58,804,408</u>	<u>1,911,870</u>
Fire services:				
Fire department	40,338,475	42,133,452	41,385,894	747,558
Total fire services	<u>40,338,475</u>	<u>42,133,452</u>	<u>41,385,894</u>	<u>747,558</u>
Correction and detention:				
Sheriff	28,087,318	30,828,888	31,218,921	(390,033)
Juvenile and Domestic Relations District Court	5,210,515	5,238,015	5,212,157	25,858
Total correction and detention	<u>33,297,833.00</u>	<u>36,066,903</u>	<u>36,431,078</u>	<u>(364,175)</u>
Inspections:				
Building	4,378,543	4,385,871	3,972,762	413,109
Total inspections	<u>4,378,543</u>	<u>4,385,871</u>	<u>3,972,762</u>	<u>413,109</u>
Other protection:				
Office of Emergency Services	2,133,443	2,205,349	2,193,405	11,944
Animal protection	1,294,185	1,294,185	1,232,891	61,294
Building security	1,276,593	1,276,593	1,176,706	99,887
Total other protection	<u>4,704,221</u>	<u>4,776,127</u>	<u>4,603,002</u>	<u>173,125</u>
Total public safety	<u>141,513,592</u>	<u>148,078,631</u>	<u>145,197,144</u>	<u>2,881,487</u>

**COUNTY OF HENRICO, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 12  
Page 2 of 4

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Public works:				
Maintenance of highways and streets:				
General administration	\$ 1,224,260	\$ 1,302,535	\$ 1,286,345	\$ 16,190
Mass transit	4,925,362	5,775,030	3,998,657	1,776,373
Design	2,091,100	2,142,899	1,843,778	299,121
Construction and maintenance	19,876,737	23,329,232	20,717,657	2,611,575
Traffic engineering	3,194,721	3,468,584	2,996,971	471,613
Miscellaneous	1,486,473	1,509,850	1,332,674	177,176
Total maintenance of highways and streets	<u>32,798,653</u>	<u>37,528,130</u>	<u>32,176,082</u>	<u>5,352,048</u>
Sanitation and waste removal:				
Leaf collection	2,487,760	2,487,760	2,487,760	-
Total sanitation and waste removal	<u>2,487,760</u>	<u>2,487,760</u>	<u>2,487,760</u>	<u>-</u>
Total public works	<u>35,286,413</u>	<u>40,015,890</u>	<u>34,663,842</u>	<u>5,352,048</u>
Health and social services:				
Health:				
Public health department	1,479,984	1,642,687	1,637,284	5,403
Total health	<u>1,479,984</u>	<u>1,642,687</u>	<u>1,637,284</u>	<u>5,403</u>
Social services:				
Fuel assistance	39,834	68,049	57,421	10,628
Service/eligibility administration	8,803,331	8,802,810	8,256,335	546,475
Welfare programs	1,069,110	1,978,764	1,873,844	104,920
Public assistance	7,619,569	11,243,720	10,495,580	748,140
Total social services	<u>17,531,844</u>	<u>22,093,343</u>	<u>20,683,180</u>	<u>1,410,163</u>
Total health and social services	<u>19,011,828</u>	<u>23,736,030</u>	<u>22,320,464</u>	<u>1,415,566</u>
Parks, recreation and cultural:				
Parks and recreation:				
Department of recreation and parks	13,983,014	15,596,809	14,343,195	1,253,614
Sandston Community House	14,000	14,000	13,571	429
Total parks and recreation	<u>13,997,014</u>	<u>15,610,809</u>	<u>14,356,766</u>	<u>1,254,043</u>
Library:				
Library public services	13,842,193	14,028,960	12,851,812	1,177,148
Total library	<u>13,842,193</u>	<u>14,028,960</u>	<u>12,851,812</u>	<u>1,177,148</u>
Total parks, recreation and cultural	<u>27,839,207</u>	<u>29,639,769</u>	<u>27,208,578</u>	<u>2,431,191</u>
Community development:				
Planning and community development:				
Economic development	13,656,477	16,791,732	16,521,570	270,162
Planning and rezoning	4,012,744	4,400,745	4,014,485	386,260
Total planning and community development	<u>17,669,221</u>	<u>21,192,477</u>	<u>20,536,055</u>	<u>656,422</u>
Cooperative extension program:				
Agriculture	344,132	350,561	233,059	117,502
Total cooperative extension program	<u>344,132</u>	<u>350,561</u>	<u>233,059</u>	<u>117,502</u>
Total community development	<u>18,013,353</u>	<u>21,543,038</u>	<u>20,769,114</u>	<u>773,924</u>
Education:				
School Board	151,134,059	151,134,059	151,134,059	-
Total education	<u>151,134,059</u>	<u>151,134,059</u>	<u>151,134,059</u>	<u>-</u>

continued

**COUNTY OF HENRICO, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Exhibit 12  
Page 3 of 4

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous:				
Cooperative projects	\$ 10,001,707	\$ 10,028,975	\$ 13,507,132	\$ (3,478,157)
Total miscellaneous	<u>10,001,707</u>	<u>10,028,975</u>	<u>13,507,132</u>	<u>(3,478,157)</u>
Debt service:				
Capital lease principal	46,343	46,343	46,343	-
Capital lease interest	7,892	7,892	7,892	-
Total debt service	<u>54,235</u>	<u>54,235</u>	<u>54,235</u>	<u>-</u>
<b>Total General Fund</b>	<u>\$ 468,978,423</u>	<u>\$ 496,885,394</u>	<u>\$ 482,777,832</u>	<u>\$ 14,107,562</u>
<b>Special Revenue Fund:</b>				
General government administration:				
General and financial administration:				
Capital Area Training Consortium	\$ 1,530,805	\$ 2,027,972	\$ 1,375,153	\$ 652,819
Total general government administration	<u>1,530,805</u>	<u>2,027,972</u>	<u>1,375,153</u>	<u>652,819</u>
Judicial administration:				
Commonwealth's Attorney:				
Commonwealth's Attorney	755,733	1,024,731	784,659	240,072
Total judicial administration	<u>755,733</u>	<u>1,024,731</u>	<u>784,659</u>	<u>240,072</u>
Public safety:				
Law enforcement:				
Police grants	1,054,610	2,967,387	1,979,800	987,587
Total law enforcement	<u>1,054,610</u>	<u>2,967,387</u>	<u>1,979,800</u>	<u>987,587</u>
Fire	-	603,413	145,298	458,115
Correction and detention:				
Community Diversion Program	1,472,602	1,617,812	1,518,231	99,581
Juvenile and Domestic Relations District Court	1,010,242	1,126,778	1,074,192	52,586
Total correction and detention	<u>2,482,844</u>	<u>2,744,590</u>	<u>2,592,423</u>	<u>152,167</u>
Total public safety	<u>3,537,454</u>	<u>6,315,390</u>	<u>4,717,521</u>	<u>1,597,869</u>
Public works:				
General administration	900,000	973,333	270,421	702,912
Maintenance of highways and streets	60,855	60,855	54,890	5,965
Solid waste collection and disposal	9,933,996	10,964,243	10,349,905	614,338
Total public works	<u>10,894,851</u>	<u>11,998,431</u>	<u>10,675,216</u>	<u>1,323,215</u>
Health and social services:				
Social services	7,169,598	9,597,552	7,915,982	1,681,570
Mental health and mental retardation:				
Related services	3,135,505	3,316,305	3,064,282	252,023
Mental health	9,352,533	9,867,591	8,900,378	967,213
Mental retardation	8,646,059	9,379,940	8,626,790	753,150
Substance abuse	2,496,796	2,373,210	2,175,394	197,816
MH/MR administration	4,299,332	4,512,462	4,677,652	(165,190)
Total mental health and mental retardation	<u>27,930,225</u>	<u>29,449,508</u>	<u>27,444,496</u>	<u>2,005,012</u>
Total health and social services	<u>35,099,823</u>	<u>39,047,060</u>	<u>35,360,478</u>	<u>3,686,582</u>
Parks, recreation and culture:				
Library grants	-	84,819	84,819	-
Parks and recreation grants	-	5,000	5,000	-
Total parks, recreation and culture	<u>-</u>	<u>89,819</u>	<u>89,819</u>	<u>-</u>

continued

**COUNTY OF HENRICO, VIRGINIA  
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Exhibit 12  
Page 4 of 4**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>Special Revenue Fund, continued:</b>				
Community development:				
Planning and community development	\$ -	\$ 4,515,765	\$ 1,939,918	\$ 2,575,847
Economic development	682,500	7,385,031	6,649,398	735,633
Total community development	<u>682,500</u>	<u>11,900,796</u>	<u>8,589,316</u>	<u>3,311,480</u>
<b>Total Special Revenue Fund</b>	<b>\$ 52,501,166</b>	<b>\$ 72,404,199</b>	<b>\$ 61,592,162</b>	<b>\$ 10,812,037</b>
<b>Grand Total Expenditures</b>	<b>\$ 521,479,589</b>	<b>\$ 569,289,593</b>	<b>\$ 544,369,994</b>	<b>\$ 24,919,599</b>

**COUNTY OF HENRICO, VIRGINIA**  
NOTES TO REQUIRED SUPPLEMENTARY  
INFORMATION  
JUNE 30, 2007

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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.



