

COUNTY OF HENRICO
VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2010**

**Prepared By
The Director of Finance**



Henrico County

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

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2010

BOARD OF SUPERVISORS

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

ADMINISTRATIVE OFFICIALS

Virgil R. Hazelett	County Manager
George T. Drumwright, Jr.	Deputy County Manager for Community Services
Angela N. Harper	Deputy County Manager for Special Services
Randall R. Silber	Deputy County Manager for Community Development
Leon T. Johnson	Deputy County Manager for Administration
Robert K. Pinkerton	Deputy County Manager for Community Operations
John A. Vithoukaskas	Director of Finance
Joseph P. Rapisarda, Jr.	County Attorney

ELECTED SCHOOL BOARD

Lisa A. Marshall, Chairwoman	Tuckahoe District
Lamont Bagby, Vice Chairma	Fairfield District
Linda L. McBride	Brookland District
John W. Montgomery, Jr.	Varina District
Diana D. Winston	Three Chopt District

ADMINISTRATIVE OFFICIALS - SCHOOLS

Dr. Patrick J. Russo	Superintendent of Schools
Ed Buzzelli	Assistant Superintendent for Operations
Dr. Patrick C. Kinlaw	Assistant Superintendent for Administrative Services
Kevin Smith	Assistant Superintendent for Finance
Dr. Jean S. Murray	Assistant Superintendent for Instruction

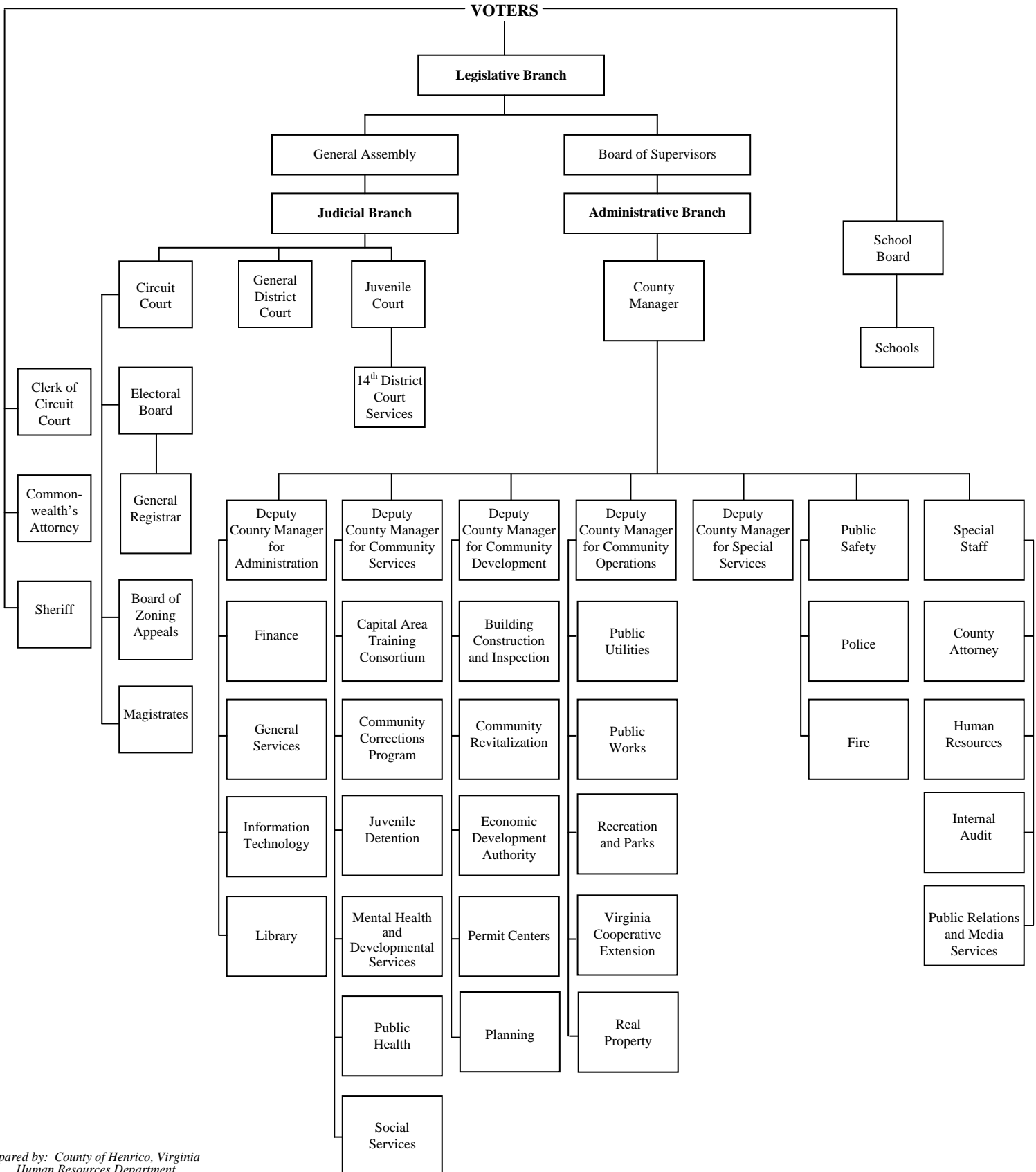


Henrico County

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



County of Henrico, Virginia Organization Chart





Henrico County

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COUNTY OF HENRICO, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2010

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Introductory Section



Henrico County

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



Virgil R. Hazelett, P.E.
County Manager

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

November 19, 2010

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, 2010. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors, investors, creditors and any other interested readers. It includes all statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a narrative review of the financial statements included in this document. Any individual with comments or questions concerning this report is encouraged to contact the County of Henrico's Department of Finance at (804) 501-5200. This report may also be found online at www.co.henrico.va.us.

The financial statements included in this report conform to the U.S. generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The County's management is responsible for the establishment and maintenance of accounting and other internal controls to accomplish three purposes: ensuring compliance with applicable laws and County policies, safeguarding assets, and properly recording reliable 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, 2010, 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 independent audit of the financial statements of the County is part of a broader, federal and state mandated "Single Audit" designed to meet the

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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 additional emphasis on the administration of federal and state awards. This "Single Audit" 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 and surrounds the City of Richmond on the north side of the James River and constitutes approximately a third of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the intersection of Interstate-95 and Interstate-64 as well as its accessibility along Interstate-295, from Route 895 and Route 288, major rail lines and the James River, which is home to an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 313,989 Henrico County residents (approximately one third of the Richmond Metropolitan area) live in a well-planned community of approximately 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Henrico's history as a community dates back to 1607 when Captain Christopher Newport and a band of adventurers from Jamestown (consisting of Captain John Smith, George Percy and others) rowed ashore at the foot of the James River. Captain Newport erected a cross and claimed the land for God and England. Four years after the discovery and exploration, Sir Thomas Dale, Deputy Governor of Virginia, founded Henrico and named it for Prince Henry Frederick, eldest son of King James I. In another four months, it was a bustling community as John Rolfe successfully cultivated a Spanish-type of tobacco similar to that produced in Varinas, Spain, giving birth to America's tobacco industry. During 2011, the County will be commemorating the 400th anniversary of the founding of Henrico through a variety of festivities and events. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile now appears on the Henrico County Seal as a symbol of Henrico's place in our nation's history. In 1634, Henrico became one of the original eight shires in the Virginia Colony. Since it was adopted by its voters in 1934, the County of Henrico has operated under the County Manager form of government with five voter-elected members on the Board of Supervisors who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board of Supervisors is elected annually by the members of the Board, and the Board also hires the County Manager who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the Board of Supervisors, appointing the County's Department Directors, and managing the day-to-day operations of the County government. Henrico County's Manager is also the Director of Public Safety for the County. The County government is responsible for providing a wide array of public services including public safety (fire and police protection, as well as building code enforcement), a full service water and sewer system, the maintenance of the third largest road system in the

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Commonwealth of Virginia, and an array of recreational and cultural services. The County government also provides the majority of the funding for a nationally recognized public school system, though the schools are operated by a legally distinct entity and a separately elected School Board.

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

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

Economic Overview

While it is easy to succeed in good times, it is how a locality performs during tough economic times, such as those continuing to be experienced; that define excellence in local government. Because Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation, we believe the local economy is well positioned to continue to weather these tough economic conditions better than most localities. The Board of Supervisors has fostered this environment through consistently demanding innovation, effective planning and financial prudence when allocating public resources, while also incrementally reducing tax rates when economically feasible. With an emphasis on superior customer service, sound financial management, and sustainable economic development, we believe Henrico County has been and will continue to be a community of choice.

In December 2009, the metro region was named the fourteenth best U.S. metro center for business by *Dow Jones MarketWatch*, as well as currently ranking among the nation's 50 best places for business and career by *Forbes*. One of the contributing factors of these rankings was the concentration of major corporations in Henrico County. Numerous major corporations are headquartered in Henrico County, including two Fortune 500 companies, Genworth Financial and

Altria. In addition to these companies, Henrico County is also home to Phillip Morris U.S.A. (a subsidiary of Altria), Alfa Laval, Hamilton Beach-Proctor Silex, The Brinks Company, Markel Corporation, and Southern States Cooperative, along with over fifty companies based in twelve nations outside the United States that maintain offices in Henrico County. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefitted from their presence.

Despite the tough economic conditions, and the loss of a significant number of jobs due to the bankruptcy of several major employers in Henrico County, employment statistics for Henrico County exhibit a better picture when compared to national averages. According to the Virginia Employment Commission, as of August 2010 the County's unemployment rate of 7.1% is marginally higher than Virginia's overall rate of 7.0%, the result of Henrico County's high concentration of large businesses recently affected by the economic downturn. However, this rate is still considerably lower than the seasonally unadjusted National rate of 9.5%. The average weekly wage in Henrico County increased 2.1% from Q1 2009 to Q1 2010 to \$967; this figure is 3.75% higher than the State average weekly wage of \$932.

The housing market nationally and locally continues to be weak. Decreases in home values nationally have been well documented throughout 2008, 2009 and into 2010, though nationally some pockets of appreciation are beginning to appear. Drops seen locally and in most of the State have been significantly less than national averages. The latest numbers statewide suggest a move toward moderate appreciation. Due to the declining housing market, real estate valuation in Henrico is experiencing slow to no growth. As a result, this year Henrico recorded the first decrease in its real estate tax base since 1942 with an overall decrease in home values of 5.0% and commercial valuation decreases that were nearly three times that number. And while there are now some signs of price appreciation in the real estate markets, foreclosures continue to grow nationally and locally. Nationally, in the third quarter of this year, approximately 288,000 homes were seized by banks, the most in a quarter since the housing market began its decline in 2006. Henrico has also seen foreclosures in the County grow during the past two years with 640 foreclosures in 2009 out of 105,000 residential parcels and 759 foreclosures through September, 2010. Foreclosures in Henrico through September 2010 are 65.7% higher than in September, 2009.

Henrico County is still one of the Commonwealth's leaders in retail sales as it ranks third behind only Fairfax County and the City of Virginia Beach in total annual taxable sales. The most recent annual data from the Virginia Department of Taxation reflects that Henrico County's annual taxable sales for 2009 were \$4.6 billion, approximately 6.1% lower than the \$4.9 billion of taxable sales for 2008, which is a reflection of the continued weakness in the economy. However, in the first quarter of FY11, local sales tax revenues were up just over 5.0% in Henrico County. Henrico's taxable sales per capita remained second highest among the Commonwealth's top fifteen in total annual taxable sales (behind the City of Roanoke), another indication that the County is a regional and statewide shopper's destination. Henrico was able to establish itself as a destination for shoppers starting with Regency Square Shopping Center, built in the 1970s, and more recently with Short Pump Town Center. The County will continue to be a locality sought by regional shoppers with the

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recently opened Shoppes at White Oak Village in Eastern Henrico and Short Pump Station in Western Henrico.

The presence of these business and corporate entities would not be possible if it were 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 in 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 prudent fiscal management and excellent services creates an enticing environment for businesses that are looking to relocate their operations.

Financial Guidelines

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

General Guidelines:

The County of Henrico will strive to maintain its (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 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 as the “Capital Budget” after legal advertising and public hearing requirements have been met.

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

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

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

Debt Guidelines:

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

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

The County will adopt annual water and sewer rates that will generate sufficient revenues to meet the legal requirements of Enterprise Fund bond covenants. These rates will also allow for adequate capital replacement in 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.

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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:

FY01: 15.5%	FY06: 18.0%
FY02: 16.7%	FY07: 18.0%
FY03: 17.8%	FY08: 18.0%
FY04: 18.0%	FY09: 18.0%
FY05: 18.0%	FY10: 18.0%

During the FY06 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

In times of economic difficulty, shoring up the current revenue base is a top priority. To this end, the U.S. Postal Service (USPS) notified Henrico County officials on May 29, 2008 that an initiative to change County mailing addresses from “Richmond, VA” to “Henrico, VA” had been approved by 61 percent of residents and business owners responding to a USPS survey. “Henrico, VA” has become the primary mailing address for most County residents and businesses and serves as an accepted address for all County residents and businesses except for those located in Sandston and Glen Allen. The address change has helped the County stop the loss of an estimated \$5.0 million annually in County tax revenues that we believe have been mistakenly paid to the City of Richmond, due to the prevalence of “Richmond, VA” addresses in the County. The revenue impact from this initiative has been noticeable as sales tax collections overall in the region have fallen the past three fiscal years while Henrico's share has increased in each of those fiscal years. This clearly indicates that the Henrico, VA initiative has had an impact. “Henrico, VA” is now the primary mailing address for

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over 84,000 residences and businesses in the County and “Henrico, VA” is now recognizable on many internationally recognized web sites.

On January 1, 2008, Henrico County’s health care program transitioned to a self-insurance program from a fully insured program. This transition involves the County paying claims and third party administrative fees. Self-insurance allows the County to more fully control all aspects of the plan, including setting rates to smooth out the impact of increases on employees and the County, while maintaining adequate funding to cover claims, expenses and reserves. Fiscal year 2010 was the second full fiscal year under the self-insurance program.

The County adopted GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation* in FY09. During the fiscal year the County established a policy committing the County to protect the environment and improve environmental practices of government operations and facilities. To accomplish this goal the County added an environmental engineer to the County risk management staff. The first action taken was to establish a policy statement which was signed by the County Manager on December 15, 2008. Next the County conducted a comprehensive survey of all County agencies to determine the level of environmental risks. This survey identified various environmental permits and determined if there had been any violations of these permits. Based on the survey, conducted by the County, no environment liabilities were noted.