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## **Other Supplemental Information**



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**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, 2007**

**Schedule 1**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Revenue from use of money and property:	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund	-	-	-	-

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Schedule 2**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Debt Service:				
Principal payments	\$ 29,260,001	\$ 29,260,006	\$ 29,260,000	\$ 6
Interest payments	18,588,801	18,588,796	18,570,208	18,588
<b>Total Debt Service Fund</b>	<u>\$ 47,848,802</u>	<u>\$ 47,848,802</u>	<u>\$ 47,830,208</u>	<u>\$ 18,594</u>



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**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 SCHEDULE OF NET ASSETS  
INTERNAL SERVICE FUNDS  
JUNE 30, 2007**

Schedule 3

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 8,280,157	\$ 8,686,742	\$ 16,966,899
Receivables, net	2,224	-	2,224
Inventories	713,812	-	713,812
Total current assets	<u>8,996,193</u>	<u>8,686,742</u>	<u>17,682,935</u>
Capital Assets:			
Other Capital Assets, Net	13,653,319	-	13,653,319
Capital Assets, Net	<u>13,653,319</u>	<u>-</u>	<u>13,653,319</u>
<b>Total Assets</b>	<b><u>\$ 22,649,512</u></b>	<b><u>\$ 8,686,742</u></b>	<b><u>\$ 31,336,254</u></b>
<b>Liabilities:</b>			
Accounts payable	\$ 736,599	\$ 203,170	\$ 939,769
Long-term liabilities due within one year	169,262	-	169,262
Total current liabilities	<u>905,861</u>	<u>203,170</u>	<u>1,109,031</u>
Long-term liabilities due in more than one year	102,630	-	102,630
Total liabilities	<u>1,008,491</u>	<u>203,170</u>	<u>1,211,661</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	13,653,319	-	13,653,319
Unrestricted Assets	<u>7,987,702</u>	<u>8,483,572</u>	<u>16,471,274</u>
Total net assets	21,641,021	8,483,572	30,124,593
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 22,649,512</u></b>	<b><u>\$ 8,686,742</u></b>	<b><u>\$ 31,336,254</u></b>

**COUNTY OF HENRICO, VIRGINIA  
 COMBINING SCHEDULE OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 INTERNAL SERVICE FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Schedule 4

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Charges for services:			
Interdepartmental charges	\$ 15,739,900	\$ 2,804,961	\$ 18,544,861
Other	79,261	-	79,261
<b>Total operating revenue</b>	<u>15,819,161</u>	<u>2,804,961</u>	<u>18,624,122</u>
<b>Operating Expenses:</b>			
Utility charges	140,420	-	140,420
Personnel services and benefits	3,327,784	-	3,327,784
Professional services	46,389	-	46,389
Materials and supplies	8,684,233	2,447,113	11,131,346
Maintenance and repairs	1,795,366	-	1,795,366
Other expenses	166,031	-	166,031
Depreciation	1,947,642	-	1,947,642
<b>Total operating expenses</b>	<u>16,107,865</u>	<u>2,447,113</u>	<u>18,554,978</u>
Operating (loss) income	<u>(288,704)</u>	<u>357,848</u>	<u>69,144</u>
<b>Nonoperating Revenues:</b>			
Gain on sale of equipment	96,741	-	96,741
Contribution in-aid	367,324	512,193	879,517
<b>Total nonoperating revenues</b>	<u>464,065</u>	<u>512,193</u>	<u>976,258</u>
Income before contributions	<u>175,361</u>	<u>870,041</u>	<u>1,045,402</u>
Capital contributions - donated assets	<u>34,714</u>	<u>-</u>	<u>34,714</u>
<b>Change in net assets</b>	<u>210,075</u>	<u>870,041</u>	<u>1,080,116</u>
<b>Total Net Assets - July 1, 2006</b>	<u>21,430,946</u>	<u>7,613,531</u>	<u>29,044,477</u>
<b>Total Net Assets - June 30, 2007</b>	<u><u>\$ 21,641,021</u></u>	<u><u>\$ 8,483,572</u></u>	<u><u>\$ 30,124,593</u></u>

**COUNTY OF HENRICO, VIRGINIA  
COMBINING SCHEDULE OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Schedule 5

	<b>Governmental Activities - Internal Service Funds</b>		
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 15,817,100	\$ 2,804,961	\$ 18,622,061
Payments to suppliers	(10,543,435)	(2,293,212)	(12,836,647)
Payments to employees	(3,313,979)	-	(3,313,979)
Net cash provided by operating activities	<u>1,959,686</u>	<u>511,749</u>	<u>2,471,435</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Purchase of capital assets	(2,713,383)	-	(2,713,383)
Proceeds from sale of capital assets	343,092	-	343,092
Capital contribution	367,324	512,193	879,517
Net cash (used in) provided by capital and related financing activities	<u>(2,002,967)</u>	<u>512,193</u>	<u>(1,490,774)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>(43,281)</u>	<u>1,023,942</u>	<u>980,661</u>
<b>Cash and Cash Equivalents - July 1, 2006</b>	<u>8,323,438</u>	<u>7,662,800</u>	<u>15,986,238</u>
<b>Cash and Cash Equivalents - June 30, 2007</b>	<u>\$ 8,280,157</u>	<u>\$ 8,686,742</u>	<u>\$ 16,966,899</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:</b>			
Operating (loss) income	\$ (288,704)	\$ 357,848	\$ 69,144
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,947,642	-	1,947,642
Change in assets and liabilities:			
Receivables	(2,061)	-	(2,061)
Inventories	26,822	-	26,822
Accounts payable	262,185	153,901	416,086
Accrued liabilities	13,802	-	13,802
<b>Net cash provided by operating activities</b>	<u>\$ 1,959,686</u>	<u>\$ 511,749</u>	<u>\$ 2,471,435</u>
<b>Reconciliation to Cash and Cash Equivalents on the Balance Sheet:</b>			
Cash and cash equivalents	<u>\$ 8,280,157</u>	<u>\$ 8,686,742</u>	<u>\$ 16,966,899</u>
<b>Cash and Cash Equivalents - June 30, 2007</b>	<u>\$ 8,280,157</u>	<u>\$ 8,686,742</u>	<u>\$ 16,966,899</u>
Supplemental disclosure of noncash capital and related financing activities:			
Central Automotive Maintenance received donated equipment valued at \$34,714.			

**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 Retardation - To account for receipts and disbursements of monies maintained for individual clients.

**COUNTY OF HENRICO, VIRGINIA**  
**COMBINING SCHEDULE OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2007**

Schedule 6

	Agency Funds			
	Long-Term Disability	Special Welfare	Mental Health and Retardation	Total
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,618,322	\$ 131,837	\$ 41,389	\$ 1,791,548
<b>Total Assets</b>	<u>\$ 1,618,322</u>	<u>\$ 131,837</u>	<u>\$ 41,389</u>	<u>\$ 1,791,548</u>
<b>Liabilities:</b>				
Amounts held for others	\$ 1,618,322	\$ 131,178	\$ 41,389	\$ 1,790,889
Accounts payable	-	659	-	659
<b>Total Liabilities</b>	<u>\$ 1,618,322</u>	<u>\$ 131,837</u>	<u>\$ 41,389</u>	<u>\$ 1,791,548</u>

**COUNTY OF HENRICO, VIRGINIA**  
**COMBINING SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Schedule 7

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>Long Term Disability:</b>				
<b>Assets:</b>				
Equity in County cash and cash equivalents	\$ 1,978,850	\$ 74,466	\$ 434,994	\$ 1,618,322
<b>Total assets</b>	<u>\$ 1,978,850</u>	<u>\$ 74,466</u>	<u>\$ 434,994</u>	<u>\$ 1,618,322</u>
<b>Liabilities:</b>				
Amounts due to others	\$ 1,978,850	\$ 74,466	\$ 434,994	\$ 1,618,322
<b>Total liabilities</b>	<u>\$ 1,978,850</u>	<u>\$ 74,466</u>	<u>\$ 434,994</u>	<u>\$ 1,618,322</u>
<b>Special Welfare:</b>				
<b>Assets:</b>				
Equity in County cash and cash equivalents	\$ 196,879	\$ 324,589	\$ 389,631	\$ 131,837
<b>Total assets</b>	<u>\$ 196,879</u>	<u>\$ 324,589</u>	<u>\$ 389,631</u>	<u>\$ 131,837</u>
<b>Liabilities:</b>				
Amounts due to others	\$ 154,461	\$ 281,731	\$ 305,014	\$ 131,178
Accounts payable	42,418	42,858	84,617	659
<b>Total liabilities</b>	<u>\$ 196,879</u>	<u>\$ 324,589</u>	<u>\$ 389,631</u>	<u>\$ 131,837</u>
<b>Mental Health and Retardation:</b>				
<b>Assets:</b>				
Equity in County cash and cash equivalents	\$ 40,955	\$ 245,670	\$ 245,236	\$ 41,389
<b>Total assets</b>	<u>\$ 40,955</u>	<u>\$ 245,670</u>	<u>\$ 245,236</u>	<u>\$ 41,389</u>
<b>Liabilities:</b>				
Amounts due to others	\$ 40,955	\$ 245,670	\$ 245,236	\$ 41,389
<b>Total liabilities</b>	<u>\$ 40,955</u>	<u>\$ 245,670</u>	<u>\$ 245,236</u>	<u>\$ 41,389</u>
<b>Totals:</b>				
<b>Assets:</b>				
Equity in County cash and cash equivalents	\$ 2,216,684	\$ 644,725	\$ 1,069,861	\$ 1,791,548
<b>Total assets</b>	<u>\$ 2,216,684</u>	<u>\$ 644,725</u>	<u>\$ 1,069,861</u>	<u>\$ 1,791,548</u>
<b>Liabilities:</b>				
Amounts due to others	\$ 2,174,266	\$ 601,867	\$ 985,244	\$ 1,790,889
Accounts payable	42,418	42,858	84,617	659
<b>Total liabilities</b>	<u>\$ 2,216,684</u>	<u>\$ 644,725</u>	<u>\$ 1,069,861</u>	<u>\$ 1,791,548</u>