As a result of GASB Statement No. 45 financial reporting requirements, which became effective July 1, 2007, the County established an irrevocable benefit trust in FY08. This trust allows the County to account for the cost of Other Post-employment (non-pension) Employee Benefits (OPEB) and all outstanding obligations and commitments related to OPEB in a manner similar to its reporting for financial information for pensions. The County was one of the founding members of the Virginia Pooled OPEB Trust Fund, administered by the Virginia Municipal League. Henrico County first fully funded its Annual Required Contribution to the OPEB plan in FY08 and the FY11 budget continues to fully meet the anticipated funding requirements. An actuarial update for June 30, 2010 revealed that with the pay-as-you-go portion, the County’s funding percentage for the second full year of the requirement was 100 percent and resulted in a Net OPEB Asset of approximately \$6.6 million at June 30, 2010.

With favorable conditions in the municipal bond markets in FY09 and FY10, the County examined the refunding (refinancing) of existing County debt to achieve debt service savings over the long term by lowering interest cost through lower interest rates on the debt. Four refunding issues were identified that could produce significant savings. Those refundings were completed during this period and resulted in approximately \$18 million in permanent savings for the County. Additionally, in FY10, a decision by the Board of Supervisors was made to delay issuing \$77.5 million of new bonds. This proved to be a sound decision as no new debt was added in FY10. When those bonds were finally sold in early FY11, the County obtained an extremely favorable 3.08% true interest cost on those bonds due to the favorable rate environment that continued to exist in municipal bond markets. For all of these bond issues, Henrico’s triple AAA bond rating afforded the County the ability to obtain the best interest rates possible at the time the bonds were issued.

Future Challenges

The ongoing weakness in the state's revenues will continue to put a significant strain on local revenues. The Approved Annual Fiscal Plan for FY11 projects state aid at approximately \$275 million, or 33.8 percent of General Fund revenues, reflecting a decrease of approximately \$31.5 million or 10.1 percent from the FY10 allocation. Currently, the state's revenue projections for FY11 and FY12 are not being met and the state is looking at additional budget savings plans for the next fiscal year, FY12, that could achieve a 2%, 4%, or 6% expenditure reduction. As a result, state aid will remain a significant unknown in Henrico's budget development process for FY12. Through FY10, the state had made over \$7.0 billion in expenditure reductions since FY08 and the FY12 biennial budget included an additional \$4.2 billion in expenditure reductions to offset budget shortfalls. The reductions in the state's FY12 biennial budget resulted overall expenditure reductions of \$11.3 billion since August 2007. Many of these reductions have been made through funding reductions to localities and have resulted in localities having to absorb significant costs that were previously funded by the state. Including aid for Education, overall state aid to Henrico has declined \$51.9 million since FY09, a reduction of 15.9 percent in just two years. The current economic climate continues to present many challenges to both the state and to localities, and there is continued uncertainty with state revenue projections and any resulting future reductions in state aid distributions to Henrico.

Both known and projected reductions have been factored into the County's revenue estimates. In addition, as part of the final FY11 budget balancing, the County utilized a disciplined revenue estimation approach in all areas where state aid funded General Fund operations. For FY12, additional budget reductions, inclusive of state aid for Education, are anticipated. In order to meet these reduced revenue estimates, the County is continuing to take actions to reduce the budget, as well as absorb the incremental expenditure increases to accommodate fixed cost for benefit changes and costs associated with opening new facilities.

Real Estate valuations will continue to present significant revenue challenges over the next several years, but by monitoring market conditions on a regular basis, Henrico will be in a position to adjust revenue estimates accordingly. Currently, real estate values in Henrico are experiencing slow to no growth. As of January 2010, the assessed value of real property in the County totaled \$32.0 billion, which is an overall decline of \$2.7 billion or 7.8 percent from the previous year. Residential real estate values declined by \$1.3 billion or 5.5 percent and commercial real estate values declined by \$1.4 billion or 13.0 percent.

Reducing unemployment is a vital step toward improving the economy. Nationally unemployment was at 9.5% in August 2010 while the state was at 7.0% and Henrico at 7.1%. While Henrico's unemployment rate remains significantly lower than the national average, the loss of several large employers the past two years through bankruptcy has pushed the County's unemployment rate to levels not seen in many years. Recently, Capital One announced plans to hire 700 employees in Henrico County as it expands its operations in the Innsbrook Corporate Center where it has purchased two buildings that will house the new workers. However, even with the positive news from Capital

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One, high rates of unemployment appear to be likely for a sustained period of time and that will keep pressure on retail sales and the resulting sales taxes received by the County as well as on income taxes relied on by the state.

Because economic indicators having the greatest impact on the County's revenues often lag during an economic recovery, the County's leadership is examining opportunities to redefine the way Henrico does business. This initiative is being undertaken throughout all County departments and is intended to identify ways to improve operations and to save money in order to help offset ongoing budgetary pressures. The efficiencies and savings identified as a result of this effort combined with the conservative fiscal management routinely employed by the County will allow the County to continue to provide services to our citizens at the level they have come to expect.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Henrico, Virginia for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This was the twenty-seventh consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

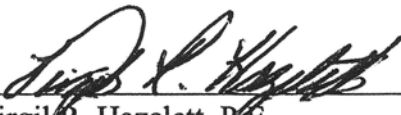
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

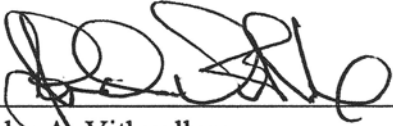
The Honorable Board of Supervisors
November 19, 2010

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. Vithoulkas
Special Economic Advisor to the County Manager/

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, 2009

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 and for the year ended June 30, 2010, 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 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, 2010, 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 12, the budgetary comparison information on pages 65 through 73, and the schedules of funding progress in notes 9 and 11 on pages 51 through 56 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 Supplementary Information listed as the Introductory Section, Other Supplemental Information, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplemental Information has 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 19, 2010

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, 2010 (FY 2010). 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 2010

The General Fund, on a current financial resource basis, reported expenditures and other financial sources and uses in excess of revenues by \$4.5 million (Exhibit 4) after making transfers out of \$88.6 million, which include transfers to the Capital Projects Fund for \$20.1 million, Special Revenue Fund for \$19.0 million and Debt Service Fund for \$49.5 million. In addition, the General Fund contributed \$189.9 million to the County's component units.

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$550.1 million. The general revenues of \$557.2 million exceeded expenses net of program revenues by \$7.1 million (Exhibit 2).

The County's total net assets, excluding component units, on the government-wide basis totaled \$2,282.2 million at June 30, 2010 (Exhibit 1).

In August 2009, the County issued through the Economic Development Authority of Henrico County, Virginia, (the "Authority's") Bonds Series A and B, in the amount of \$36,425,000. The proceeds were be used to advance refund portions of the Authority's Series 1996 and Series 1998 Lease Revenue Bonds and Series 1999 Public Lease Revenue Refunding Bonds.

In December 2009, the County issued Water and Sewer System Refunding Revenue Bonds, Series 2009A, in the amount of \$22,915,000; and Water and Sewer System Revenue Bonds, Series 2009B (Taxable-Recovery Zone Economic Development Bonds), in the amount of \$9,800,000. The proceeds of Series 2009A were used to advance refund the Water and Sewer System Revenue Note, Subordinate Series 1997 (Variable Rate Demand/Fixed Rate Water and Sewer System Revenue Bonds, Series 1997). The proceeds of Series 2009B will be used to finance improvements, additions and extension to Water and Sewer System of the County in areas designated as economic recovery zones.

In May 2010, the County issued General Obligation Public Improvement Refunding Bonds, Series 2010, in the amount of \$119,735,000. The proceeds were be used to advance refund portions of the County's General Obligation Public Improvement Bonds, Series 2004, 2005, 2006, 2008 and 2008A and the General Obligation Public Improvement and Refunding Bonds, Series 2003.

Subsequent to June 30, 2010, the County issued General Obligation Public Improvement Bonds on July 20, 2010, in the amount of \$72,205,000. The proceeds of these bonds will be used to finance General Government and School capital projects.

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 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, report 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 is 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 financial 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 (JRJDC). Although legally separate, these "component units" are important because the County is financially accountable for them, and provides operating and capital funding.

FUND FINANCIAL STATEMENTS

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

The County has three types of funds:

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

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

Proprietary Funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide 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 operations, the Technology Replacement Fund and the self insured Healthcare Fund. Resources for these Funds come from interdepartmental charges.

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Schedule of Net Assets

The following table reflects a summary of the County's net assets at June 30, 2009 and 2010 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2009	2010	2009	2010	2009	2010	2009	2010
Current and Other Assets	\$ 693.4	\$ 613.3	\$ 153.4	\$ 156.1	\$ 846.8	\$ 769.4	\$ 54.6	\$ 50.2
Capital Assets	<u>1,255.3</u>	<u>1,317.4</u>	<u>1,038.1</u>	<u>1,067.9</u>	<u>2,293.4</u>	<u>2,385.3</u>	<u>230.3</u>	<u>237.3</u>
Total Assets	<u>\$ 1,948.7</u>	<u>\$ 1,930.7</u>	<u>\$ 1,191.5</u>	<u>\$ 1,224.0</u>	<u>\$ 3,140.2</u>	<u>\$ 3,154.7</u>	<u>\$ 284.9</u>	<u>\$ 287.5</u>
Long-term Liabilities	\$ 564.8	\$ 541.5	\$ 186.3	\$ 189.2	\$ 751.1	\$ 730.7	\$ 25.8	\$ 34.0
Other Liabilities	<u>111.5</u>	<u>109.7</u>	<u>26.7</u>	<u>32.1</u>	<u>138.2</u>	<u>141.8</u>	<u>9.9</u>	<u>11.3</u>
Total Liabilities	<u>\$ 676.3</u>	<u>\$ 651.2</u>	<u>\$ 213.0</u>	<u>\$ 221.3</u>	<u>\$ 889.3</u>	<u>\$ 872.5</u>	<u>\$ 35.7</u>	<u>\$ 45.3</u>
Net Assets:								
Invested In Capital Assets,								
Net of Related Debt	\$ 917.1	\$ 921.6	\$ 885.4	\$ 909.6	\$ 1,802.5	\$ 1,831.2	\$ 214.4	\$ 213.5
Restricted	<u>140.3</u>	<u>154.2</u>	<u>15.1</u>	<u>16.7</u>	<u>155.4</u>	<u>170.9</u>	<u>1.3</u>	<u>2.4</u>
Unrestricted	<u>215.0</u>	<u>203.7</u>	<u>78.0</u>	<u>76.4</u>	<u>293.0</u>	<u>280.2</u>	<u>33.4</u>	<u>26.3</u>
Total Net Assets	<u>\$ 1,272.4</u>	<u>\$ 1,279.5</u>	<u>\$ 978.5</u>	<u>\$ 1,002.7</u>	<u>\$ 2,250.9</u>	<u>\$ 2,282.2</u>	<u>\$ 249.1</u>	<u>\$ 242.2</u>

The County's combined net assets increased by 1.4 percent, or \$31.3 million to \$2,282.2 million from \$2,250.9 million, an overall improvement resulting from the increase in net assets in both the Governmental and Business-Type Activities (Exhibit 1).

Net assets of the County's governmental activities increased .6 percent, or \$7.1 million to \$1,279.6 million (Exhibit 1). Invested In Capital Assets, Net of Related Debt increased by \$4.5 million, which was due to an increase in Capital Assets. Restricted net assets had an increase of \$13.9 million. The governmental activities unrestricted net assets, the part of net assets that can be used to finance day-to-day operations, decreased by \$11.3 million to \$203.7 million at June 30, 2010 (Exhibit 1). The component units' net assets decreased 2.8 percent or \$6.9 million from \$249.1 million to \$242.2 million primarily due to decreases in State operating grants and contributions received in the current year.

The net assets of governmental activities increase was mainly due to capital outlay expenditures of \$108.0 million which are added back to net assets as the result of an increase in capital assets capitalized during the year. This was offset by depreciation expense of \$46.0 million for 2010, and a decrease of \$71.9 million in the total governmental fund balance for 2010. These changes were offset by a \$26.4 million reduction in debt activities during 2010. Other significant factors effecting net assets are \$10.7 million in revenue accruals and \$3.1 million internal service profit allocation for 2010.

The net assets of business-type activities increased 2.5 percent or \$24.2 million from \$978.5 million to \$1,002.7 million. Unrestricted assets available for the continuing operation of these activities, water and sewer, and the golf course, were \$76.4 million as of June 30, 2010.

Schedule of Activities

The following chart shows the revenues and expenses of the governmental activities for the fiscal years ended June 30, 2009 and 2010 (in millions):

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues:								
Program Revenues:								
Charges for Services	\$ 44.0	\$ 43.4	\$ 98.7	\$ 89.3	\$ 142.7	\$ 132.7	\$ 14.2	\$ 13.5
Operating Grants and Contributions	141.9	111.9	-	-	141.9	111.9	279.2	258.3
Capital Grants and Contributions	-	-	12.4	17.8	12.4	17.8	.1	.1
General Revenues:								
Property Taxes	383.6	366.2	-	-	383.6	366.2	-	-
Other Taxes	142.5	121.2	-	-	142.5	121.2	-	-
Other	58.2	69.7	1.5	5.6	59.7	75.3	1.6	1.0
Payment from Primary Government	-	-	-	-	-	-	185.0	193.5
Total Revenue	<u>\$ 770.2</u>	<u>\$ 712.4</u>	<u>\$ 112.6</u>	<u>\$ 112.7</u>	<u>\$ 882.8</u>	<u>\$ 825.1</u>	<u>\$ 480.1</u>	<u>\$ 466.4</u>
Expenses:								
General Government	\$ 97.2	\$ 102.6	\$ -	\$ -	\$ 97.2	\$ 102.6	\$ -	\$ -
Judicial Administration	8.5	10.9	-	-	8.5	10.9	-	-
Public Safety	167.4	165.0	-	-	167.4	165.0	5.2	5.1
Public Works	65.2	77.8	-	-	65.2	77.8	-	-
Health and Welfare	62.1	67.6	-	-	62.1	67.6	-	-
Education	190.2	193.1	-	-	190.2	193.1	466.0	468.2
Parks, Recreation and Cultural	34.8	35.2	-	-	34.8	35.2	-	-
Community Development	26.1	25.4	-	-	26.1	25.4	-	-
Interest on Long-term Debt	23.6	27.7	-	-	23.6	27.7	-	-
Water and Sewer	-	-	86.7	87.3	86.7	87.3	-	-
Golf Course	-	-	1.2	1.2	1.2	1.2	-	-
Total Expenses	<u>\$ 675.1</u>	<u>\$ 705.3</u>	<u>\$ 87.9</u>	<u>\$ 88.5</u>	<u>\$ 763.0</u>	<u>\$ 793.8</u>	<u>\$ 471.2</u>	<u>\$ 473.3</u>
Change in Net Assets	<u>95.1</u>	<u>7.1</u>	<u>24.7</u>	<u>24.2</u>	<u>119.8</u>	<u>31.3</u>	<u>8.9</u>	<u>(6.9)</u>
Net Assets at beginning of year	<u>1,177.3</u>	<u>1,272.4</u>	<u>953.8</u>	<u>978.5</u>	<u>2,131.1</u>	<u>2,250.9</u>	<u>240.2</u>	<u>249.1</u>
Net Assets at end of year	<u>\$ 1,272.4</u>	<u>\$ 1,279.5</u>	<u>\$ 978.5</u>	<u>\$ 1,002.7</u>	<u>\$ 2,250.9</u>	<u>\$ 2,282.2</u>	<u>\$ 249.1</u>	<u>\$ 242.2</u>

REVENUES

For the fiscal year ended June 30, 2010, revenues from governmental activities totaled \$712.4 million, a decrease of \$57.8 million, or 7.5 percent from fiscal year 2009. Real Estate Tax Revenues are the County's largest revenue source. Reflected in this revenue source are the second half calendar year 2009 and the first half of calendar year 2010 real property tax collections, which amounted to \$291.9 million for fiscal 2010, a decrease of \$13.1 million or 4.3 percent from fiscal 2009. The County Board of Supervisor maintained the Real Estate Tax Rate at the current amount of 87 cents per \$100 of assessed value for calendar year 2010.

In fiscal year 2010, the County recorded \$65.9 million in personal property tax revenue from County residents, and received Personal Property Tax Relief from the Commonwealth of Virginia (the Commonwealth) of \$37.0 million for total personal property tax related receipts of \$102.9 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 2010 of \$37.0 million will be paid in three installments beginning in July 2010. At June 30, 2010, the County accrued \$18.4 million for the first half of the 2010 calendar year.

Business-type activities produced total revenues of \$112.7 million, an increase of \$19,914 over fiscal year 2009. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$89.3 million in charges for services and \$17.8 million in operating grants and contributions. (Exhibit 2)

EXPENSES

For the fiscal year ended June 30, 2010, expenses for governmental activities totaled \$705.3 million, an increase of \$29.9 million over fiscal year 2009. Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and cost increases in the areas of public safety, recreation, and libraries.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include \$189.9 million for School operations and \$3.0 million for School capital improvement projects (Exhibit 4).

The expenses of business-type activities, which result from the operations of the County's Water and Sewer activity and Golf Course activity, totaled \$88.5 million, an increase of \$ 638,904 or 0.7 percent over fiscal year 2009 (Exhibit 2). The Water and Sewer activity accounts for \$87.3 million of the total expenses of \$88.5 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2010, the governmental funds reflect a combined fund balance of \$457.8 million. The governmental funds include the General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund. The fund balances, for the funds other than the General Fund; are committed and merely reflect balances as of a point in time. The General Fund accounts for \$242.8 million (Exhibit 4) of the total combined balance. This is a 1.8 percent decrease from the General Fund balance of \$247.3 million recorded at June 30, 2009. The current General Fund Balance was impacted by General Fund Revenues, which decreased by \$29.2 million from fiscal year 2009. This decrease occurred in the major revenue categories of General Property Taxes (Real Estate and Personal Property Taxes), which decreased \$9.6 million; Other Local Taxes, which decreased \$7.3 million; Intergovernmental revenues (revenues from the State and Federal Governments), which decreased \$4.9 million; Revenue from the Use of Money and Property (primarily interest on investments), which decreased \$5.3 million; and Miscellaneous revenues, which decreased \$2.1 million. At the same time General Fund Expenditures grew by \$6.8 million or 1.2 percent over fiscal year 2009. In an effort to control expenditures during 2010, the County funded no pay increase, and continued a hiring freeze that had begun in fiscal year 2008. Other Financing Uses decreased by \$19.0 million or 17.6 percent from fiscal year 2009. By controlling the growth of expenditures and reducing Other Financing Uses the County was able to limit the decrease in General Fund balance to \$4.5 million from the 2009 General Fund balance. Finally, the following items affected the fund balance and should be noted:

- The General Fund contributed \$20.1 million to the Capital Projects Fund to finance various capital projects, \$19.0 million to the Special Revenue Fund and \$49.5 million for debt service.

- The General Fund contributed \$189.9 million to fund the fiscal year 2010 School Board operations, an increase of \$14.9 million or 8.5 percent over the fiscal 2009 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$29.5 million (Exhibit 4) increased \$3.7 million over fiscal year 2009. The increase is due to revenues of \$56.2 million and other financing sources and uses of \$15.1 million which exceeded expenditures of \$67.6 million. 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 \$37.5 million in revenues and \$53.5 million in expenditures along with the County's solid waste function, which accounted for \$11.7 million in revenues and \$11.0 million in expenditures during fiscal year 2010.
- The Debt Service Fund Balance decreased from \$7.4 million to \$6.5 million (Exhibit 4) during fiscal year 2010. The decrease is due to expenditures exceeding revenues and other financing sources by \$925,540. During the fiscal year, expenditures for debt service were \$56.0 million and the Fund received transfers from the General Fund of \$49.5 million and the Capital Projects of \$4.0 million.
- The Capital Projects Fund Balance of \$179.0 million (Exhibit 4) is a decrease of \$70.3 million, or 28.2 percent in comparison to fiscal year 2009. During the fiscal year, expenditures for capital projects were \$103.0 million, revenues were \$12.8 million and transfers in totaled \$23.9 million. Transfers in consisted of \$20.1 million from the General Fund, and \$3.8 million from the Special Revenue Fund. The Capital Projects Fund had a transfer out of \$4.0 million to the Debt Service Fund. During the fiscal year, the County did not issue any bonds to finance capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget (in millions)

	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
Revenues:			
Taxes	\$ 487.1	\$ 477.4	\$ 483.2
Intergovernmental	127.3	130.7	130.7
Other	<u>24.8</u>	<u>25.8</u>	<u>24.2</u>
Total Revenues	<u>\$ 639.2</u>	<u>\$ 633.9</u>	<u>\$ 638.1</u>
Expenditures and Other Financing Uses:			
Expenditures	\$ 556.8	\$ 581.4	\$ 554.0
Other Financing Uses	<u>90.9</u>	<u>90.1</u>	<u>88.6</u>
Total Expenditures and Other Financing Uses	<u>647.7</u>	<u>671.5</u>	<u>642.6</u>
Change in Fund Balance	<u>\$ (8.5)</u>	<u>\$ (37.6)</u>	<u>\$ (4.5)</u>

Expenditures and other financing uses exceeded revenues by \$4.5 million in the General Fund for fiscal year 2010.

Actual General Fund revenues were less than the original budgeted revenues by \$3.9 million during fiscal year 2010. This decrease is attributable in part to decreased collections of other local taxes such as business

license and bank franchise tax revenues, which account for \$3.9 million of the decrease. Actual revenue collections exceeded the revised budget by \$5.2 million. Actual General Fund expenditures were less than the original budget by \$2.8 million, and less than the revised budget by \$27.4 million.

During fiscal year 2010, 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, 2009.
- To reappropriate grant revenues authorized in fiscal year 2009 or earlier, but not expended or encumbered as of June 30, 2009.
- To appropriate grants or donations accepted or adjusted in fiscal year 2010.
- To appropriate funds for program enhancements, small-scale capital projects or other operational needs that were not anticipated in the original fiscal year 2010 budget.

CAPITAL ASSETS

At the end of fiscal year 2010, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,317.4 million, which represents a net increase of \$62.1 million or 4.9 percent over the previous fiscal year-end balance. In the County of Henrico, infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2009	2010	2009	2010	2009	2010	2009	2010
Non-Depreciable Assets:								
Land	\$ 342.0	\$ 342.9	\$ 17.1	\$ 17.2	\$ 359.1	\$ 360.1	\$ 41.2	\$ 41.9
Construction in Progress	168.2	195.1	91.0	56.5	259.2	251.6	25.4	16.1
Other Capital Assets:								
Building	607.5	644.5	323.4	331.4	930.9	975.9	243.6	247.2
Infrastructure	529.3	554.7	842.8	922.2	1,372.1	1,476.9	-	-
Equipment	141.0	151.7	111.8	115.2	252.8	266.9	128.1	160.9
Improvements other than Buildings	33.2	35.9	3.7	3.7	36.9	39.6	24.0	26.6
Accumulated Depreciation								
On Other Capital Assets	(565.9)	(607.4)	(351.9)	(378.4)	(917.8)	(985.8)	(232.1)	(255.4)
Total	<u>\$ 1,255.3</u>	<u>\$ 1,317.4</u>	<u>\$ 1,037.9</u>	<u>\$ 1,067.8</u>	<u>\$ 2,293.2</u>	<u>\$ 2,385.2</u>	<u>\$ 230.2</u>	<u>\$ 237.3</u>

The business-type activities capital assets grew by \$29.9 million to \$1,067.8 million, an increase of 2.9 percent over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities and the County-owned golf course.

The component unit's capital assets increased by \$7.1 million to \$237.3 million, an increase of 3.1 percent over the previous fiscal year. The School Board accounted for the major portion of the net decrease. More detailed information about the County's capital assets is presented in Note 6 to the financial statements.

LONG-TERM DEBT

On August 27, 2009, the County issued through the Economic Development Authority of Henrico County, Virginia, (the "Authority's") \$10,210,000 Governmental Projects Lease Revenue Refunding Bonds, Series 2009A, to refund a portion of the Authority's Series 1996 and 1998 Lease Revenue Bonds; and \$26,215,000 Public Facility Lease Revenue Refunding Bonds, Series 2009B to refund a port of the Authority's Series 1999 Public Lease Revenue Refunding Bonds. The interest rate on the Series 2009A Refunding Bonds ranges between 2.00% and 3.25%, with a Total Interest Cost (TIC) of 2.54% and final maturity date of June 1, 2018. The interest rate on the Series 2009B Refunding Bonds ranges between 3.00% and 5.00%, with a TIC of 3.03% and final maturity date of June 1, 2018.

On December 22, 2009, the County issued Water and Sewer System Refunding Revenue Bonds, Series 2009A, in the amount of \$22,915,000; and Water and Sewer System Revenue Bonds, Series 2009B (Taxable-Recovery Zone Economic Development Bonds), in the amount of \$9,800,000. The proceeds of Series 2009A were used to advance refund the Water and Sewer System Revenue Note, Subordinate Series 1997 (Variable Rate Demand/Fixed Rate Water and Sewer System Revenue Bonds, Series 1997). The proceeds of Series 2009B will be used to finance improvements, additions and extension to Water and Sewer System of the County in areas designated as economic recovery zones. Regarding the Series 2009A Bonds, the County Water and Sewer System reduced its aggregate debt service by \$44.4 million over the next 20 years and obtained an economic gain of \$35.8 million. The interest rates on the Series 2009A Bonds ranged between 2% and 5%, with a TIC of 3.57% and final maturity date May 1, 2028. The interest rates on the Series 2009B Bonds ranged between 5.85% and 6.15%, with a TIC of 3.39% and final maturity of May 1, 2036.

On May 3, 2010, the County issued the County's General Obligation Refunding Bonds, Series 202010 (the "Bonds"), in the amount of \$119,735,000. The Bonds proceeds will be used to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The County reduced its aggregate debt services payments by approximately \$3.90 million over the next 15 years and obtained an economic gain of \$6.50 million. The interest rates on the Bonds ranged between 3.00% and 5.00%, with a TIC of 3.08% and final maturity of July 15, 2025.

In March 2005, the County voters authorized the issuance of \$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 \$196.2 million of the voter approved bonds, with \$153.1 million in bonds approved but not issued. Subsequent to June 30, 2010, the County issued an additional \$72.2 million which will reduce the amount of approved but not issued to \$80.2 million.

At the end of fiscal year 2010, the County had \$420.7 million in outstanding General Obligation Bonds, a decrease of \$38.1 million, or 8.3 percent, from last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 to the financial statements.

During 2010, Moody's Investors Services, Inc., Standard & Poor's (S&P) and Fitch rating agencies, all reaffirmed the County of Henrico's triple-AAA bond rating, in connection with the issuance of the general obligation bonds previously described. The County received AAA bond ratings from both Moody's and S&P for the first time in 1977. In 1998, Fitch IBCA bestowed a AAA rating on the County.

Subsequent to June 30, 2010, on July 20, 2010, the County issued General Obligation Public Improvement Bonds, Series 2010A in the amount of \$72,205,000. The proceeds will be used to finance school capital improvement projects, along with various County capital improvement projects. The interest rates range between 2.00% and 5.00%, with a TIC of 3.07% and final maturity of August 1, 2030.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2010, the County had a net increase of 11,487 jobs since 2000, resulting in total employment of 154,233. The County's unemployment rate, which was reported at 7.0 percent as of June 30, 2010, was slightly lower than that posted for the state (7.1 percent) and well below the federal rate (9.6 percent) as of June 30, 2010. As of 2008 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$45,911 registered higher than both the national average of \$40,166 and the Commonwealth of Virginia average of \$44,075.

OTHER INFORMATION

During fiscal year 2008, the County joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund postemployment benefits other than pensions. For the year ended June 30, 2010, the County contributed \$9.4 million which fully funded the Annual Required Contribution (ARC) of \$9.4 million and resulted in a Net OPEB Asset of \$6.6 million. More detailed information about the County's OPEB Plan is presented in Note 11 to the financial statements.