**Henrico County**

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**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  
AS OF JUNE 30, 2007**

**Schedule 8**

	Governmental Funds				Totals
	School General Fund	School Special Revenue Fund	School Debt Service Fund	School Capital Projects Fund	
<b>Assets and Other Debits:</b>					
Cash and cash equivalents	\$ 2,373,892	\$ -	\$ -	\$ 32,200,665	\$ 34,574,557
Due from other governmental units	3,558,863	7,411,321	-	-	10,970,184
Due from other funds	702,592	-	-	-	702,592
<b>Total Assets and Other Debits</b>	<u>\$ 6,635,347</u>	<u>\$ 7,411,321</u>	<u>\$ -</u>	<u>\$ 32,200,665</u>	<u>\$ 46,247,333</u>
<b>Liabilities and Equity:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,363,539	\$ 771,338	\$ -	\$ 469,161	\$ 2,604,038
Amounts held for others	1,096,332	-	-	-	1,096,332
Due to Primary Government	-	-	-	685,781	685,781
Due to other funds	-	702,592	-	-	702,592
Unearned revenues	-	2,816,535	-	-	2,816,535
<b>Total liabilities</b>	<u>2,459,871</u>	<u>4,290,465</u>	<u>-</u>	<u>1,154,942</u>	<u>7,905,278</u>
<b>Equity:</b>					
<b>Fund balances:</b>					
Reserved for encumbrances	3,480,180	-	-	7,145,800	10,625,980
<b>Unreserved:</b>					
<b>Designated:</b>					
National school lunch program	-	1,533,294	-	-	1,533,294
High school lunch program	-	1,587,562	-	-	1,587,562
Construction commitments	-	-	-	23,899,923	23,899,923
<b>Undesignated</b>	<u>695,296</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695,296</u>
<b>Total equity</b>	<u>4,175,476</u>	<u>3,120,856</u>	<u>-</u>	<u>31,045,723</u>	<u>38,342,055</u>
<b>Total Liabilities and Equity</b>	<u>\$ 6,635,347</u>	<u>\$ 7,411,321</u>	<u>\$ -</u>	<u>\$ 32,200,665</u>	<u>\$ 46,247,333</u>

**Adjustments for the Statement of Net Assets:**

Internal service fund net profit allocation to the School Board is included in the Statement of Net Assets as other assets, but is not included in the governmental funds.	\$ 455,150
Accrued interest on literary loans payable, is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(1,456)
Capital assets used in School Board activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	215,818,623
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(28,844,284)</u>
<b>Net Assets of Discretely Presented Component Unit - School Board</b>	<u>\$ 225,770,088</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, 2007**

**Schedule 9**

	Governmental Funds				Total
	School General Fund	School Special Revenue Fund	School Debt Service Fund	School Capital Projects Fund	
<b>Revenues:</b>					
Permits, privilege fees and regulatory licenses	\$ 373,464	\$ -	\$ -	\$ -	\$ 373,464
Charges for services	145,182	9,683,107	-	-	9,828,289
Miscellaneous	-	875,346	-	-	875,346
Recovered costs	533,755	-	-	-	533,755
Intergovernmental:					
Federal	199,534	24,072,764	-	-	24,272,298
State	210,235,492	8,062,084	-	622,499	218,920,075
Total revenues	211,487,427	42,693,301	-	622,499	254,803,227
<b>Expenditures:</b>					
Education	365,597,451	43,132,145	-	-	408,729,596
Capital projects	-	-	-	24,985,928	24,985,928
Debt service:					
Principal retirement	8,772,326	-	190,047	-	8,962,373
Interest	169,690	-	18,217	-	187,907
Total expenditures	374,539,467	43,132,145	208,264	24,985,928	442,865,804
Deficiency of revenues under expenditures	(163,052,040)	(438,844)	(208,264)	(24,363,429)	(188,062,577)
<b>Other Financing Sources (Uses):</b>					
Issuance of capital lease obligations	12,587,980	-	-	-	12,587,980
Transfers in	-	-	-	959,744	959,744
Transfers out	(959,744)	-	-	-	(959,744)
Transfers from the Primary Government	151,134,059	-	208,264	25,556,542	176,898,865
Total other financing sources, net	162,762,295	-	208,264	26,516,286	189,486,845
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(289,745)	(438,844)	-	2,152,857	1,424,268
<b>Fund Balances - July 1, 2006</b>	4,465,221	3,559,700	-	28,892,866	36,917,787
<b>Fund Balances - June 30, 2007</b>	\$ 4,175,476	\$ 3,120,856	\$ -	\$ 31,045,723	\$ 38,342,055

**Adjustments for the Statement of Activities:**

Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	\$ 1,424,268
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 Assets.	8,962,373
Interest expense on literary loans payable is not due and payable in the current period and, therefore, is not reported as expenses in the governmental funds.	1,928
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds.	(17,279,783)
Governmental funds report capital outlays as expenditures while school board activities capitalize those outlays to allocate those expenditures over the life of the assets.	44,080,267
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(12,587,980)
County 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.	(2,075)
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.	(647,030)
Change in Net Assets of Discretely Presented Component Unit - School Board	\$ 23,951,968



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**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  
SCHEDULE OF ASSETS AND LIABILITIES  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
AGENCY FUNDS  
JUNE 30, 2007**

Schedule 10

	<b>Agency Funds</b>
<b>Assets:</b>	
Cash and cash equivalents	\$ 4,398,281
<b>Total Assets</b>	<u>\$ 4,398,281</u>
<b>Liabilities:</b>	
Amounts held for others	\$ 4,398,281
<b>Total Liabilities</b>	<u>\$ 4,398,281</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2007**

Schedule 11

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
<b>School Activity Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,070,714	\$ 15,469,116	\$ 15,141,549	\$ 4,398,281
<b>Total assets</b>	<u>\$ 4,070,714</u>	<u>\$ 15,469,116</u>	<u>\$ 15,141,549</u>	<u>\$ 4,398,281</u>
<b>Liabilities:</b>				
Amounts due to others	\$ 4,070,714	\$ 15,469,116	\$ 15,141,549	\$ 4,398,281
<b>Total liabilities</b>	<u>\$ 4,070,714</u>	<u>\$ 15,469,116</u>	<u>\$ 15,141,549</u>	<u>\$ 4,398,281</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**COMPONENT UNIT - SCHOOL BOARD**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Schedule 12**  
**Page 1 of 2**

Fund, Major and Minor Revenue Sources	Original	Revised	Actual	Variance
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 25,000	\$ 25,000	\$ 33,967	\$ 8,967
Facilities rental	285,000	285,000	339,498	54,498
Total permits, privilege fees and regulatory licenses	<u>310,000</u>	<u>310,000</u>	<u>373,464</u>	<u>63,464</u>
Charges for services:				
School fees and tuitions	145,000	145,000	145,182	182
Total charges for services	<u>145,000</u>	<u>145,000</u>	<u>145,182</u>	<u>182</u>
Recovered cost:				
Sale of vehicles, textbooks and equipment	120,000	120,000	100,356	(19,644)
Lost/damaged textbook payments	22,000	22,000	30,239	8,239
Payment for services - parks and recreation	165,000	165,000	160,371	(4,629)
Recovered cost - student activities	125,000	125,000	242,789	117,789
Total recovered cost	<u>432,000</u>	<u>432,000</u>	<u>533,755</u>	<u>101,755</u>
Total revenue from local sources	<u>887,000</u>	<u>887,000</u>	<u>1,052,401</u>	<u>165,401</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,033,200	1,033,200	1,023,608	(9,592)
English as a second language	1,185,400	1,185,400	1,103,480	(81,920)
General appropriation - basic aid	111,412,100	111,412,100	113,293,829	1,881,729
Foster child reimbursement	152,000	152,000	212,085	60,085
Textbooks	2,629,700	2,629,700	2,566,184	(63,516)
Social security reimbursement	5,966,600	5,966,600	5,911,334	(55,266)
Retirement reimbursement	6,819,600	6,819,600	7,497,925	678,325
Life insurance reimbursement	387,500	387,500	358,263	(29,237)
State lottery proceeds	5,193,000	5,193,000	5,932,062	739,062
Remedial education	1,679,000	1,679,000	1,663,362	(15,638)
Share of State sales tax - schools	45,066,200	45,066,200	46,987,118	1,920,918
SOQ - basic special education	13,948,000	13,948,000	13,850,780	(97,220)
Special education - homebound	196,800	196,800	89,087	(107,713)
Vocational education - local administrative and supervisory	465,400	465,400	389,233	(76,167)
Vocational education - equipment	-	465,400	59,424	(405,976)
Vocational education - SOQ occupational	2,040,500	2,040,500	2,021,625	(18,875)
Handicapped - foster home	478,800	478,800	440,401	(38,399)
Salary incentive K-3	2,152,200	2,152,200	2,074,577	(77,623)
R.O.T.C.	285,000	285,000	344,700	59,700
Adult basic aid	40,300	40,300	53,210	12,910
Teacher incentive	2,298,900	2,298,900	2,814,921	516,021
At risk	1,409,200	1,409,200	1,389,623	(19,577)
Other categorical aid	10,000	10,000	158,660	148,660
Total categorical aid	<u>204,849,400</u>	<u>205,314,800</u>	<u>210,235,492</u>	<u>4,920,692</u>
Total revenue from the Commonwealth	<u>204,849,400</u>	<u>205,314,800</u>	<u>210,235,492</u>	<u>4,920,692</u>
Revenue from the Federal Government:				
Adult education - Federal funds	300,000	300,000	74,918	(225,082)
Emergency Impact Aid Funding	-	-	124,616	124,616

continued

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**COMPONENT UNIT - SCHOOL BOARD**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Schedule 12**  
**Page 2 of 2**