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

At June 30, 2010, the County's investment portfolio amounted to \$471.0 million, and contained obligations of the United States and agencies thereof, high quality municipal bonds and prime commercial paper. The County's investment strategy during fiscal year 2009 remained unchanged, with the exception of the addition of prime commercial paper. While maintaining a very conservative strategy has resulted in reduced yields, County did not experience any significant adverse decline in the fair value of the County's investment and cash equivalents. More detailed information about the County's investments is presented in Note 2 to the financial statements.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

**COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010**

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and temporary investments	\$ 550,278,764	\$ 83,058,432	\$ 633,337,196	\$ 27,511,449
Receivables, net	20,857,139	21,654,202	42,511,341	-
Due from other governments	36,640,493	6,788	36,647,281	12,197,063
Internal balances	(4,882,944)	4,882,944	-	-
Due from component unit	534,144	-	534,144	-
Due from primary government	-	-	-	9,916,378
Inventories	712,193	1,253,267	1,965,460	-
Prepays	-	20,000	20,000	-
Other assets	9,217,033	8,053,889	17,270,922	543,721
Restricted cash	-	37,206,921	37,206,921	59,226
Capital Assets:				
Land and construction in progress	538,078,762	73,778,101	611,856,863	58,041,727
Other capital assets, net	779,337,327	994,080,514	1,773,417,841	179,298,628
Capital assets, net	1,317,416,089	1,067,858,615	2,385,274,704	237,340,355
Total Assets	\$ 1,930,772,911	\$ 1,223,995,058	\$ 3,154,767,969	\$ 287,568,192
Liabilities:				
Accounts payable	\$ 51,090,946	\$ 10,972,441	\$ 62,063,387	\$ 4,993,091
Deposits payable	-	753,199	753,199	-
Accrued liabilities	23,948,269	2,274,519	26,222,788	-
Amounts held for others	6,795,881	-	6,795,881	1,116,414
Unearned revenues	17,971,261	18,086,618	36,057,879	4,680,574
Due to primary government	-	-	-	534,144
Due to component units	9,916,378	-	9,916,378	-
Long-term liabilities due within one year	65,579,222	7,189,628	72,768,850	16,072,081
Long-term liabilities due in more than one year	475,964,921	181,992,100	657,957,021	17,934,838
Total Liabilities	\$ 651,266,878	\$ 221,268,505	\$ 872,535,383	\$ 45,331,142
Net Assets:				
Invested in capital assets, net of related debt	\$ 921,622,977	\$ 909,604,273	\$ 1,831,227,250	\$ 213,525,705
Restricted for:				
Highways, Streets, and Buildings	86,705,294	-	86,705,294	-
Debt service	38,006,004	16,703,903	54,709,907	-
Restricted Grants	29,488,015	-	29,488,015	2,396,622
Unrestricted net assets	203,683,743	76,418,377	280,102,120	26,314,723
Total Net Assets	\$ 1,279,506,033	\$ 1,002,726,553	\$ 2,282,232,586	\$ 242,237,050

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, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 102,595,364	\$ 15,207,064	\$ 809,483	\$ -
Judicial administration	10,943,123	80,737	5,067,242	-
Public safety	165,025,697	2,764,771	27,230,830	-
Public works	77,784,866	13,741,102	37,797,615	-
Health and welfare	67,543,340	9,644,761	32,008,253	-
Education	193,146,100	-	-	-
Parks, recreation and culture	35,204,435	1,444,271	205,497	-
Community development	25,427,515	546,967	8,754,980	-
Interest on long-term debt	27,697,772	-	-	-
Total Governmental Activities	705,368,212	43,429,673	111,873,900	-
Business-type activities:				
Water and Sewer	87,290,352	88,428,433	-	17,791,192
Belmont Park Golf Course	1,236,973	868,004	-	-
Total Business-type Activities	88,527,325	89,296,437	-	17,791,192
Total Primary Government	<u>\$ 793,895,537</u>	<u>\$ 132,726,110</u>	<u>\$ 111,873,900</u>	<u>\$ 17,791,192</u>
Component Units:				
School Board	\$ 468,174,506	\$ 8,981,072	\$ 258,298,044	\$ -
James River Juvenile Detention Commission	5,158,925	4,484,859	-	103,570
Total Component Units	<u>\$ 473,333,431</u>	<u>\$ 13,465,931</u>	<u>\$ 258,298,044</u>	<u>\$ 103,570</u>

General Revenues:

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

Change in net assets

Net Assets at June 30, 2009

Net Assets at June 30, 2010

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

Exhibit 2

Net (Expenses) Revenues and Changes in Net Assets			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (86,578,817)	\$ -	\$ (86,578,817)	\$ -
(5,795,144)	-	(5,795,144)	-
(135,030,096)	-	(135,030,096)	-
(26,246,149)	-	(26,246,149)	-
(25,890,326)	-	(25,890,326)	-
(193,146,100)	-	(193,146,100)	-
(33,554,667)	-	(33,554,667)	-
(16,125,568)	-	(16,125,568)	-
(27,697,772)	-	(27,697,772)	-
(550,064,639)	-	(550,064,639)	-
-	18,929,273	18,929,273	-
-	(368,969)	(368,969)	-
-	18,560,304	18,560,304	-
<u>\$ (550,064,639)</u>	<u>\$ 18,560,304</u>	<u>\$ (531,504,335)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (200,895,390)
-	-	-	(570,496)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (201,465,886)</u>
\$ 366,202,545	\$ -	\$ 366,202,545	\$ -
53,256,396	-	53,256,396	-
27,313,048	-	27,313,048	-
9,005,457	-	9,005,457	-
14,579,141	-	14,579,141	-
17,069,411	-	17,069,411	-
4,656,317	645,435	5,301,752	23,525
61,237,531	661,231	61,898,762	-
2,154,473	-	2,154,473	297,781
1,707,036	4,262,366	5,969,402	680,184
-	-	-	193,575,178
<u>\$ 557,181,355</u>	<u>\$ 5,569,032</u>	<u>\$ 562,750,387</u>	<u>\$ 194,576,668</u>
\$ 7,116,716	\$ 24,129,336	\$ 31,246,052	\$ (6,889,218)
<u>1,272,389,317</u>	<u>978,597,217</u>	<u>2,250,986,534</u>	<u>249,126,268</u>
<u>\$ 1,279,506,033</u>	<u>\$1,002,726,553</u>	<u>\$ 2,282,232,586</u>	<u>\$ 242,237,050</u>

**COUNTY OF HENRICO, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010**

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 273,351,437	\$ 32,245,017	\$ 6,574,377	\$ 202,473,781	\$ 514,644,612
Receivables, net	18,471,389	2,380,180	-	-	20,851,569
Due from other governmental units	31,377,280	4,378,422	-	884,791	36,640,493
Due from component unit	534,144	-	-	-	534,144
Due from other funds	455,316	-	-	-	455,316
Advance to other fund	112,500	-	-	-	112,500
Total Assets	\$ 324,302,066	\$ 39,003,619	\$ 6,574,377	\$ 203,358,572	\$ 573,238,634
Liabilities:					
Accounts payable	\$ 44,752,608	1,443,237	\$ -	\$ 1,568,091	\$ 47,763,936
Accrued liabilities	9,367,678	2,189,369	78,373	7,450,101	19,085,521
Amounts held for others	6,685,347	110,534	-	-	6,795,881
Unearned revenues	20,632,176	5,772,464	-	-	26,404,640
Due to component units	-	-	-	9,916,378	9,916,378
Due to other funds	-	-	-	5,450,760	5,450,760
Total liabilities	81,437,809	9,515,604	78,373	24,385,330	115,417,116
Fund Balances:					
Reserved for:					
Advance to other fund	112,500	-	-	-	112,500
Encumbrances	4,298,495	5,154,748	-	64,401,554	73,854,797
Unreserved, reported in:					
Designated	101,927,263	24,333,267	6,496,004	114,571,688	247,328,222
Undesignated	136,525,999	-	-	-	136,525,999
Total fund balances	242,864,257	29,488,015	6,496,004	178,973,242	457,821,518
Total Liabilities and Fund Balances	\$ 324,302,066	\$ 39,003,619	\$ 6,574,377	\$ 203,358,572	

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)	\$ 1,304,369,702
Deferred revenue that has not been recognized in the current period and therefore is reported as liabilities in the governmental funds. (Note 3)	8,433,379
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)	(541,253,309)
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.	(4,862,748)
Other assets reported in governmental activities are not deferred and recorded as assets in the governmental funds.	9,203,167
Internal service funds are used by management to charge the costs of equipment replacement; and, therefore, the assets and liabilities of the internal service fund are included in government activities in the Statement of Net Assets.	46,490,257
Internal service fund 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.	(695,933)
Net Assets of Governmental Activities	\$ 1,279,506,033

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, 2010**

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	\$ 365,201,420	\$ 2,242,528	\$ -	\$ -	\$ 367,443,948
Other local taxes	117,979,433	1,811,591	-	-	119,791,024
Licenses and permits	2,665,399	-	-	-	2,665,399
Fines and forfeitures	2,479,558	-	-	-	2,479,558
Revenue from use of money and property	4,073,914	1,688,643	-	1,422,943	7,185,500
Charges for services	3,969,228	21,958,951	-	-	25,928,179
Miscellaneous	5,267,322	473,435	538,603	911,235	7,190,595
Recovered costs	5,719,756	525,916	-	-	6,245,672
Intergovernmental	130,736,263	27,490,007	-	10,469,188	168,695,458
Total Revenues	638,092,293	56,191,071	538,603	12,803,366	707,625,333
Expenditures:					
Current operating:					
General government	61,736,540	6,272,278	-	-	68,008,818
Judicial administration	10,057,724	875,075	-	-	10,932,799
Public safety	156,450,759	5,345,977	-	-	161,796,736
Public works	41,496,274	11,196,800	-	-	52,693,074
Health and welfare	24,099,901	37,532,445	-	-	61,632,346
Parks, recreation, and culture	30,572,218	67,055	-	-	30,639,273
Community development	19,317,188	6,298,218	-	-	25,615,406
Education	189,916,306	-	-	2,978,651	192,894,957
Miscellaneous	20,116,363	-	1,092,365	-	21,208,728
Debt service:					
Principal	257,421	17,870	34,880,000	-	35,155,291
Interest and other charges	25,749	1,367	20,098,143	-	20,125,259
Capital outlay	-	-	-	100,065,682	100,065,682
Total Expenditures	554,046,443	67,607,085	56,070,508	103,044,333	780,768,369
Excess (deficiency) of revenues over (under) expenditures	84,045,850	(11,416,014)	(55,531,905)	(90,240,967)	(73,143,036)
OTHER FINANCING (USES) SOURCES:					
Transfers in	-	18,989,929	53,531,905	23,980,870	96,502,704
Transfers out	(88,649,004)	(3,853,700)	-	(4,000,000)	(96,502,704)
Issuance of bonds	-	-	156,160,000	-	156,160,000
Issuance of bond premium	-	-	21,306,824	-	21,306,824
Issuance of capital leases	139,814	-	-	-	139,814
Payment to escrow agent	-	-	(176,392,364)	-	(176,392,364)
Total other financing (uses) sources	(88,509,190)	15,136,229	54,606,365	19,980,870	1,214,274
Net change in fund balance	(4,463,340)	3,720,215	(925,540)	(70,260,097)	(71,928,762)
Fund Balances - June 30, 2009	247,327,597	25,767,800	7,421,544	249,233,339	529,750,280
Fund Balances - June 30, 2010	\$ 242,864,257	\$ 29,488,015	\$ 6,496,004	\$ 178,973,242	\$ 457,821,518

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	\$ (71,928,762)
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.	35,155,291
Revenues in governmental funds that do provide current financial resources are not reported as revenues in the Statement of Activities. (Note 3)	(10,676,424)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	108,050,015
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.	(1,915,966)
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(46,006,393)
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)	(7,572,513)
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(177,606,638)
Payment to escrow is recorded as an expenditure in the governmental funds, but is not reported as an expense in the Statement of Activities	176,392,364
Internal service funds charge the costs of maintenance and healthcare services to governmental funds and are a reduction of expenses in the Statement of Activities	3,100,252
Internal service fund revenues not recorded in the governmental funds.	125,490
Change in Net Assets of Governmental Activities	\$ 7,116,716

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

COUNTY OF HENRICO, VIRGINIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

Exhibit 5

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 83,058,432	\$ -	\$ 83,058,432	\$ 35,634,152
Receivables, net	21,654,202	-	21,654,202	5,570
Due from other funds	5,450,760	-	5,450,760	-
Due from other governments	6,788	-	6,788	-
Inventories	1,253,267	-	1,253,267	712,193
Other assets	20,000	-	20,000	13,866
Restricted cash	37,206,921	-	37,206,921	-
Total current assets	148,650,370	-	148,650,370	36,365,781
Noncurrent assets:				
Other assets	8,052,609	1,280	8,053,889	-
Capital Assets:				
Land and construction in progress	73,527,610	250,491	73,778,101	-
Other capital assets, net	992,379,797	1,700,717	994,080,514	13,046,387
Capital assets, net	1,065,907,407	1,951,208	1,067,858,615	13,046,387
Total non-current assets	1,073,960,016	1,952,488	1,075,912,504	13,046,387
Total Assets	\$ 1,222,610,386	\$ 1,952,488	\$ 1,224,562,874	\$ 49,412,168
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 10,929,121	\$ 43,320	\$ 10,972,441	\$ 2,631,077
Deposits payable	753,199	-	753,199	-
Due to other fund	-	455,316	455,316	-
Accrued liabilities	2,250,034	24,485	2,274,519	-
Unearned revenues	18,086,618	-	18,086,618	-
Long-term liabilities due within one year	7,168,768	20,860	7,189,628	202,077
Total current liabilities	39,187,740	543,981	39,731,721	2,833,154
Noncurrent liabilities:				
Advance from other funds	-	112,500	112,500	-
Long-term liabilities due in more than one year	181,966,144	25,956	181,992,100	88,757
Total non-current liabilities	181,966,144	138,456	182,104,600	88,757
Total liabilities	221,153,884	682,437	221,836,321	2,921,911
Net Assets:				
Invested in capital assets, net of related debt	907,653,065	1,951,208	909,604,273	13,046,387
Restricted for debt service	16,703,903	-	16,703,903	-
Unrestricted net assets	77,099,534	(681,157)	76,418,377	33,443,870
Total net assets	1,001,456,502	1,270,051	1,002,726,553	46,490,257
Total Liabilities and Net Assets	\$ 1,222,610,386	\$ 1,952,488	\$ 1,224,562,874	\$ 49,412,168

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, 2010**

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Operating Revenues:				
Charges for services:				
Water system	\$ 40,431,635	\$ -	\$ 40,431,635	\$ -
Sewer system	41,598,787	-	41,598,787	-
Golf course fees	-	868,004	868,004	-
Interdepartmental charges	-	-	-	20,908,657
Contributions	-	-	-	70,558,141
Other	629,408	67,722	697,130	90,937
Total operating revenues	82,659,830	935,726	83,595,556	91,557,735
Operating Expenses:				
Purchased services	10,386,111	52,679	10,438,790	-
Utility charges	4,745,601	42,916	4,788,517	114,479
Personnel services and benefits	16,769,296	577,984	17,347,280	69,641,119
Professional services	10,145,321	130,966	10,276,287	64,883
Materials and supplies	6,208,063	207,085	6,415,148	12,230,399
Maintenance and repairs	1,743,855	30,933	1,774,788	2,448,489
Other expenses	4,267,702	76,456	4,344,158	2,148,921
Depreciation	28,504,767	117,954	28,622,721	1,943,449
Total operating expenses	82,770,716	1,236,973	84,007,689	88,591,739
Operating income (loss)	(110,886)	(301,247)	(412,133)	2,965,996
Nonoperating Revenues (Expenses):				
Investment income	645,435	-	645,435	75,473
Connection fees	6,398,011	-	6,398,011	-
Contributions	661,231	-	661,231	-
Interest expense	(4,519,636)	-	(4,519,636)	-
Other	3,565,236	-	3,565,236	90,788
Total nonoperating revenues (expenses)	6,750,277	-	6,750,277	166,261
Income (loss) before capital contributions	6,639,391	(301,247)	6,338,144	3,132,257
Capital contributions - donated assets	17,791,192	-	17,791,192	-
Change in net assets	24,430,583	(301,247)	24,129,336	3,132,257
Total Net Assets - June 30, 2009	977,025,919	1,571,298	978,597,217	43,358,000
Total Net Assets - June 30, 2010	\$ 1,001,456,502	\$ 1,270,051	\$ 1,002,726,553	\$ 46,490,257

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, 2010**

Exhibit 7

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
Cash Flows From Operating Activities:				
Receipts from customers	\$ 79,343,105	\$ 935,726	\$ 80,278,831	\$ 91,469,803
Payments to suppliers	(30,884,310)	(376,675)	(31,260,985)	(82,844,001)
Payments to employees	(19,649,926)	(553,628)	(20,203,554)	(3,558,064)
Net cash provided by operating activities	28,808,869	5,423	28,814,292	5,067,738
Cash Flows From Capital and Related Financing Activities:				
Purchase of assets	(39,728,577)	(5,423)	(39,734,000)	(1,597,560)
Proceeds from sale of capital assets	56,660	-	56,660	227,737
Connection fees paid by contractors	8,882,853	-	8,882,853	-
Debt service contributions	661,231	-	661,231	-
Contributions	6,283,536	-	6,283,536	-
Issuance of bonds	34,420,000	-	34,420,000	-
Interest paid on bonds	(7,949,587)	-	(7,949,587)	-
Payment to escrow agent	(24,620,000)	-	(24,620,000)	-
Principal paid on bonds	(6,780,000)	-	(6,780,000)	-
Net cash used in capital and related financing activities	(28,773,884)	(5,423)	(28,779,307)	(1,369,823)
Cash Flows From Investing Activities:				
Investment income received	645,435	-	645,435	75,473
Net Increase in Cash	680,420	-	680,420	3,773,388
Cash and Cash Equivalents - June 30, 2009	119,584,933	-	119,584,933	31,860,764
Cash and Cash Equivalents - June 30, 2010	<u>\$ 120,265,353</u>	<u>\$ -</u>	<u>\$ 120,265,353</u>	<u>\$ 35,634,152</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	\$ (110,886)	\$ (301,247)	\$ (412,133)	\$ 2,965,996
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	28,504,767	117,954	28,622,721	1,943,449
(Increase) decrease in accounts receivable	(2,034,220)	-	(2,034,220)	505
Increase in inventories	(149,392)	-	(149,392)	(14,068)
Decrease in other assets	-	-	-	15,991
Increase in accounts payable	3,820,642	15,437	3,836,079	165,191
Decrease in deposits payable	(198,798)	-	(198,798)	-
Increase in due to other fund	-	164,587	164,587	-
(Decrease) increase in other liabilities	(40,822)	8,692	(32,130)	(9,326)
Decrease in deferred revenues	(982,422)	-	(982,422)	-
Net cash provided by operating activities	<u>\$ 28,808,869</u>	<u>\$ 5,423</u>	<u>\$ 28,814,292</u>	<u>\$ 5,067,738</u>
Reconciliation to Cash and Cash Equivalents on the Statement of Net Assets:				
Cash and cash equivalents	\$ 83,058,432	\$ -	\$ 83,058,432	\$ 35,634,152
Restricted cash and cash equivalents	37,206,921	-	37,206,921	-
Cash - June 30, 2010	<u>\$ 120,265,353</u>	<u>\$ -</u>	<u>\$ 120,265,353</u>	<u>\$ 35,634,152</u>

Supplemental disclosure of noncash investing and 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 \$17,791,192.

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, 2010**

Exhibit 8

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 1,201,531
Total Assets	<u>\$ 1,201,531</u>
Liabilities:	
Amounts held for others	\$ 1,201,358
Accounts payable	173
Total Liabilities	<u>\$ 1,201,531</u>

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, 2010**

Exhibit 9

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	\$ 23,907,083	\$ 3,604,366	\$ 27,511,449
Restricted cash	-	59,226	59,226
Due from primary government	9,916,378	-	9,916,378
Due from other governmental units	12,097,139	99,924	12,197,063
Other assets	529,607	14,114	543,721
Total current assets	46,450,207	3,777,630	50,227,837
Capital assets:			
Land and construction in progress	58,011,727	30,000	58,041,727
Other capital assets, net	172,016,836	7,281,792	179,298,628
Capital assets, net	230,028,563	7,311,792	237,340,355
Total Assets	\$ 276,478,770	\$ 11,089,422	\$ 287,568,192
Liabilities:			
Accounts payable	\$ 4,799,647	\$ 193,444	\$ 4,993,091
Amounts held for others	1,116,414	-	1,116,414
Unearned revenues	4,679,694	880	4,680,574
Due to primary government	-	534,144	534,144
Long-term liabilities due within one year	15,438,044	634,037	16,072,081
Total current liabilities	26,033,799	1,362,505	27,396,304
Long-term liabilities due in more than one year	14,969,132	2,965,706	17,934,838
Total liabilities	41,002,931	4,328,211	45,331,142
Net Assets:			
Invested in capital assets, net of related debt	209,691,462	3,834,243	213,525,705
Restricted Grants	2,311,971	84,651	2,396,622
Unrestricted	23,472,406	2,842,317	26,314,723
Total net assets	235,475,839	6,761,211	242,237,050
Total Liabilities and Net Assets	\$ 276,478,770	\$ 11,089,422	\$ 287,568,192

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, 2010**

Exhibit 10

	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
Expenses						
					</	

General revenues:

Interest and investment earnings	\$ -	\$ 23,525	\$ 23,525
Recovered costs	297,781	-	297,781
Miscellaneous	680,184	-	680,184
Payment from Primary Government	192,894,957	680,221	193,575,178
Total general revenues	<u>\$ 193,872,922</u>	<u>\$ 703,746</u>	<u>\$ 194,576,668</u>
Change in net assets	\$ (7,022,468)	\$ 133,250	\$ (6,889,218)
Net Assets at June 30, 2009	242,498,307	6,627,961	249,126,268
Net Assets at June 30, 2010	<u>\$ 235,475,839</u>	<u>\$ 6,761,211</u>	<u>\$ 242,237,050</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, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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, net of accumulated depreciation 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 of the County's discretely presented component unit has a June 30 fiscal year-end.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Discretely Presented Component Units:

School Board

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

James River Juvenile Detention Commission

The James River Juvenile Detention Commission ("JRJDC" or "Commission") is a separate organization established to provide a juvenile detention facility for the Counties of Goochland, Henrico and Powhatan. There are five voting members of the Commission, of which three members represent the County and one each represents the Counties of Goochland and Powhatan. Their respective county boards appoint the five Commission members. The Commission is financially dependent on the member jurisdictions. The operating costs are allocated among the member jurisdictions based on proportionate usage. Complete financial statements for the Commission may be obtained from the JRJDC Chairman George T. Drumwright, Jr., P.O. Box 90775, Henrico, 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 presents the County's 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. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

The governmental funds' 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 (e.g., private parties, long-term disability participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

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

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

Governmental Funds:

General Fund

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

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 Belmont Park Golf Course. These funds are considered to be business-type activities in the government-wide financial statements.

Internal Service Funds

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

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

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

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

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

Proprietary Funds

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 at their fair value at date of receipt and are recorded as contribution revenue.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

The estimated useful lives are as follows:

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

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

D. Estimates

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

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

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

Government - Wide Financial Statements

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

Governmental Funds Financial Statements

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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

Proprietary Funds

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

Fiduciary Funds

Agency Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

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 1st.

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

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

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

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

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Fund. While appropriations lapse at the end of the fiscal year for the General Fund and Special Revenue Fund, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances. Encumbrances, which have been re-appropriated, are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

H. Inventory and Prepaid Expenses

Proprietary Funds

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

I. Interest Costs

In accordance with GAAP, the cost of properties for the Water and Wastewater 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, 2010, the Water and Sewer Enterprise Fund incurred interest costs of \$8,162,621, of which \$3,642,985 was capitalized.

J. Bond Issuance Costs

Bond issuance costs are deferred and amortized using the straight-line method over the term of the related bond issues. For the year ended June 30, 2010, the County had \$2,588,212 in unamortized bond issuance costs.

K. Accrued Compensated Absences

Annual leave is granted to all permanent County employees and certain permanent County School System ("School") employees. County and School employees can earn annual leave at the rate of 4 hours for every 80 standard hours worked up to a maximum of 9 hours for every 80 standard hours after 20 years of service. While there is no requirement that annual leave be taken, the maximum permissible accumulation is 468 hours for County employees and 52 days for School employees. Accumulated annual leave vests and the County is obligated to make payment even if the employee terminates. The current and non-current liability for unused and unpaid annual leave attributable to the County's Governmental Funds is recorded in the government-wide financial statements. The 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 GAAP, the liability has been recorded using the termination payment method.

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.

COUNTY OF HENRICO, VIRGINIA
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Designation of fund balance by purpose is as follows:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Self-insurance (Note 8)	\$ 10,000,000	\$ -	\$ -	\$ -
Debt service	-	-	6,496,004	-
Construction commitments	-	-	-	114,571,688
Capital projects	42,642,735	-	-	-
Street Lighting	-	772,623	-	-
State and Federal Grants	-	11,110,340	-	-
Solid Waste	-	7,948,882	-	-
For FY 2010-11 Budget	7,105,750	-	-	-
Revenue Stabilization	42,040,086	-	-	-
All Others	<u>138,692</u>	<u>4,501,422</u>	<u>-</u>	<u>-</u>
Total designated for specific purposes	<u>\$ 101,927,263</u>	<u>\$24,333,267</u>	<u>\$6,496,004</u>	<u>\$ 114,571,688</u>

M. Statement of Cash Flows

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

N. 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 Opinions, and Accounting Research Bulletins 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

The County adopted GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, in during 2010. This Statement establishes guidance regarding how to identify, account for, and report intangible assets. The adoption of GASB Statement No. 51 had no affect on the County's financial statements for FY2010.

The County adopted GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, during 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The adoption of GASB Statement No. 53 had no affect on the County's financial statements for FY2010.

P. Future Accounting Pronouncements

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. 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, 2011.

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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 ("VRS"), and Bond proceeds maintained in the State Non-Arbitrage Pool, an SEC-registered money market fund.

The County maintains a cash and temporary investment pool that is available for use by all funds, except School Activity Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, banker's acceptances, Treasury and Agency obligations that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2010, the difference between amortized cost and the fair value of those securities held at amortized cost is immaterial to the basic financial statements. Fair value is based on quoted market prices, which are provided by the County's Investment Manager, Sterling Capital, as of June 30, 2010. The net increase in fair value of investments during the year ended June 30, 2010, was \$1,221,690. This amount takes into account all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2010, the carrying value of the County's deposits with banks was \$55,237,348 and the bank balance was \$62,073,409. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

The carrying amount of deposits for the School Board, a discretely presented component unit, was \$2,261,886 and the bank balance was \$2,541,812. 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 \$3,028,061, and the bank balance was \$3,028,061. 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, 2010, the County had deposits of \$13,306,225 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of any city, county, or town situated in any one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements, money market mutual funds that invest

COUNTY OF HENRICO, VIRGINIA
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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 municipal bonds, money market mutual funds, obligations of the United States and agencies thereof.

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

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

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	\$ 152,588,645	70%	25.30%
Municipal Bonds	101,973,026	70%	16.91%
U.S. Government Agencies	76,620,951	70%	12.71%
Commercial Paper	79,992,796	35%	13.27%
U.S. Government Money Market Funds	191,857,635	40%	31.81%
Total Investments	<u>\$ 603,033,053</u>		<u>100.00%</u>

Component Units

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
U.S. Treasury	\$ 7,350,080	70%	32.98%
Municipal Bonds	4,911,964	70%	22.05%
U.S. Government Agencies	3,690,774	70%	16.57%
Commercial Paper	3,853,193	35%	17.30%
U.S. Government Money Market Funds	2,473,218	40%	11.10%
Total Investments	<u>\$ 22,279,229</u>		<u>100.00%</u>

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2010. In addition, the County's contract with the portfolio manager requires that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, Branch Banking and Trust (BB&T) Bank. The County and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

Interest Rate Risk – As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment guidelines establish a limit of 55 percent of the County's investment portfolio to maturities of less than one year. The guidelines further limit investments of longer than one year to a maximum 45 percent of the portfolio, and the maximum permissible maturity for any individual security is five years.