Fund, Major and Minor Revenue Sources	Original	Revised	Actual	Variance
<b>Component Unit - School Board:</b>				
<b>General Fund, continued:</b>				
Total revenue from the Federal Government	300,000	300,000	199,534	(100,466)
Total intergovernmental	205,149,400	205,614,800	210,435,026	4,820,226
<b>Total Component Unit - General Fund</b>	<u>\$ 206,036,400</u>	<u>\$ 206,501,800</u>	<u>\$ 211,487,427</u>	<u>\$ 4,985,627</u>
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 10,669,173	\$ 10,669,173	\$ 9,683,107	\$ (986,066)
Total charges for services	<u>10,669,173</u>	<u>10,669,173</u>	<u>9,683,107</u>	<u>(986,066)</u>
Miscellaneous:				
Miscellaneous	-	-	756,444	756,444
Recoveries and rebates	205,000	205,000	118,902	(86,098)
Total miscellaneous	<u>205,000</u>	<u>205,000</u>	<u>875,346</u>	<u>670,346</u>
Total revenue from local sources	<u>10,874,173</u>	<u>10,874,173</u>	<u>10,558,453</u>	<u>(315,720)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention home	1,055,083.00	991,974.00	919,879.13	(72,095)
Technology	1,818,000	1,842,200	1,537,237	(304,963)
Summer school	1,460,682	1,460,682	496,916	(963,766)
General adult education	1,126,238	1,126,238	739,514	(386,724)
State SOL	211,576	211,576	289,782	78,206
School lunch program	219,733	219,733	210,116	(9,617)
Other state educational grants	2,300,959	2,265,152	3,868,640	1,603,488
Total revenue from the Commonwealth	<u>8,192,271</u>	<u>8,117,555</u>	<u>8,062,084</u>	<u>(55,471)</u>
<small>8,062,084</small>				
Revenue from the Federal Government:				
Title I	4,786,025	4,586,415	4,492,275	(94,140)
Title VI-B	9,067,292	8,380,718	9,894,476	1,513,758
Head Start	1,461,225	1,101,342	1,371,808	270,466
Pre-school	374,781	374,781	283,462	(91,319)
School lunch program	4,387,330	4,387,330	3,870,456	(516,874)
School breakfast program	-	-	944,122	944,122
Other Federal educational grants	9,822,682	10,813,125	3,216,165	(7,596,960)
Total revenue from the Federal Government	<u>29,899,335</u>	<u>29,643,711</u>	<u>24,072,764</u>	<u>(5,570,947)</u>
Total intergovernmental	<u>38,091,606</u>	<u>37,761,266</u>	<u>32,134,848</u>	<u>(5,626,418)</u>
<b>Total Component Unit - Special Revenue Fund</b>	<u>\$ 48,965,779</u>	<u>\$ 48,635,439</u>	<u>\$ 42,693,301</u>	<u>\$ (5,942,138)</u>
<b>Grand Total Revenues</b>	<u>\$ 255,002,179</u>	<u>\$ 255,137,239</u>	<u>\$ 254,180,728</u>	<u>\$ (956,511)</u>

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
COMPONENT UNIT - SCHOOL BOARD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Schedule 13**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Education:				
Administration of schools:				
Administration	\$ 43,311,010	\$ 43,519,226	\$ 42,208,084	\$ 1,311,142
Instructional <sup>(1)</sup>	249,755,723	249,595,230	260,153,408	(10,558,178)
Educational programs and services	4,716,866	4,872,217	4,748,197	124,020
Transportation	22,924,480	24,741,983	22,176,123	2,565,860
Operation and maintenance	37,818,084	38,608,942	36,311,639	2,297,303
Total administration of schools	<u>358,526,163</u>	<u>361,337,598</u>	<u>365,597,451</u>	<u>(4,259,853)</u>
Debt Service:				
Principal retirement	8,772,326	8,772,326	8,772,326	-
Interest	169,690	169,690	169,690	-
Total debt service	<u>8,942,016</u>	<u>8,942,016</u>	<u>8,942,016</u>	<u>-</u>
Total education	<u>367,468,179</u>	<u>370,279,614</u>	<u>374,539,467</u>	<u>(4,259,853)</u>
<b>Total Component Unit - General Fund</b>	<b><u>\$ 367,468,179</u></b>	<b><u>\$ 370,279,614</u></b>	<b><u>\$ 374,539,467</u></b>	<b><u>\$ (4,259,853)</u></b>
<b>Special Revenue Fund:</b>				
Education:				
Instruction	\$ 27,652,003	\$ 36,635,079	\$ 26,737,263	\$ 9,897,816
Other educational programs	6,338,230	9,865,050	1,224,446	8,640,604
Total education	<u>33,990,233</u>	<u>46,500,129</u>	<u>27,961,709</u>	<u>18,538,420</u>
School food service	<u>15,510,432</u>	<u>16,366,991</u>	<u>15,170,436</u>	<u>1,196,555</u>
<b>Total Component Unit - Special Revenue Fund</b>	<b><u>\$ 49,500,665</u></b>	<b><u>\$ 62,867,120</u></b>	<b><u>\$ 43,132,145</u></b>	<b><u>\$ 19,734,975</u></b>
<b>Debt Service Fund:</b>				
Principal retirement	\$ 190,047	\$ 190,047	\$ 190,047	\$ -
Interest	18,217	18,217	18,217	-
<b>Total Debt Service Fund</b>	<b><u>\$ 208,264</u></b>	<b><u>\$ 208,264</u></b>	<b><u>\$ 208,264</u></b>	<b><u>\$ -</u></b>
<b>Grand Total Expenditures</b>	<b><u>\$ 417,177,108</u></b>	<b><u>\$ 433,354,998</u></b>	<b><u>\$ 417,879,876</u></b>	<b><u>\$ 15,475,122</u></b>

(1) The acquisition of capital assets through capital lease obligations is reflected as an expenditure in the School General Fund when the obligations are incurred. During fiscal year 2007, the Schools added \$12,587,979 in new capital leases.

## **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 ASSETS BY COMPONENT**  
**LAST SIX FISCAL YEARS**

(accrual basis of accounting)

(\$ in thousands)

Table I

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental Activities:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 541,152	\$ 600,857	\$ 618,680	\$ 660,171	\$ 734,506	\$ 795,307
Restricted For:						
Capital Projects	46,450	34,207	39,903	45,800	42,176	83,043
Debt Service	24,052	25,127	24,589	28,288	27,293	30,881
Special Revenue	14,792	14,705	20,589	18,937	19,422	22,060
Unrestricted	79,091	90,342	101,333	114,439	143,902	161,949
<b>Total Governmental Activities Net Assets</b>	<u>\$ 705,537</u>	<u>\$ 765,238</u>	<u>\$ 805,094</u>	<u>\$ 867,635</u>	<u>\$ 967,299</u>	<u>\$ 1,093,240</u>
<b>Business-type Activities:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 607,491	\$ 670,198	\$ 725,502	\$ 773,417	\$ 815,710	\$ 826,625
Restricted	11,708	11,592	11,590	11,470	11,453	15,885
Unrestricted	116,154	87,465	69,539	51,800	54,911	73,696
<b>Total Business-Type Activities Net Assets</b>	<u>\$ 735,353</u>	<u>\$ 769,255</u>	<u>\$ 806,631</u>	<u>\$ 836,687</u>	<u>\$ 882,074</u>	<u>\$ 916,205</u>
<b>Primary Government:</b>						
Invested in Capital Assets, Net of Related Debt	\$ 1,148,643	\$ 1,271,055	\$ 1,344,182	\$ 1,433,588	\$ 1,550,216	\$ 1,621,931
Restricted For:						
Capital Projects	46,450	34,207	39,903	45,800	42,176	83,043
Debt Service	24,052	25,127	24,589	28,288	27,293	30,881
Special Revenue	26,500	26,297	32,179	30,407	30,875	37,945
Unrestricted	195,245	177,807	170,872	166,239	198,813	235,645
<b>Total Primary Government Net Assets</b>	<u>\$ 1,440,890</u>	<u>\$ 1,534,493</u>	<u>\$ 1,611,725</u>	<u>\$ 1,704,322</u>	<u>\$ 1,849,373</u>	<u>\$ 2,009,446</u>

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

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



**Henrico County**

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**COUNTY OF HENRICO, VIRGINIA**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**