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

As of June 30, 2010, the County had the following investments and maturities:

Primary Government

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
U.S. Treasury	\$ 152,588,645	\$ 115,436,114	\$ 37,152,531
Municipal Bonds	101,973,026	101,973,026	-
U.S. Government Agencies	76,620,951	67,074,517	9,546,434
Commercial Paper	79,992,796	79,992,796	-
U.S. Government Money Market Funds	191,857,635	191,857,635	-
Total Investments	\$ 603,033,053	\$ 556,334,088	\$ 46,698,965
Total Deposits	55,237,348		
Total Held By Fiscal Agent	13,306,225		
Total Cash on Hand	111,246		
Total Deposits and Investments	\$ 671,687,872		

Component Units:

School Board

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
U.S. Treasury	\$ 7,350,080	\$ 5,560,473	\$ 1,789,607
Municipal Bonds	4,911,964	4,911,964	-
U.S. Government Agencies	3,690,774	3,230,930	459,844
Commercial Paper	3,853,192	3,853,192	-
U.S. Government Money Market Funds	1,838,187	1,838,187	-
Total Investments	\$ 21,644,197	\$ 19,394,746	\$ 2,249,451
Total Deposits	2,261,886		
Total Cash on Hand	1,000		
Total Deposits and Investments	\$ 23,907,083		

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James River Juvenile Detention Commission

<u>Investment Maturities (in years)</u>			
	<u>Fair Value</u>	<u>Less than 1 year</u>	<u>1-5 years</u>
U.S. Government Money Market Funds	\$ 635,031	\$ 635,031	\$ -
Total Deposits	3,028,061		
Total Cash on Hand	500		
Total Deposits and Investments	<u>\$ 3,663,592</u>		
Total Deposit and Investments-Reporting Entity	<u>\$ 699,258,547</u>		

The School Activity Funds' cash of \$4,630,307 and Mental Health and Developmental Services Fund cash of \$57,776, 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, 2010 consist of the following:

Primary Government

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>
<u>Receivables:</u>			<u>Total</u>
Interest	\$ 2,226,548	\$ -	\$ 2,226,548
Taxes	19,908,300	-	19,908,300
Accounts	<u>1,495,684</u>	<u>3,014,937</u>	<u>21,938,102</u>
Gross Receivables	23,630,532	3,014,937	21,938,102
Less: Allowances for			
Doubtful Accounts	<u>5,159,143</u>	<u>634,757</u>	<u>283,900</u>
Receivables, net	<u>\$ 18,471,389</u>	<u>\$ 2,380,180</u>	<u>\$ 21,654,202</u>
			<u>\$ 42,505,771</u>

Central Automotive Maintenance has a receivable of \$5,570 as of June 30, 2010 which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$8,433,379 that is not available to pay for current period expenditures and, therefore, are included in the unearned revenue for the governmental funds. Tax revenue reported in the government-wide statements includes \$3,052,994 of revenue that does not provide current financial resources, and therefore is not included in the governmental funds.

Component Units

	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
<u>Receivables:</u>			
Intergovernmental	<u>\$ 12,097,139</u>	<u>\$ 99,924</u>	<u>\$ 12,197,063</u>

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

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied in April and are payable in two installments on June 5th and December 5th. Installments due on June 5, 2010, are levied for fiscal year 2010 and installments due on December 5, 2010, are levied for fiscal year 2011. The County bills and collects its own property

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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 2010, 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, 2010 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	\$ 4,722,216	\$ -	\$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	129,784	-	-
State Recordation Fees	316,511	-	-
Richmond Center	2,323,697	-	-
Categorical aid for:			
Public Works	-	-	838,470
Public Safety	682,560	752	-
Social Services	1,432,787	673,594	-
Treasurer	2,373,511	-	-
Correction & Detention	623,996	59,221	-
Mental Health & Mental Retardation	-	24,816	-
Circuit Court	143,523	-	-
Library	6,715	-	-
Commonwealth's Attorney	<u>161,517</u>	<u>13,396</u>	<u>-</u>
Total due from the Commonwealth of Virginia	<u>31,377,280</u>	<u>771,779</u>	<u>838,470</u>
Federal Government:			
Categorical aid:			
Work Training Grants (CATC)	-	2,680,663	-
Public Safety	-	525,392	-
Correction & Detention	-	28,579	-
Community Development Block Grant	<u>-</u>	<u>372,009</u>	<u>46,321</u>
Total due from the Federal government	<u>-</u>	<u>3,606,643</u>	<u>46,321</u>
Total due from other governmental units	<u>\$ 31,377,280</u>	<u>\$ 4,378,422</u>	<u>\$ 884,791</u>

COUNTY OF HENRICO, VIRGINIA
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Amounts due from other governmental units for the School Board Component Unit at June 30, 2010 include:

	<u>School Board</u>
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	\$ 3,318,656
Categorical aid for:	
Education	<u>2,658,730</u>
Total due from the Commonwealth of Virginia	<u>5,977,386</u>
Federal Government Categorical Aid:	
Education	<u>6,119,753</u>
Total due from the Federal government	<u>6,119,753</u>
Total due from other governmental units	<u>\$ 12,097,139</u>

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2010 follows:

	<u>Balance June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 341,999,433	\$ 4,715,854	\$ 3,781,001	\$ 342,934,286
Construction in progress	<u>168,252,865</u>	<u>84,672,163</u>	<u>57,780,552</u>	<u>195,144,476</u>
Total Capital Assets Not Being Depreciated	<u>\$ 510,252,298</u>	<u>\$ 89,388,017</u>	<u>\$ 61,561,553</u>	<u>\$ 538,078,762</u>
Other Capital Assets:				
Buildings	\$ 607,489,514	\$ 36,976,419	\$ -	\$ 644,465,933
Infrastructure	529,295,229	25,383,054	-	554,678,283
Equipment	141,048,614	17,749,992	7,112,637	151,685,969
Improvements other than buildings	<u>33,194,244</u>	<u>2,744,912</u>	<u>-</u>	<u>35,939,156</u>
Total Other Capital Assets	<u>\$1,311,027,601</u>	<u>\$ 82,854,377</u>	<u>\$ 7,112,637</u>	<u>\$1,386,769,341</u>
Less Accumulated Depreciation for:				
Buildings	\$ (126,087,297)	\$ (12,511,591)	\$ -	\$ (138,598,888)
Infrastructure	(334,621,512)	(16,413,113)	-	(351,034,625)
Equipment	(87,637,515)	(17,202,355)	(6,473,299)	(98,366,571)
Improvements other than buildings	<u>(17,609,147)</u>	<u>(1,822,783)</u>	<u>-</u>	<u>(19,431,930)</u>
Total Accumulated Depreciation	<u>\$ (565,955,471)</u>	<u>\$ (47,949,842)</u>	<u>\$ (6,473,299)</u>	<u>\$ (607,432,014)</u>
Total Net of Depreciation	<u>\$1,255,324,428</u>	<u>\$ 124,292,552</u>	<u>\$ 62,200,891</u>	<u>\$1,317,416,089</u>

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Government activities capital assets net of accumulated depreciation at June 30, 2010 are comprised of the following:

General Capital Assets, Net	\$1,317,416,089
Internal Service Fund Capital Assets, Net	<u>(13,046,387)</u>
Combined Adjustment	<u>\$1,304,369,702</u>

Depreciation for the fiscal year ended June 30, 2010 was charged to governmental functions as follows:

General Government Administration	\$ 9,857,814
Judicial Administration	112,279
Public Safety	7,199,660
Public Works	18,407,732
Education	6,607,593
Health and Welfare	251,143
Parks and Recreation	5,306,375
Community Development	<u>207,246</u>
Total Depreciation	<u>\$ 47,949,842</u>
Internal Service Fund Depreciation	<u>(1,943,449)</u>
Combined Adjustment	<u>\$ 46,006,393</u>

Business Type Activities

	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
<u>Water and Sewer:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 16,922,813	\$ 67,500	\$ -	\$ 16,990,313
Construction in progress	<u>90,981,728</u>	<u>45,540,858</u>	<u>79,985,289</u>	<u>56,537,297</u>
Total Capital Assets Not Being Depreciated	<u>\$ 107,904,541</u>	<u>\$ 45,608,358</u>	<u>\$ 79,985,289</u>	<u>\$ 73,527,610</u>
Other Capital Assets:				
Buildings	\$ 321,534,655	\$ 7,962,481	\$ -	\$ 329,497,136
Equipment	110,843,162	4,105,908	749,945	114,199,125
Improvements	1,426,652	-	-	1,426,652
Infrastructure	<u>842,830,111</u>	<u>83,471,296</u>	<u>4,097,737</u>	<u>922,203,670</u>
Total Other Capital Assets	<u>\$ 1,276,634,580</u>	<u>\$ 95,539,685</u>	<u>\$ 4,847,682</u>	<u>\$ 1,367,326,583</u>
Less Accumulated Depreciation for:				
Buildings	\$ (73,120,667)	\$ (7,179,572)	\$ -	\$ (80,300,239)
Equipment	(44,634,204)	(7,997,690)	(652,743)	(51,979,151)
Improvements	(839,483)	(39,671)	-	(879,154)
Infrastructure	<u>(229,962,824)</u>	<u>(13,287,834)</u>	<u>(1,462,416)</u>	<u>(241,788,242)</u>
Total Accumulated Depreciation	<u>\$ (348,557,178)</u>	<u>\$ (28,504,767)</u>	<u>\$ (2,115,159)</u>	<u>\$ (374,946,786)</u>
Total Net of Depreciation	<u>\$ 1,035,981,943</u>	<u>\$ 112,643,276</u>	<u>\$ 82,717,812</u>	<u>\$ 1,065,907,407</u>

COUNTY OF HENRICO, VIRGINIA
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JUNE 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Belmont Golf Course:</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	1,004,516	5,423	-	1,009,939
Improvements	<u>2,341,902</u>	<u>-</u>	<u>-</u>	<u>2,341,902</u>
Total Other Capital Assets	<u>\$ 5,254,005</u>	<u>\$ 5,423</u>	<u>\$ -</u>	<u>\$ 5,259,428</u>
Less Accumulated Depreciation for:				
Buildings	\$ (802,956)	\$ (30,365)	\$ -	\$ (833,321)
Equipment	(568,665)	(47,828)	-	(616,493)
Improvements	<u>(2,069,136)</u>	<u>(39,761)</u>	<u>-</u>	<u>(2,108,897)</u>
Total Accumulated Depreciation	<u>\$ (3,440,757)</u>	<u>\$ (117,954)</u>	<u>\$ -</u>	<u>\$ (3,558,711)</u>
Total Net of Depreciation	<u><u>\$ 2,063,739</u></u>	<u><u>\$ (112,531)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,951,208</u></u>

Component Units

	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>School Board:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 41,180,958	\$ 700,423	\$ -	\$ 41,881,381
Construction in progress	<u>25,432,124</u>	<u>8,042,950</u>	<u>17,344,728</u>	<u>16,130,346</u>
Total Capital Assets Not Being Depreciated	<u>\$ 66,613,082</u>	<u>\$ 8,743,373</u>	<u>\$ 17,344,728</u>	<u>\$ 58,011,727</u>
Other Capital Assets:				
Buildings	\$ 234,344,474	\$ 3,574,320	\$ -	\$ 237,918,794
Equipment	127,874,521	34,384,240	1,532,071	160,726,690
Improvements	<u>23,812,237</u>	<u>2,618,125</u>	<u>-</u>	<u>26,430,362</u>
Total Other Capital Assets	<u>\$ 386,031,232</u>	<u>\$ 40,576,685</u>	<u>\$ 1,532,071</u>	<u>\$ 425,075,846</u>
Accumulated Depreciation	<u>(229,870,324)</u>	<u>(24,702,194)</u>	<u>(1,513,508)</u>	<u>(253,059,010)</u>
Total Net of Depreciation	<u><u>\$ 222,773,990</u></u>	<u><u>\$ 24,617,864</u></u>	<u><u>\$ 17,363,291</u></u>	<u><u>\$ 230,028,563</u></u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

All depreciation for the fiscal year ended June 30, 2010 was charged to the education function.

<u>James River Juvenile Detention Center:</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2010</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	<u>237,946</u>	<u>8,400</u>	<u>18,149</u>	<u>228,197</u>
Total Other Capital Assets	<u>\$ 9,719,253</u>	<u>\$ 8,400</u>	<u>18,149</u>	<u>\$ 9,709,504</u>
Accumulated Depreciation	<u>(2,186,991)</u>	<u>(258,870)</u>	<u>\$ (18,149)</u>	<u>(2,427,712)</u>
Total Net of Depreciation	<u>\$ 7,562,262</u>	<u>\$ (250,470)</u>	<u>\$ -</u>	<u>\$ 7,311,792</u>

NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the total long-term liabilities for the year ended June 30, 2010:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
General obligation (GO) bonds	\$ 458,800,000	\$ 119,735,000	\$ 157,815,000	\$ 420,720,000
Capital lease obligations	41,106,810	36,564,814	41,103,430	36,568,194
Accrued claims payable	21,268,551	13,242,730	12,231,459	22,279,822
Accrued compensated absences	18,143,799	18,693,954	18,373,622	18,464,131
Pension liabilities	3,369,220	7,332	-	3,376,552
Landfill post-closure costs	<u>8,487,968</u>	<u>874,610</u>	<u>-</u>	<u>9,362,578</u>
Total	<u>\$ 551,176,348</u>	<u>\$ 189,118,440</u>	<u>\$ 229,523,511</u>	<u>\$ 510,771,277</u>
Premium on bonds	<u>13,680,255</u>	<u>21,306,824</u>	<u>4,214,213</u>	<u>30,772,866</u>
Total long-term debt	\$ 564,856,603			\$ 541,544,143
Current maturities	<u>(67,825,088)</u>			<u>(65,579,222)</u>
Net long-term liabilities	<u>\$ 497,031,515</u>			<u>\$ 475,964,921</u>

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The current maturity of long-term liabilities at, June 30, 2010 consists of the following:

General obligation bonds	\$ 31,510,000
Capital lease obligations	2,420,623
Accrued claims payable	13,184,468
Accrued compensated absences	<u>18,464,131</u>
Total current maturities	<u>\$ 65,579,222</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, 2010 were:	
Long-term liabilities (detail above)	\$ 541,544,143
Internal Service Fund long-term liabilities	<u>(290,834)</u>
Combined adjustment	<u>\$ 541,253,309</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 \$845,638, which represents the change in accrued interest on bonds payable as of June 30, 2010.

In November 2000 and March 2005, the County's voters authorized the issuance of general obligation bonds. In 2000, voters authorized \$237,000,000, of which \$236,948,800 has been issued as of June 30, 2009. In 2005, voters authorized an additional \$349,300,000 in bonds, of which \$196,199,909 has been issued as of June 30, 2010. 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 to provide funding for certain school capital improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on November 7, 2000 and March 8, 2005. The Bonds mature on July 15th in each of the years 2006 through 2025.

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

COUNTY OF HENRICO, VIRGINIA
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JUNE 30, 2010

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

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

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

On May 13, 2009, the County sold \$33,785,000 General Obligation Public Improvement Refunding Bonds – Series 2009 to advance refund, \$20,010,000 of the County's Series 2001 General Obligation Public Improvement Bonds and \$13,320,000 of the County's Series 2002 General Obligation Public Improvement Bonds. The interest rate on the 2009 bond issue is between 2 percent and 5 percent and the final maturity will occur on March 1, 2022. The principal payments range from \$100,000 to \$3,110,000. The County reduced its aggregate debt service payments by approximately \$ 1.8 million over the next 13 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$5.23 million. The proceeds of the 2009 Refunding Issue were deposited in a trust fund and were used to purchase U.S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$33,330,000 remained outstanding at June 30, 2010) nor the assets placed in the trust fund are reflected in the County's financial statements.

On May 3, 2010, the County sold \$119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from \$475,000 to \$18,040,000. The County reduced its aggregate debt service payments by approximately \$ 3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$124,570,000 remained outstanding at June 30, 2010) nor the assets placed in the trust fund are reflected in the County's financial statements.

As of June 30, 2010, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of \$1,669,563 at June 30, 2010. The Water and Sewer Fund did not have an arbitrage rebate liability at June 30, 2010.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2010 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>
VPSA 1996 Bonds	5.00-6.00	11/01/96	07/15/16	\$ 30,595,000	\$ 10,705,000
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	35,740,000	17,850,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	8,360,000
VPSA 2008 Bonds	4.00-5.00	07/02/08	07/15/28	44,440,000	42,215,000
2001 G.O. Bonds	4.50-5.00	05/15/01	01/15/21	37,110,000	395,000
2002 G.O. Bonds	3.00-5.00	02/01/02	04/01/22	27,035,000	2,670,000
2003 G.O. Bonds	2.00-5.00	01/15/03	01/15/23	107,545,000	17,345,000
2004 G.O. Bonds	4.00-5.25	05/15/04	07/15/24	38,920,000	9,725,000
2005 G.O. Bonds	3.25-5.00	08/17/05	07/15/25	77,815,000	42,790,000
2006 G.O. Bonds	4.00-5.00	11/15/06	12/01/26	71,915,000	43,140,000
2008 G.O. Bonds	3.25-5.00	1/31/08	12/01/27	29,810,000	20,870,000
2008A G.O. Bonds	3.50-5.00	11/14/08	12/01/28	93,090,000	51,800,000
2009 G.O. Bonds	2.00-5.00	5/13/09	03/01/22	33,785,000	33,120,000
2010 G.O. Bonds	3.00-5.00	5/27/10	07/15/25	119,735,000	<u>119,735,000</u>
TOTAL					<u>\$ 420,720,000</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>
2011	\$ 31,500,000	\$ 16,481,155
2012	26,820,000	17,293,296
2013	28,115,000	16,086,621
2014	29,155,000	14,766,256
2015	27,505,000	13,542,112
2016-2020	132,770,000	49,016,556
2021-2025	101,805,000	20,652,467
2026-2029	<u>43,050,000</u>	<u>3,219,156</u>
TOTAL	<u>\$ 420,720,000</u>	<u>\$ 151,057,619</u>

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

Business-Type Activities

A summary of the Water and Sewer Fund ("Fund") and the Belmont Park Golf Course, long-term debt and the individual components of long-term debt at June 30, 2010 are as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Water and Sewer Revenue Bonds:				
1997 Virginia Resource Authority Bonds \$ 25,555,000 \$ - \$ 25,555,000 \$ - \$32,000,000 Variable Interest Rate				
2002 Refunding Bonds – 17,345,000 3.0% to 4.625%	5,240,000	-	1,390,000	3,850,000
2006 Revenue and Refunding Bonds - \$86,265,000, 4.25% to 5.00%	80,565,000	-	2,000,000	78,565,000
2009 Refunding Bonds - \$70,360,000, 2.25% to 5.00%	70,045,000	-	2,455,000	67,590,000
2010 Refunding Bonds - \$22,915,000, 2.25% to 5.00%	-	22,915,000	-	22,915,000
2010 Build America Bonds - \$9,800,000, 2.25% to 5.00%	-	9,800,000	-	9,800,000
Total bonds payable	<u>\$ 181,405,000</u>	<u>\$ 32,715,000</u>	<u>\$ 31,400,000</u>	<u>\$ 182,720,000</u>
Other Liabilities:				
Capital lease obligations	\$ 2,729	\$ 24,123	\$ 3,520	\$ 23,332
Accrued compensated absences	1,124,769	915,571	1,033,059	1,007,281
Pension liabilities	<u>236,745</u>	<u>516</u>	<u>-</u>	<u>237,261</u>
Total long-term liabilities	\$ 182,769,243	<u>\$ 33,655,210</u>	<u>\$ 32,436,579</u>	\$ 183,987,874
Premium on bonds payable	<u>3,536,553</u>	<u>1,946,692</u>	<u>289,391</u>	<u>5,193,854</u>
Total long-term debt	\$ 186,305,796			\$ 189,181,728
Current maturities	<u>(7,150,252)</u>			<u>(7,189,628)</u>
Net long-term liabilities	<u>\$ 179,155,544</u>			<u>\$ 181,992,100</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Current maturities of long-term debt at June 30, 2010, consist of the following:

Revenue bonds	\$ 6,260,000
Capital lease obligations	7,762
Accrued compensated absences	<u>921,866</u>
Total current maturities	<u>\$ 7,189,628</u>

In prior years, the County defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not reflected in the County's financial statements. At June 30, 2010, \$57,610,000 of Water and Sewer System Revenue Bonds, which were considered defeased, remained outstanding.

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

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

Net operating revenues were 1.94 times the annual debt service requirements for the year ended June 30, 2010.

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 1st 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.

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

On December 22, 2009, the County issued \$22,915,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the Variable Rate Series 1997 VRA Bonds. The interest rate on these bonds is between 2% and 5%

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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and the final maturity will occur on May 1, 2028. The principal payments range from \$1,175,000 to \$2,050,000. The Fund reduced its aggregate debt service payments by \$44,418,268 over the next 20 years.

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

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2010 and thereafter follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 6,260,000	\$ 8,523,503
2012	8,400,000	8,303,903
2013	8,565,000	7,950,628
2014	7,815,000	7,588,990
2015	5,700,000	7,351,052
2016-2020	32,265,000	33,008,938
2021-2025	40,370,000	24,866,044
2026-2030	38,925,000	14,150,997
2031-2035	28,015,000	6,229,608
2035-2036	<u>6,405,000</u>	<u>336,046</u>
Total	<u>\$ 182,720,000</u>	<u>\$ 118,309,709</u>

Component Units

School Board:

The Board of Supervisors has authorized the School Board to borrow funds from the Literary Fund of the Commonwealth of Virginia (the "Literary Fund") to finance repairs to eligible educational facilities. For each facility qualifying for a loan, the School Board borrowed funds from the Literary Fund in the form of a demand note with interest ranging from 3.00 percent to 5.00 percent with maturities through May 1, 2009, to cover the repair costs incurred. Once the repair of a facility has been completed, the demand note was converted into a 20-year note payable with annual installments due on the anniversary date of the note. There were no outstanding Literary Fund loans at June 30, 2010.

The School Board's outstanding debt as of June 30, 2010 is as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Capital lease obligations	\$ 11,963,471	\$ 20,077,227	\$ 11,703,597	\$ 20,337,101
Accrued claims payable	5,295,567	2,010,106	2,028,100	5,277,573
Accrued compensated absences	<u>4,467,372</u>	<u>5,269,032</u>	<u>4,943,902</u>	<u>4,792,502</u>
Total School Board	\$ 21,726,410	\$ 27,356,365	\$ 18,675,599	\$ 30,407,176
Current Maturities	<u>(11,173,885)</u>			<u>(15,438,044)</u>
Net long-term liabilities	<u>\$ 10,552,525</u>			<u>\$ 14,969,132</u>

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Current maturities of long-term debt at June 30, 2010, consist of the following:

Capital lease obligations	\$ 8,624,333
Accrued claims payable	2,021,209
Accrued compensated absences	<u>4,792,502</u>
Total current maturities	<u>\$ 15,438,044</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, 2010 is as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Facility revenue bond	\$ 3,960,000	\$ -	\$ 490,000	\$ 3,470,000
Capital lease obligations	1,688	8,400	2,539	7,549
Accrued compensated absences	<u>115,355</u>	<u>167,775</u>	<u>160,936</u>	<u>122,194</u>
Total JRJDC	\$ 4,077,043	<u>\$ 176,175</u>	<u>\$ 653,475</u>	3,599,743
Current Maturities	<u>(580,175)</u>			<u>(634,037)</u>
Net long-term liabilities	<u>\$ 3,496,868</u>			<u>\$ 2,965,706</u>

Current maturities of long-term debt at June 30, 2010, consist of the following:

Revenue bonds	\$ 510,000
Capital lease obligations	1,843
Accrued compensated absences	<u>122,194</u>
Total current maturities	<u>\$ 634,037</u>

Principal and interest payments for future fiscal years subsequent to June 30, 2010 are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 510,000	\$ 160,310
2012	535,000	134,610
2013	565,000	106,878
2014	590,000	78,106
2015	620,000	47,964
2016	<u>650,000</u>	<u>16,328</u>
Total	<u>\$ 3,470,000</u>	<u>\$ 541,196</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, \$20,560,295 of equipment and \$36,425,000 of buildings has been capitalized as of June 30, 2010. 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.

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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 were used to refund the EDA's Public Facility Lease Revenue Bond (Henrico County Regional Jail Project) series 1994, in the aggregate outstanding principal amount of \$62,695,000 maturing through 2021. The proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be paid and the liability has been removed from the County's financial statements. This advanced refunding was undertaken to reduce the total debt service payments over 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.

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

The Schools have entered into agreements for the leasing of computer hardware and equipment. These leases meet the criteria of a capital lease as defined by GAAP, which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$20,337,101 of equipment and has been capitalized as of June 30, 2010. The acquisition of capital assets through capital lease obligations is reflected as expenditure and other financing source in the General or Capital Projects Funds when the obligations are incurred. Payments to satisfy capital lease obligations are recorded as debt service expenditure in the General or Debt Service Funds when the cash outlays are made.

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>
2011	\$ 161,336	\$ 2,259,287	\$ 8,624,333	\$ 11,044,956
2012	54,091	3,287,763	7,015,626	10,357,480
2013	18,838	4,482,775	5,049,841	9,551,454
2014	-	4,947,150	70,614	5,017,764
2015	-	4,951,675	-	4,951,675
2016-2020	-	20,162,050	-	20,162,050
2021-2025	<u>-</u>	<u>6,281,737</u>	<u>-</u>	<u>6,281,737</u>
Total minimum lease payments	\$ 234,265	\$ 46,372,437	\$ 20,760,414	\$ 67,367,116
Less amount representing interest	<u>11,071</u>	<u>10,027,437</u>	<u>423,313</u>	<u>10,461,821</u>
Present value of future minimum lease payments	<u>\$ 223,194</u>	<u>\$ 36,345,000</u>	<u>\$ 20,337,101</u>	<u>\$ 56,905,295</u>

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

<u>Years</u>	<u>Equipment Lease Obligations</u>
2011	\$ 3,019
2012	2,672
2013	2,949
2014	<u>1,208</u>
Total minimum lease payments	9,848
Less amount representing interest	<u>2,299</u>
Present value of future minimum lease payments	<u>\$ 7,549</u>

The Water and Sewer Fund entered into capital lease agreements for copier equipment for \$24,123 during fiscal year 2010. 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>
2011	\$ 8,614
2012	8,614
2013	<u>7,594</u>
Total minimum lease payments	24,822
Less amount representing interest	<u>1,490</u>
Present value of future minimum lease payments	<u>\$ 23,332</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 \$1,772,500 for these cases and potential counterclaims where the County is the plaintiff. It is probable that approximately \$210,000 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, 2010 will not be material to the County's financial statements.

COUNTY OF HENRICO, VIRGINIA
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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, 2010 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.

C. Risk Management

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks, health care and other claims. Insurance carriers cover workers' compensation claims in excess of \$750,000 per occurrence. VaCOR, through the Travelers Insurance Company, covers property claims in excess of \$1,000,000 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, 2010 includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$1,797,505 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, 2010, that are expected to be liquidated with current resources. The amount of settlements has not exceeded insurance coverage in each of the past three years.

Effective January 1, 2008, the County began participating in a self-funded health care program covering medical and prescription drug costs. The County pays all covered claims up to \$300,000 per individual per year. Individual claims that exceed \$300,000 per year are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of projected claims for the year are covered by aggregate excess risk insurance. The carrier of the excess risk policy is Coventry Health and Life Insurance Company. The County has recorded \$6,764,000 for health care claims incurred but not reported in the Government-wide Statement of Net Assets at June 30, 2010.