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

Table II

	2002	2003	2004	2005	2006	2007
<b><u>Expenses</u></b>						
Governmental Activities:						
General Government	\$ 64,387	\$ 61,261	\$ 66,700	\$ 72,848	\$ 67,013	\$ 79,015
Judicial Administration	5,224	5,811	5,950	6,475	6,835	7,585
Public Safety	108,007	113,224	119,776	128,215	142,050	151,289
Public Works	47,644	48,026	65,727	53,711	54,640	60,957
Health and Welfare	41,837	44,403	47,945	50,924	54,016	57,777
Education	157,316	162,722	172,148	176,443	182,180	180,070
Parks, Recreation and Culture	19,819	20,894	22,731	24,497	26,090	28,748
Community Development	15,752	15,640	23,141	29,639	26,838	29,359
Interest and Long-term Debt	13,982	15,094	15,023	13,755	16,804	17,171
<b>Total Government Activities Expenses</b>	<b>473,969</b>	<b>487,074</b>	<b>539,142</b>	<b>556,506</b>	<b>576,467</b>	<b>611,970</b>
Business-Type Activities:						
Water and Sewer	52,699	54,896	59,275	65,604	71,522	81,415
Belmont Park Golf Course	1,058	1,075	1,322	1,642	1,129	1,122
<b>Total Business-Type Activities Expenses</b>	<b>53,756</b>	<b>55,971</b>	<b>60,597</b>	<b>67,246</b>	<b>72,651</b>	<b>82,538</b>
<b>Total Primary Government Expenses</b>	<b>\$ 527,726</b>	<b>\$ 543,045</b>	<b>\$ 599,738</b>	<b>\$ 623,751</b>	<b>\$ 649,118</b>	<b>\$ 694,508</b>
<b><u>Program Revenues</u></b>						
Governmental Activities:						
General Government	\$ 16,001	\$ 16,604	\$ 21,044	\$ 19,582	\$ 20,958	\$ 19,996
Judicial Administration	5,785	5,618	5,903	6,921	7,538	6,503
Public Safety	28,196	29,024	29,088	30,575	32,560	39,100
Public Works	32,207	32,254	38,969	56,794	66,105	79,221
Health and Welfare	28,186	29,789	32,478	33,495	36,104	37,416
Parks, Recreation and Culture	1,272	1,271	1,913	1,474	1,384	1,607
Community Development	2,328	1,920	18,092	8,247	3,963	3,589
<b>Total Governmental Activities Revenues</b>	<b>113,974</b>	<b>116,480</b>	<b>147,487</b>	<b>157,088</b>	<b>168,612</b>	<b>187,433</b>
Business-Type Activities:						
Water and Sewer	101,153	83,420	92,838	92,605	113,022	108,688
Belmont Park Golf Course	913	696	729	691	943	931
<b>Total Business-Type Activities Revenues</b>	<b>102,066</b>	<b>84,116</b>	<b>93,567</b>	<b>93,296</b>	<b>113,965</b>	<b>109,619</b>
<b>Total Primary Government Revenues</b>	<b>\$ 216,040</b>	<b>\$ 200,596</b>	<b>\$ 241,054</b>	<b>\$ 250,384</b>	<b>\$ 282,578</b>	<b>\$ 297,052</b>

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

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

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**

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

Table II (Cont'd)

	2002	2003	2004	2005	2006	2007
<b><u>Net (Expense) Revenue</u></b>						
Governmental Activities:						
General Government	\$ (48,386)	\$ (44,657)	\$ (45,656)	\$ (53,265)	\$ (46,055)	\$ (59,019)
Judicial Administration	560	(193)	(47)	445	703	(1,081)
Public Safety	(79,812)	(84,200)	(90,688)	(97,640)	(109,490)	(112,189)
Public Works	(15,437)	(15,771)	(26,759)	3,083	11,465	18,264
Health and Welfare	(13,650)	(14,614)	(15,467)	(17,429)	(17,912)	(20,361)
Education	(157,316)	(162,722)	(172,148)	(176,443)	(182,180)	(180,070)
Parks, Recreation and Culture	(18,547)	(19,623)	(20,818)	(23,023)	(24,706)	(27,141)
Community Development	(13,424)	(13,719)	(5,049)	(21,392)	(22,875)	(25,770)
Interest and Long-term Debt	(13,982)	(15,094)	(15,023)	(13,755)	(16,804)	(17,171)
<b>Total Governmental Activities Net Expense</b>	<b>(359,995)</b>	<b>(370,594)</b>	<b>(391,655)</b>	<b>(399,418)</b>	<b>(407,854)</b>	<b>(424,538)</b>
Business-Type Activities:						
Water and Sewer	48,454	28,523	33,564	27,002	41,500	27,273
Belmont Park Golf Course	(144)	(378)	(593)	(951)	(186)	(191)
<b>Total Business-Type Activities Net Revenue</b>	<b>48,310</b>	<b>28,145</b>	<b>32,971</b>	<b>26,051</b>	<b>41,314</b>	<b>27,081</b>
<b>Total Primary Government Net Expense</b>	<b><u>\$ (311,685)</u></b>	<b><u>\$ (342,449)</u></b>	<b><u>\$ (358,684)</u></b>	<b><u>\$ (373,368)</u></b>	<b><u>\$ (366,540)</u></b>	<b><u>\$ (397,456)</u></b>
<b><u>General Revenues and Other Changes in Net Assets</u></b>						
Governmental Activities:						
Taxes						
Property	\$ 236,198	\$ 241,471	\$ 264,499	\$ 288,230	\$ 312,238	\$ 350,196
Local Sales and Use	43,992	47,096	47,446	50,212	53,254	54,473
Business License	22,315	23,013	24,042	25,510	28,628	31,174
Hotel and Motel	6,624	6,937	8,108	8,308	9,139	10,305
Bank Franchise	8,612	9,334	10,654	7,901	4,904	5,120
Other	19,925	23,085	26,192	29,570	33,151	33,992
Interest and Investment Earnings	10,256	8,650	2,583	7,695	14,032	22,818
Grants and Contributions	41,591	38,382	42,134	43,063	50,635	39,482
Miscellaneous/Donated Assets	887	32,327	5,852	1,469	1,537	2,919
<b>Total Governmental Activities</b>	<b>390,401</b>	<b>430,294</b>	<b>431,511</b>	<b>461,959</b>	<b>507,518</b>	<b>550,479</b>
Business-Type Activities:						
Interest and Investment Earnings	2,138	1,804	692	788	1,079	5,812
Grants and Contributions	934	799	1,056	1,427	1,185	1,332
Miscellaneous/Donated Assets	1,480	1,511	2,658	1,790	1,810	(94)
<b>Total Business-Type Activities</b>	<b>4,552</b>	<b>4,114</b>	<b>4,405</b>	<b>4,005</b>	<b>4,074</b>	<b>7,049</b>
<b>Total Primary Government</b>	<b><u>\$ 394,953</u></b>	<b><u>\$ 434,409</u></b>	<b><u>\$ 435,916</u></b>	<b><u>\$ 465,964</u></b>	<b><u>\$ 511,591</u></b>	<b><u>\$ 557,529</u></b>
<b><u>Change in Net Assets</u></b>						
Government Activities	\$ 30,406	\$ 59,701	\$ 39,856	\$ 62,541	\$ 99,664	\$ 125,942
Business Activities	52,862	32,259	37,376	30,056	45,387	34,131
<b>Total Primary Government Net Assets</b>	<b><u>\$ 83,268</u></b>	<b><u>\$ 91,960</u></b>	<b><u>\$ 77,232</u></b>	<b><u>\$ 92,597</u></b>	<b><u>\$ 145,051</u></b>	<b><u>\$ 160,072</u></b>

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

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

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

Table III

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>General Fund:</b>						
Reserved for:						
Advance to Other Funds	\$ -	\$ 135	\$ 135	\$ 113	\$ 113	\$ 113
Encumbrances	4,552	6,881	7,704	8,335	4,398	5,823
Unreserved, reported in:						
Designated	24,108	21,478	25,058	40,111	76,912	74,614
Undesignated	85,853	95,022	102,352	107,442	113,191	122,729
<b>Total General Fund</b>	<u>114,513</u>	<u>123,516</u>	<u>135,249</u>	<u>156,000</u>	<u>194,614</u>	<u>203,278</u>
<b>All Other Governmental Funds:</b>						
Reserved for:						
Encumbrances	26,262	41,737	33,794	34,090	87,000	70,168
Unreserved, reported in:						
Designated	69,510	80,950	109,446	88,644	89,926	150,466
<b>Total All Other Governmental Funds</b>	<u>95,772</u>	<u>122,687</u>	<u>143,240</u>	<u>122,735</u>	<u>176,926</u>	<u>220,634</u>
<b>Total Fund Balances</b>	<u>\$ 210,286</u>	<u>\$ 246,204</u>	<u>\$ 278,489</u>	<u>\$ 278,735</u>	<u>\$ 371,540</u>	<u>\$ 423,912</u>

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

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

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

**COUNTY OF HENRICO, VIRGINIA**  
**CHANGES IN FUND BALANCES-GOVERNMENT FUNDS**  
**LAST SIX FISCAL YEARS**

(modified accrual basis of accounting)

(\$ in thousands)

Table IV

	2002	2003	2004	2005	2006	2007
<b>Revenues:</b>						
General Property Taxes	\$ 226,258	\$ 240,665	\$ 264,120	\$ 287,165	\$ 316,998	\$ 346,403
Other Local Taxes	101,468	109,465	116,443	121,502	129,075	129,919
Licenses and Permits	3,492	3,932	3,756	4,421	4,345	4,596
Fines and Forfeitures	1,876	1,799	1,818	2,150	2,445	2,640
Use of Money and Property	11,041	8,650	3,050	8,236	14,459	23,310
Charges for Services	20,763	21,729	25,740	25,328	27,798	25,026
Miscellaneous	2,607	3,088	9,744	6,586	4,207	7,360
Recovered Costs	3,371	3,529	4,044	5,261	5,416	5,928
Intergovernmental Revenue	121,760	121,336	144,817	137,462	148,376	148,941
<b>Total Government Revenues</b>	<b>492,637</b>	<b>514,193</b>	<b>573,533</b>	<b>598,112</b>	<b>653,119</b>	<b>694,123</b>
<b>Expenditures:</b>						
General Government	48,372	52,803	53,719	58,125	61,718	62,556
Judicial Administration	5,485	5,766	5,897	6,429	6,847	7,527
Public Safety	107,518	112,049	119,168	125,721	141,916	149,915
Public Works	35,281	36,684	52,558	40,558	42,139	45,339
Health and Welfare	42,013	44,507	47,897	50,789	53,855	57,681
Parks, Recreation and Culture	18,872	19,598	21,354	23,230	24,742	27,298
Community Development	15,780	15,615	23,086	29,600	26,800	29,358
Education	157,285	160,294	169,678	174,162	179,897	176,899
Miscellaneous	5,883	6,667	8,752	9,387	1,851	13,507
Debt Service - Principal	20,246	22,137	23,258	22,747	26,442	29,306
- Interest	13,158	14,579	14,267	14,471	15,576	18,578
Capital Outlay	46,865	40,449	42,565	42,676	59,510	97,470
<b>Total Government Expenditures</b>	<b>516,758</b>	<b>531,147</b>	<b>582,199</b>	<b>597,895</b>	<b>641,294</b>	<b>715,435</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,122)	(16,954)	(8,666)	217	11,825	(21,312)
<b>Other Financing Sources (Uses):</b>						
Transfers-in	70,504	69,964	73,257	89,401	105,108	146,445
Transfers-out	(70,504)	(69,964)	(73,257)	(89,401)	(105,108)	(146,445)
Issuance of Bonds	27,035	50,230	38,920	-	77,815	71,915
Issuance of Bond Premium	385	1,823	2,031	-	3,096	1,664
Issuance of Capital Lease Obligations	891	819	-	29	69	104
Payment to Escrow Agent	-	-	-	-	-	-
Total Other Financing Sources, Net	28,311	52,872	40,951	29	80,981	73,684
Net Change in Fund Balances	\$ 4,189	\$ 35,918	\$ 32,285	\$ 245	\$ 92,806	\$ 52,371
Debt service as a percentage of noncapital expenditures	7.24%	8.15%	7.14%	7.07%	7.76%	8.31%

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

**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				Real Property Tax Rate (2)	Personal Property				Estimated Actual Value of Taxable Property
	Residential Property	Commercial Property (1)	Public (3) Service Corp.	Total		Personal Property	Public (3) Service Corp.	Total Personal Property	Personal Property Tax Rate (2)	
1998	\$ 8,838,835	\$ 4,526,724	\$ 730,697	\$ 14,096,256	\$ 0.94	\$ 2,411,094	\$ 4,808	\$ 2,415,902	\$ 3.50	\$ 16,512,158
1999	9,322,727	4,948,651	735,467	15,006,844	0.94	2,609,580	4,713	2,614,294	3.50	17,621,138
2000	9,986,544	5,289,856	782,847	16,059,248	0.94	2,749,571	5,230	2,754,801	3.50	18,814,049
2001	11,029,621	5,827,850	827,287	17,684,759	0.94	2,853,452	5,820	2,859,272	3.50	20,544,031
2002	11,986,442	6,353,182	851,848	19,191,473	0.94	2,859,762	4,521	2,864,284	3.50	22,055,756
2003	13,034,663	6,766,823	869,736	20,671,222	0.94	2,790,989	6,961	2,797,951	3.50	23,469,172
2004	14,820,557	7,482,898	889,991	23,193,445	0.94	2,792,062	7,090	2,799,152	3.50	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	3.50	29,168,250
2006	20,093,473	9,188,028	801,743	30,083,243	0.90	3,721,480	3,789	3,725,268	3.50	33,808,512
2007	22,769,740	10,017,942	850,902	33,638,584	0.87	3,807,727	3,419	3,811,146	3.50	37,449,731

**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.  
 Total assessed value is within .7% of Estimated actual value.

- (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
2007	\$ 0.87 <sup>(1)</sup>	\$ 3.50	\$ 1.00	\$ 1.60	\$ 0.55
2006	0.90	3.50	1.00	1.60	0.55
2005	0.92	3.50	1.00	1.60	0.55
2004	0.94	3.50	1.00	1.60	1.00
2003	0.94	3.50	1.00	1.60	1.00
2002	0.94	3.50	1.00	1.60	1.00
2001	0.94	3.50	1.00	1.60	1.00
2000	0.94	3.50	1.00	1.60	1.00
1999	0.94	3.50	1.00	1.60	1.00
1998	0.94	3.50	1.00	1.60	1.00

**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.

(1) During the FY08 budget cycle, the Real Estate tax rate was reduced \$.03 retroactive to January 1, 2007.

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

Table VII

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Taxpayer	Type of Business	Calendar Year 2007			Calendar Year 2006			Calendar Year 1998		
		Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation
Qimonda AG (Infineon Technologies)	Industrial	\$ 959,366,000	1	2.6%	\$ 953,672,900	1	2.8%	\$ -	N/A	-
Virginia Power Company	Utility	396,351,956	2	1.1%	361,650,375	2	1.1%	347,955,765	2	2.1%
Highwoods Realty, LP	Office & Warehouse	290,628,100	3	0.8%	213,717,600	4	0.6%	81,145,000	7	0.5%
VAC Limited Partnership	Apartments	260,377,300	4	0.7%	226,060,800	3	0.7%	74,689,600	8	0.5%
Short Pump Town Center, LLC	Regional Mall	241,480,600	5	0.6%	205,343,700	6	0.6%	-	N/A	-
Verizon	Utility	231,774,173	6	0.6%	205,347,740	5	0.6%	-	N/A	-
Liberty Property, LP	Office & Warehouse	216,008,600	7	0.6%	205,103,100	7	0.6%	84,354,000	6	0.5%
The Wilton Companies	Office, Retail & Warehouse	213,671,100	8	0.6%	197,210,500	8	0.6%	-	N/A	-
United Dominion Realty Trust	Apartments	192,203,100	9	0.5%	160,447,900	9	0.5%	69,703,900	10	-
Gumenick Properties	Apartments	162,726,100	10	0.4%	-	N/A	-	-	N/A	0.0%
HCA Health Services of Virginia	Health Care	-		0.0%	116,416,081	10	0.3%	-	N/A	0.0%
Bell Atlantic - Virginia, Inc.	Utility	-		-	-	N/A	-	214,417,183	3	1.3%
Circuit City Stores, Inc.	Retail Distribution Center & Stores	-		-	-	N/A	-	96,009,847	4	0.6%
Sovran Bank, as Trustee	Regency Shopping Center	-		-	-	N/A	-	85,865,700	5	0.5%
<b>Totals</b>		<u>\$ 3,164,587,029</u>		<u>8.5%</u>	<u>\$ 2,844,970,696</u>		<u>8.4%</u>	<u>\$ 1,054,140,995</u>		<u>6.0%</u>
<b>Total Assessed Values</b>		<u>\$ 37,449,730,650</u>			<u>\$ 33,808,511,729</u>			<u>\$ 16,512,158,171</u>		

Source: County of Henrico Director of Finance

**COUNTY OF HENRICO, VIRGINIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST FIVE 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
2003	\$ 273,732,728	\$ 264,255,359	96.5%	\$ 9,812,783	\$ 274,068,142	100.1%
2004	296,552,199	282,657,137	95.3%	11,432,055	294,089,192	99.2%
2005	324,711,836	306,812,688	94.5%	9,241,633	316,054,321	97.3%
2006	339,091,487	319,224,347	94.1%	7,680,036	326,904,383	96.4%
2007	352,305,000 (1)	325,715,400	92.5%	N/A (2)	325,715,400	92.5%

**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 2007 collections in subsequent years will be available as of the next reporting period.

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

Table IX

Fiscal Year	General Bonded Debt			Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases
	General Obligation Bonds (2)	Less, Amounts Designated for Principal Payments	Net Bonded Debt				
1998	\$ 141,897,097	\$ 10,418,668	\$ 131,478,429	1.6%	0.8%	\$ 517	\$ 127,185,644
1999	165,280,305	10,754,555	154,525,750	1.8%	0.9%	596	122,334,889
2000	168,263,513	7,828,216	160,435,297	1.7%	0.9%	601	87,774,037
2001	191,491,721	6,424,730	185,066,991	1.9%	0.9%	682	83,287,435
2002	203,269,929	7,571,989	195,697,940	2.0%	0.9%	712	78,832,407
2003	235,893,137	7,667,047	228,226,090	2.2%	1.0%	812	73,995,115
2004	257,032,495	7,568,786	249,463,709	2.4%	1.0%	864	68,127,765
2005	239,750,753	7,602,585	232,148,168	2.1%	0.8%	791	61,436,460
2006	296,672,986	4,067,585	292,605,401	2.5%	0.9%	977	55,748,161
2007	345,172,939	4,606,347	340,566,592	2.8%	0.9%	1,115	49,771,138

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						School Board Capital Leases	JRJDC Facility Bond	Capital Leases
1998	\$ 97,010,000	\$ -	\$ 355,674,073	4.4%	2.2%	\$ 1,399.22	\$ -	\$ -	\$ -	
1999	171,375,000	-	448,235,639	5.3%	2.5%	1,729.44	-	-	-	
2000	165,805,000	-	414,014,334	4.5%	2.2%	1,550.44	452,816	-	-	
2001	159,915,000	-	428,269,426	4.5%	2.1%	1,577.73	372,696	7,125,000	-	
2002	153,930,000	-	428,460,347	4.4%	1.9%	1,558.90	16,541,666	6,795,000	-	
2003	147,545,000	-	449,766,205	4.4%	1.9%	1,600.20	17,016,888	6,445,000	-	
2004	140,915,000	-	458,506,474	4.3%	1.8%	1,587.98	10,563,008	6,080,000	-	
2005	134,005,000	-	427,589,628	3.8%	1.5%	1,457.45	5,261,503	5,695,000	-	
2006	126,935,000	-	475,288,562	4.0%	1.4%	1,587.24	15,453,321	5,290,000	13,343	
2007	199,895,000	12,444	590,245,174	4.8%	1.6%	1,932.49	19,268,975	4,870,000	9,661	

**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 total includes Literary Fund of the Commonwealth of Virginia borrowing authorized by the Board of Supervisors.
- (3) Personal Income data for 2006 & 2007 Not Available Yet, 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
1998	\$ 59,058,692	\$ 29,415,150	\$ 29,643,542	\$ 3,220,000	\$ 5,061,534	\$ 8,281,534	3.58
1999	63,985,845	30,328,585	33,657,260	3,805,000	6,199,053	10,004,053	3.36
2000	65,437,556	31,840,515	33,597,041	5,570,000	8,204,250	13,774,250	2.44
2001	66,426,061	31,734,385	34,691,676	5,890,000	8,064,757	13,954,757	2.49
2002	68,262,309	33,855,674	34,406,635	5,960,000	7,053,268	13,013,268	2.64
2003	65,588,634	37,018,352	28,570,282	6,385,000	6,325,785	12,710,785	2.25
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	7,340,000	9,708,681	17,048,681	2.23

**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 and payments in-lieu of taxes.

**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)
1998	254,194	\$ 8,071,654	\$ 31,846	39,061	2.3%
1999	259,179	8,495,141	32,942	39,995	2.0%
2000	267,031	9,253,604	35,167	40,736	2.0%
2001	271,447	9,506,334	35,785	41,571	3.0%
2002	274,847	9,831,567	36,723	42,333	3.8%
2003	281,069	10,198,191	37,635	43,366	4.1%
2004	288,735	10,576,650	38,373	44,637	3.7%
2005	293,382	11,234,015	40,036	46,030	3.6%
2006	299,443	11,779,386 (6)	41,372 (6)	46,910	3.0%
2007	305,432 (5)	12,351,234 (6)	42,752 (6)	47,537	2.9%

**Sources:**

- (1) Henrico County 1998-2006 3C Reports. Estimates from these reports are as of December 31 of the respective year.
- (2) Virginia Employment Commission (Bureau of Economic Analysis in Henrico County, Annual) 2006 & 2007 Not Available Yet
- (3) Commonwealth of Virginia Superintendent's Annual Report
- (4) Virginia Employment Commission (LAUS Unit & Bureau of Labor Statistics as of June, Not seasonally adjusted)
- (5) 2007 projection based on a 2% growth rate added to the 2006 3-C Report estimate.
- (6) Calculation based on trend average 1998 - 2005

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

Table XII

Employer	2007 (1)			2006			2005			2004			2003		
	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	3.9%	5,000-9,999	1	4.0%	5,000-9,999	1	3.9%	5,000-9,999	1	3.9%	5,000-9,999	2	3.8%
Capital One Bank	1,000-4,999	2	1.9%	1,000-4,999	2	1.9%	1,000-4,999	2	1.9%	1,000-4,999	2	2.0%	1,000-4,999	1	2.0%
County of Henrico	1,000-4,999	3	2.5%	1,000-4,999	3	2.5%	1,000-4,999	3	2.4%	1,000-4,999	3	2.5%	1,000-4,999	3	2.5%
Bon Secours Richmond Health System (2)	1,000-4,999	4	1.9%	1,000-4,999	4	2.5%	1,000-4,999	5	2.4%	1,000-4,999	6	2.5%	1,000-4,999	6	2.5%
Circuit City Stores, Inc.	1,000-4,999	5	1.9%	1,000-4,999	6	1.9%	1,000-4,999	6	1.9%	1,000-4,999	5	2.0%	1,000-4,999	4	2.0%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	6	1.9%	1,000-4,999	5	1.9%	1,000-4,999	4	1.9%	1,000-4,999	4	2.0%	1,000-4,999	5	2.0%
Bank of America	1,000-4,999	7	1.9%	1,000-4,999	7	1.9%	1,000-4,999	7	1.9%	1,000-4,999	8	2.0%	1,000-4,999	8	2.0%
Qimonda AG (Infineon Technologies)	1,000-4,999	8	1.9%	1,000-4,999	12	1.9%	1,000-4,999	9	1.9%	1,000-4,999	9	2.0%	1,000-4,999	9	2.0%
Henrico Doctors' Hospital (HCA)	1,000-4,999	9	1.9%	1,000-4,999	8	1.9%	1,000-4,999	8	1.9%	1,000-4,999	7	2.0%	1,000-4,999	7	2.0%
Ukrops	1,000-4,999	10	1.9%	1,000-4,999	9	1.9%	1,000-4,999	10	1.9%	1,000-4,999	10	2.0%	1,000-4,999	11	2.0%
Admiral Security Services	1,000-4,999	11	1.9%	1,000-4,999	11	1.9%	1,000-4,999	11	1.9%	1,000-4,999	13	2.0%	1,000-4,999	13	2.0%
First Union National Bank	1,000-4,999	12	1.9%	1,000-4,999	10	1.9%	1,000-4,999	12	1.9%	1,000-4,999	12	2.0%	1,000-4,999	12	2.0%
Walmart	1,000-4,999	13	1.9%	1,000-4,999	13	1.9%	1,000-4,999	13	1.9%	1,000-4,999	14	2.0%	1,000-4,999	14	2.0%
Delta Airlines Global Se Inc.	500-999	17	0.5%	500-999	15	0.5%	500-999	14	0.5%	500-999	28	-	-	N/A	-
GNA Corporation	500-999	14	0.5%	500-999	14	0.5%	500-999	17	0.5%	500-999	23	-	-	N/A	-
Verizon Virginia, Inc.	500-999	15	0.5%	500-999	16	0.5%	500-999	16	0.5%	500-999	16	0.5%	500-999	17	0.5%
First Clearing LLC	500-999	16	0.5%	500-999	22	0.5%	500-999	15	0.5%	500-999	22	0.5%	500-999	22	0.5%
Carmax	500-999	22	0.5%	500-999	24	0.5%	500-999	27	0.5%	1,000-4,999	11	2.0%	1,000-4,999	10	2.0%
SunTrust Bank	500-999	19	0.5%	500-999	19	0.5%	500-999	18	0.5%	500-999	15	2.0%	500-999	15	2.0%
Totals			29.9%			28.5%			28.2%			32.1%			31.1%
<b>Total County Employment (3)</b>	<b>159,534</b>			<b>156,355</b>			<b>154,132</b>			<b>150,638</b>			<b>146,893</b>		

Source: Virginia Employment Commission

(1) 2007 Data as of 4th Qtr 2006

(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** <sup>(1)</sup>  
**LAST TEN FISCAL YEARS**

Table XIII

<b>Function/Program</b>	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Agriculture & Home Extension	5	5	5	5	5	5	5	5	5	3
Belmont Golf Course	7	7	8	9	9	9	9	9	9	9
Board of Supervisors	4	4	5	5	5	5	5	5	5	5
Building Inspections	55	55	54	55	55	55	55	55	59	59
Central Automotive Maintenance	59	58	58	58	58	61	61	61	64	65
Circuit Court Services	5	5	6	6	6	6	6	7	7	8
Commonwealth's Attorney	37	37	38	40	42	43	43	45	45	50
Community Corrections	1	1	1	2	2	2	2	2	2	2
Community Revitalization	-	-	-	-	-	-	-	17	17	19
County Attorney	14	14	15	15	17	18	18	18	18	18
County Manager	12	13	13	13	13	13	13	13	13	13
Electoral Board	8	8	9	9	9	9	9	9	10	10
Finance	152	152	153	156	157	158	159	160	160	166
Fire	341	342	343	358	386	407	462	477	491	522
General Services	122	127	130	144	148	148	149	149	150	157
Human Resources (2)	52	50	63	55	52	51	55	51	50	55
Information Technology	76	77	78	84	84	84	84	85	85	91
Internal Audit	3	3	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	28	28	29	29	29	29	29	31	31	31
Library	110	110	110	118	118	118	118	131	144	178
Mental Health	208	212	222	226	226	223	223	223	223	224
Permit Centers	-	-	5	10	17	17	17	17	17	19
Planning	57	58	58	58	58	58	57	43	46	50
Police	681	703	717	713	753	755	756	763	785	810
Public Relations & Media Services	10	9	9	9	7	14	17	19	19	20
Public Utilities	294	291	290	286	300	300	310	310	310	316
Public Works	243	243	246	247	246	251	258	259	259	265
Real Property	7	7	7	7	7	7	7	7	7	7.5
Recreation & Parks	131	132	133	137	140	140	140	144	152	167
Sheriff	380	380	356	356	358	358	358	360	360	362
Social Services	123	125	131	140	140	143	142	146	149	154
Solid Waste	59	62	62	62	66	70	69	69	78	78
<b>Sub-total General Government</b>	<b>3,284.0</b>	<b>3,318.0</b>	<b>3,358.0</b>	<b>3,416.0</b>	<b>3,517.0</b>	<b>3,561.0</b>	<b>3,640.0</b>	<b>3,694.0</b>	<b>3,774.0</b>	<b>3,937.5</b>
<b>Education</b>	<b>4,500.45</b>	<b>4,657.34</b>	<b>4,848.55</b>	<b>5,035.20</b>	<b>5,296.65</b>	<b>5,450.00</b>	<b>5,599.00</b>	<b>5,908.00</b>	<b>6,080.80</b>	<b>6,230.87</b>
<b>Total Government Employees</b>	<b>7,784.45</b>	<b>7,975.34</b>	<b>8,206.55</b>	<b>8,451.20</b>	<b>8,813.65</b>	<b>9,011.00</b>	<b>9,239.00</b>	<b>9,602.00</b>	<b>9,854.80</b>	<b>10,168.37</b>

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

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by other agencies (297 as of June 30, 2007) 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 Human Resources Department's complement until reassignment is made. Currently, (as of June 30, 2007) there are 5 such positions.

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

Table XIV

Function/Program	2002	2003	2004	2005	2006	2007 (1)
<b>General Government</b>						
<b>Finance:</b>						
Standard & Poor G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	99,898	101,611	101,686	103,487	105,742	107,542
Vehicles Assessed	288,428	288,428	326,000	339,000	347,000	350,000
GFOA Award CAFR - # of Years	20	21	22	23	24	n/a
GFOA Award Budget - # of Years	13	14	15	16	17	n/a
<b>General Services:</b>						
Fleet Annual Miles Driven	19,152,029	20,437,855	21,455,860	22,135,909	22,170,727	22,762,920
Gallons of Fuel Consumed	2,279,611	2,433,078	2,554,269	2,595,253	2,649,446	2,762,132
Total Work Orders Completed	18,165	18,405	19,151	23,315	31,079	31,721
<b>Information Technology</b>						
Internet Pages Accessed	3,918,828	7,714,010	12,846,893	8,840,785	8,840,785	10,913,914
Internet Site Visits	-	-	-	1,870,150	1,870,150	2,493,986
Central Computer Average Uptime	99.8%	99.8%	99.4%	99.2%	99.1%	99.6%
<b>Judicial Administration</b>						
<b>Clerk of Circuit Court:</b>						
Deed Book Entries	65,143	77,694	101,478	75,432	82,426	76,146
Civil Cases	2,761	2,764	2,838	2,947	2,831	2,881
Criminal Cases	6,409	6,734	7,208	8,196	8,113	8,613
<b>General District Courts</b>						
Criminal Cases	8,652	9,105	8,663	9,271	10,422	8,298
Civil Cases	36,248	40,788	38,436	38,855	39,095	34,715
Traffic Cases	64,144	63,361	55,243	63,727	68,642	62,182
<b>Commonwealth Attorney</b>						
Criminal Cases	21,217	22,171	21,602	26,163	25,980	25,990
Traffic Cases	70,000	80,985	82,402	98,664	99,567	99,600
<b>Public Safety</b>						
<b>Police:</b>						
Calls for Service	212,915	217,444	222,614	202,244	200,158	205,189
Criminal Arrests	17,286	17,925	18,747	21,132	21,925	24,810
Traffic Arrests	46,397	42,332	43,614	51,945	56,811	51,482
<b>Fire Protection:</b>						
Calls For Service	30,173	31,092	34,086	34,192	35,365	36,700
EMS and Rescue Calls	19,988	20,087	21,534	23,114	24,229	25,200
Fire Incidents	1,462	1,221	1,221	1,092	1,223	1,202
<b>Sheriff:</b>						
Civil Papers Served	116,688	120,708	123,344	119,079	120,370	120,982
Annual Committals to Jail	9,496	9,984	10,882	11,610	12,201	12,588
Average Daily Inmate Population	1,011	1,047	1,062	1,005	1,169	1,234

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

Table XIV

<b>Function/Program</b>	2002	2003	2004	2005	2006	2007 (1)
<b>Public Safety (con't)</b>						
<b>Building Inspections:</b>						
Total Permits Issued	17,975	18,485	20,535	21,928	20,907	21,000
Total Inspections	77,601	84,105	88,631	98,185	95,661	95,100
<b>Public Works</b>						
<b>Public Works:</b>						
Lane Miles Maintained	3,063	3,088	3,138	3,212	3,277	3,231
Traffic Signals Maintained	120	122	126	131	136	138
Development Plans Reviewed	1,633	1,689	1,654	1,420	1,415	1,630
<b>Health and Social Services</b>						
<b>Public Health:</b>						
Patient Visits	23,958	21,932	24,623	25,190	25,700	26,000
Water/Sewer Inspection Applications	360	416	305	400	397	350
<b>Social Services:</b>						
Clients Entering Employment	300	206	372	476	369	522
Clients Employed After 90 Days	210	206	282	319	277	392
<b>Education</b>						
<b>Schools:</b>						
Cost Per Student	\$ 6,847	\$ 7,163	\$ 7,235	\$ 7,642	\$ 7,832	\$ 8,485
Teaching Positions	2,976	3,152	3,154	3,394	3,489	3,554
Student/Teacher Ratio	14.2	13.8	14.2	13.6	13.4	13.4
<b>Parks, Recreation and Cultural:</b>						
<b>Recreation:</b>						
Park Visitation	2,881,811	2,881,811	3,098,697	3,253,600	3,595,204	3,600,000
Program Participants	443,450	443,450	475,226	267,912	264,393	267,912
Recreation Programs	1,578	1,578	2,273	13,604	13,514	13,700
<b>Library:</b>						
Customer Visits	1,371,924	1,364,874	1,389,948	1,487,188	1,447,124	1,554,920
Annual Circulation of Materials	2,820,919	3,003,501	2,606,087	2,637,910	2,637,296	2,637,778
Customer Visits	1,371,924	1,364,874	1,389,948	1,487,188	1,447,124	1,554,920
<b>Community Development</b>						
<b>Economic Development:</b>						
Prospects Available	95	95	95	95	95	95
Retention Calls	690	690	690	690	690	690
Successful Prospects	30	30	30	30	38	30
<b>Planning:</b>						
Reviews Completed	429	479	490	604	490	537
Petitions and Permits Processed	302	265	275	300	275	262
Maps Prepared	2,305	2,119	2,200	2,591	2,200	1,603

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

Table XIV

<b>Function/Program</b>	2002	2003	2004	2005	2006	2007 (1)
<b>Community Development (con't)</b>						
<b>Community Revitalization:</b>						
Community Maintenance Cases	N/A	N/A	7,960	8,861	8,882	8,950
Inspections Completed	N/A	N/A	17,345	21,903	21,304	21,750
Volunteers Hours Worked	N/A	N/A	7,580	4,903	7,423	7,550
<b>Permit Center:</b>						
Permit Applications Received	5,792	6,153	7,519	7,500	6,886	7,025
Permit Applications Reviewed	9,391	11,450	13,401	14,010	13,675	13,949
Permits Issued	2,514	2,685	3,430	4,775	4,229	4,314
Inquires	18,701	20,172	20,890	21,621	24,184	24,668
<b>Public Utilities</b>						
<b>Solid Waste:</b>						
Number of Customers	26,945	28,495	29,657	31,085	32,346	33,000
Tons of Waste Collected	48,620	54,219	88,531	78,561	100,430	101,288
Tons Deposited in Public Use Areas	32,643	35,586	40,552	39,539	36,027	37,000
<b>Water and Sewer:</b>						
Number of Water Customers	83,168	84,492	86,400	88,200	90,000	91,482
Number of Sewer Customers	79,627	83,052	84,900	86,600	88,391	89,790
Fire Hydrants in Service	9,371	9,697	9,972	10,264	10,561	11,054

**Source:** Approved County Budget

(1) FY07 column data is revised budget not actual, where actual data is not yet available

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

Table XV

<b>Function/Program</b>	2002	2003	2004	2005	2006	2007 (1)
<b>General Government</b>						
Vehicles	N/A	N/A	313	337	340	410
Building Square Footage	2,020,338	2,044,571	2,065,008	2,079,633	2,132,633	2,196,808
Food Service Facilities	1	1	1	1	1	1
<b>Public Safety</b>						
<b>Police:</b>						
Police Stations	2	2	2	2	2	2
Police Field Offices	2	2	2	2	2	2
Vehicles	N/A	N/A	659	636	648	650
<b>Sheriff:</b>						
Vehicles	54	55	57	55	54	55
Prisoner Facilities	2	2	2	2	2	2
<b>Juvenile &amp; Domestic Relations</b>						
Juvenile Detention Facilities	2	2	2	2	2	2
<b>Fire Protection:</b>						
Stations	18	18	18	19	19	20
Vehicles	N/A	N/A	181	193	164	169
<b>Public Works:</b>						
Miles of Maintained Roads	1,234	1,272	1,286	1,297	1,312	1,331
Miles of Storm Drainage	911	972	1,033	1,042	1,062	1,078
Vehicles	N/A	N/A	272	298	311	306
<b>Education</b>						
<b>Schools:</b>						
School Facilities	65	66	68	68	68	70
Vehicles	N/A	N/A	947	911	1,033	1,070
<b>Recreation and Cultural</b>						
<b>Recreation:</b>						
Recreation/Community Centers	14	14	15	15	18	18
Developed Park Acreage	1,712	1,723	1,772	1,772	1,800	1,897
Athletic Fields/Courts	374	374	374	403	407	417
County Golf Courses	1	1	1	1	1	1
<b>Library:</b>						
Number of Libraries	10	10	10	10	10	10
Titles in Collection	185,795	182,447	285,423	275,065	298,528	328,380
Volumes in Collection	457,547	449,302	702,895	656,680	823,864	947,444
<b>Public Utilities</b>						
<b>Water and Sewer:</b>						
Miles of Water Mains	1,315	1,337	1,370	1,403	1,431	1,463
Miles of Sewer Mains	1,286	1,304	1,324	1,345	1,364	1,391
Vehicles	N/A	N/A	327	328	341	341
Landfills	1	1	1	1	1	1

Source: Approved County Budget

(1) FY07 column data is revised budget not actual, where actual data is not yet available



**Henrico County**

**Proud of Our Progress;  
Excited About Our Future**

## NOTES

## NOTES