In addition, the County has recorded \$15,515,822 for the County and \$5,277,573 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, 2010 that are not expected to be liquidated with current resources. Also, the County has designated \$10,000,000 of the June 30, 2010 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2010, the County and Schools had an outstanding claims liability as follows:

	<u>FY 2009</u>		<u>FY 2010</u>	
	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>
Balance, July 1	\$ 19,643,677	\$ 6,013,998	\$ 21,268,551	\$ 5,295,567
Current year claims and changes in estimates	11,453,526	913,719	13,242,730	2,010,106
Claim payments	<u>(9,828,652)</u>	<u>(1,632,150)</u>	<u>(12,231,459)</u>	<u>(2,028,100)</u>
Balance, June 30	<u>\$ 21,268,551</u>	<u>\$ 5,295,567</u>	<u>\$ 22,279,822</u>	<u>\$ 5,277,573</u>

COUNTY OF HENRICO, VIRGINIA
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JUNE 30, 2010

D. Commitments

At June 30, 2010, the County had contractual commitments for the construction of various projects as follows:

	Primary Government	Component Unit-Schools
Capital Projects Funds:		
Computer and Technology Improvements	\$ 1,094,923	\$ -
Buildings and Grounds	1,939,115	-
Road Maintenance and Drainage	14,842,552	-
Community Development	720,933	-
Landfill Expansion and Development	138,810	-
Public Safety Projects	5,322,274	-
Parks and Recreation	7,987,331	-
Judicial Administration	460,323	-
Libraries	1,982,557	-
Education Projects	29,912,736	8,909,738
Total	<u><u>\$ 64,401,554</u></u>	<u><u>\$ 8,909,378</u></u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 26,360,000	
Water Plant Projects	6,041,610	
Computer and Information Systems	149,791	
Total	<u><u>\$ 32,551,401</u></u>	

E. Operating Leases

The County leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated \$ 2,310,572 for fiscal year 2010.

At June 30, 2010, the approximate annual long-term commitments for these operating leases were as follows:

Years	County		School Board		Total
	Real Property	Other Equipment	Real Property	Other Equipment	
2011	\$ 2,020,715	\$ 12,498	\$ 487,445	\$ 2,183	\$ 2,522,841
2012	1,235,071	1,960	405,554	1,261	1,643,846
2013	791,277	-	197,025	-	988,302
2014	590,862	-	116,380	-	707,242
2015	251,237	-	-	-	251,237
2016-2020	39,105	-	-	-	39,105
2021-2045	<u>24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total	<u><u>\$ 4,928,291</u></u>	<u><u>\$ 14,458</u></u>	<u><u>\$1,206,404</u></u>	<u><u>\$ 3,444</u></u>	<u><u>\$ 6,152,597</u></u>

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

COUNTY OF HENRICO, VIRGINIA
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F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2010, was \$6,312,087 and \$72,412, respectively.

At June 30, 2010, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2011	\$ 580,736
2012	541,563
2013	533,810
2014	464,547
2015	374,940
2016-2020	1,145,004
2021-2025	428,644
2026-2052	<u>311,958</u>
Total	<u>\$ 4,381,202</u>

The Water and Sewer Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to thirty years. The cost and accumulated depreciation on leased property at June 30, 2010, was \$4,425,485 and \$846,476, respectively.

At June 30, 2010, minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2011	\$ 48,708
2012	27,965
2013	27,965
2014	28,014
2015	31,499
2016-2020	138,285
2021-2025	43,935
2026-2052	<u>8,462</u>
Total	<u>\$ 354,833</u>

G. Contingent Liabilities

Capital Region Airport Commission

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

Environmental Risk

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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NOTE 9. DEFINED BENEFIT PENSION PLAN – AGENT MULTIPLE-EMPLOYER

A. Plan Description

The County and School Board Non-Professional Group contribute to an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System (“VRS”). All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (“AFC”) for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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/Publications/2009-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. 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 2010 were 11.01 percent and 20.06 percent, respectively, of annual covered payroll.

C. Annual Pension Cost

For 2009, the County annual pension cost of \$24,457,987 was not equal to the required and actual contributions; the School Board Non-Professional Group’s cost of \$448,307 was equal to the required and actual contributions. The required contribution was determined as part of the June 30, 2007 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 5.60 percent per year for general government employees and 3.50 percent to 4.75 percent for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) 2.5 percent per year cost-of-living 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. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a open basis. The remaining amortization period at June 30, 2007 was 20 years.

COUNTY OF HENRICO, VIRGINIA
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NET PENSION OBLIGATION (NPO)

Annual Required Contribution (ARC)	\$ 24,457,987
Interest on NPO	270,447
Adjustment to the ARC	<u>(262,601)</u>
Annual Pension Cost	24,465,833
Contributions made	<u>(24,457,985)</u>
Increase in NPO	7,848
NPO beginning of year	<u>3,605,965</u>
NPO end of year	<u><u>\$ 3,613,813</u></u>

The Net Pension Obligation at June 30, 2010 consists of \$3,376,552 for Governmental Activities and \$237,261 for Business-Type Activities as presented in Note 7.

TREND INFORMATION FOR COUNTY

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
June 30, 2008	\$25,394,613	100.01%	\$ 3,598,809
June 30, 2009	\$24,327,745	99.9%	\$ 3,605,965
June 30, 2010	\$24,465,833	99.9%	\$ 3,613,813

TREND INFORMATION FOR SCHOOL BOARD NON-PROFESSIONAL

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL PENSION COST (APC)</u>	<u>PERCENTAGE OF APC CONTRIBUTED</u>	<u>NET PENSION OBLIGATION</u>
June 30, 2008	\$ 398,395	100.00%	\$ 0
June 30, 2009	\$ 483,902	100.00%	\$ 0
June 30, 2010	\$ 448,307	100.00%	\$ 0

D. Funded Status and Funding Progress

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

As of June 30, 2009, the most recent actuarial valuation date, the plan was 81.00 percent funded. The actuarial accrued liability for benefits was \$970,994,237, and the actuarial value of assets was \$786,485,788, resulting in an unfunded actuarial accrued liability (UAAL) of \$184,508,449. The covered payroll (annual payroll of active employees covered by the plan) was \$223,675,627, and ratio of the UAAL to the covered payroll was 82.49 percent.

COUNTY OF HENRICO, VIRGINIA
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JUNE 30, 2010

SCHEDULE OF FUNDING PROGRESS FOR COUNTY (UNAUDITED *)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Un-funded Actuarial Accrued Liability (UAAL)	Ratio Funded Obligation	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$786,485,788	\$970,994,237	\$184,508,449	81.00%	\$223,675,627	82.49%
June 30, 2008 *	\$769,150,424	\$901,602,524	\$132,452,100	85.31%	\$211,277,190	62.69%
June 30, 2007 *	\$693,038,168	\$816,916,719	\$123,878,551	84.84%	\$197,255,954	62.80%

SCHEDULE OF FUNDING PROGRESS FOR SCHOOL BOARD NON-PROFESSIONAL (UNAUDITED *)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Un-funded Actuarial Accrued Liability (UAAL)	Ratio Funded Obligation	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2009	\$6,211,508	\$9,715,734	\$ 3,504,226	63.93%	\$ 2,439,176	143.66%
June 30, 2008 *	\$ 6,138,632	\$ 9,548,261	\$ 3,409,629	64.29%	\$ 2,300,563	148.21%
June 30, 2007 *	\$ 5,712,656	\$ 9,262,541	\$ 3,549,885	61.67%	\$ 2,040,503	173.97%

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

A. Plan Description

The School Board contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the “VRS”). All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (‘AFC’) for each year of credited service. Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia. The system issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/2009-Annual-Report.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. 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 2010 was 8.81 percent of covered payroll for the first nine months of the fiscal year and zero for the last three months. The School Board’s contributions to

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VRS for the years ending 2010, 2009, and 2008 were \$14,532,319, \$20,222,996, and \$22,236,284, respectively, and are equal to the required contributions for each year.

NOTE 11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

Plan Provisions

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

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

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

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

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

Membership

At June 30, 2010, membership consisted of:

Retirees and beneficiaries	1,950
Active employees	<u>8,663</u>
Total participants	<u>10,613</u>

Funding Policy

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

COUNTY OF HENRICO, VIRGINIA
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Annual OPEB Cost and Net OPEB Obligation (Asset)

In accordance with GAAP, an actuarial study was prepared calculating the postemployment healthcare cost as of June 30, 2009. The actuarial evaluation estimated the Unfunded Actuarial Accrued Liability ("UAAL") at \$85,177,368 and an ARC of \$9,067,063. The postemployment healthcare cost was determined under the Projected Unit Credit Actuarial Cost Method. The calculation was based on a 7.0 percent discount rate and the amortization of the UAAL over 30 years. This represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and the amortization of the UAAL over 30 years. The current ARC of \$9,067,063 is 2.00 percent of annual covered payroll. The following table presents the OPEB cost for the year, the amount contributed and changes in the OPEB Plan for the year ended June 30, 2009.

NET OPEB OBLIGATION (ASSET)

Annual Required Contribution (ARC)	\$ 9,375,600
Interest on Net OPEB Obligation (Asset)	(458,485)
Adjustment to the ARC	<u>393,315</u>
Annual OPEB Cost	9,310,430
Contributions made	<u>(9,375,000)</u>
Increase in Net OPEB Asset	(65,170)
Net OPEB Obligation (Asset) beginning of year	<u>(6,549,785)</u>
Net OPEB Obligation (Asset) end of year	<u>\$ (6,614,955)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for the fiscal year ended June 30, 2010 is as follows:

TREND INFORMATION FOR COUNTY

<u>FISCAL YEAR ENDED</u>	<u>ANNUAL OPEB COST</u>	<u>PERCENTAGE OF OPEB CONTRIBUTED</u>	<u>NET OPEB ASSET</u>
June 30, 2008	\$8,922,677	133.30%	\$ (2,967,323)
June 30, 2009	\$9,067,538	139.64%	\$ (6,549,785)
June 30, 2010	\$9,310,430	100.70%	\$ (6,614,955)

The Net OPEB Asset and other assets are reported in the Statement of Net Assets. The adjustment from modified accrual to full accrual is as follows:

Balances at June 30, 2010 were:	
Net OPEB Asset (detail above)	\$ 6,614,955
Bond Issuance Costs (Note 1)	<u>2,588,212</u>
Combined adjustment	<u>\$ 9,203,167</u>

Funded Status and Funding Progress

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

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

SCHEDULE OF FUNDING PROGRESS (UNAUDITED *)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Ratio Funded Obligation	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2008 *	\$6,400,000	\$87,072,509	\$80,672,509	7.35%	\$426,183,188	18.93%
June 30, 2009 *	\$11,024,022	\$85,177,368	\$74,153,346	12.94%	\$452,853,644	16.37%
June 30, 2010	\$18,186,171	\$90,510,200	\$72,324,029	20.10%	\$222,143,387	32.56%

Actuarial Methods and Assumptions

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

In the June 30, 2010 actuarial valuation, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions included a 7.00 percent rate of return and an annual healthcare cost trend rate of 8.75 percent trending down over the next eight years to a rate of 5.00 percent for future years. The remaining amortization period at June 30, 2010 for the UAAL was 27 years.

NOTE 12. DEFINED COMPENSATION PLAN

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

Eligible retirees receive 24 percent of their final compensation annually for a period not to exceed 7 years or until they reach full, unreduced Social Security retirement age, whichever occurs first. Retirees' final compensation includes regular pay, including supplements but does not include overtime. Retirement compensation is adjusted pro-rata for the cost of living increases or decreases that are approved by the School Board. As a condition of the Program, participants are required to work 20 days per year. The total maximum days worked is limited to 140 days over a 7-year period. During the fiscal year ended June 30, 2010, an expenditure of \$8,199,356 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

NOTE 13. INTERFUND AND COMPONENT UNIT OBLIGATIONS

The General Fund has an advance due from Belmont Park Golf Course for \$112,500 for a loan. The General Fund has a receivable due from JRJDC for operating expenses paid by the General Fund and from Belmont Park 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 payable to Schools for a loan.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

Individual interfund and component unit receivables and payables balances at June 30, 2010 were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 989,460	\$ -
Water and Sewer Fund	5,450,760	-
Capital Projects Fund	-	15,367,138
Belmont Park Golf Course	-	455,316
Component Unit – School Board	9,916,378	-
Component Unit - JRJDC	-	534,144
	<u>\$ 16,356,598</u>	<u>\$ 16,356,598</u>

NOTE 14. FUND TRANSFERS

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

Inter-fund transfers for the year ended June 30, 2010 were as follows:

	<u>Transfers Out</u>	<u>Transfers In</u>
Governmental Funds:		
General Fund	\$ 88,649,004	\$ -
Special Revenue Fund	3,853,700	18,989,929
Debt Service Fund	-	53,531,905
Capital Projects Fund	4,000,000	23,980,870
	<u>\$ 96,502,704</u>	<u>\$ 96,502,704</u>

NOTE 15. RELATED-PARTY TRANSACTIONS

During fiscal year 2010, the County contributed \$645,931 to the Economic Development Authority, to foster economic development within the County, and the County received \$225,970 from the Capital Region Airport Commission for water and sewer services.

NOTE 16. DEFERRED REVENUE

Deferred 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. Deferred revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling \$29,861,456, 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, 2010 totaled \$4,844,214 and \$4,604,910 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 \$8,433,379 at June 30, 2010.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2010, but paid in advance by the taxpayers, totaled \$11,895,695 at June 30, 2010.

D. Other Deferred Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2010. The County recorded \$8,475 in the General Fund for monies received in advance of expenditures being made as of June 30, 2010. Deferred grant revenue for the Schools Special Revenue Fund totaled \$74,783 for USDA donated food inventory on hand at June 30, 2010.

Also, the Water and Sewer Enterprise Fund recorded deferred revenue in the amount of \$18,086,618, which consists of an advance payment from a customer of \$10,157,870 for water capacity, an advance from a customer of \$2,082,787 for sewer capacity and amounts held for contractors of \$5,845,961.

NOTE 17. SURETY BONDS (UNAUDITED)

Surety bonds covered the following constitutional officers and County employees at June 30, 2010:

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
John A. Vithoulkas – Director of Finance and Employees of the Director of Finance	\$ 1,000,000
Michael L. Wade – Sheriff and Employees of the Sheriff's Office	\$ 30,000

Travelers Casualty and Surety Company of America

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

Fidelity and Deposit Company of Maryland

Virgil R. Hazelett – County Manager	\$ 100,000
Paul N. Proto – Director of Department of General Services	\$ 100,000
George T. Drumwright, Jr. – Deputy County Manager	\$ 100,000
Angela N. Harper – Deputy County Manager	\$ 100,000
Randall R. Silber – Deputy County Manager	\$ 100,000
Leon T. Johnson – Deputy County Manager	\$ 100,000
Robert K. Pinkerton – Deputy County Manager	\$ 100,000
Jane D. Crawley – Director of Department of Social Services	\$ 100,000
Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Deborah N. Ward – School Board Deputy Clerk	\$ 10,000
Debra Sue M. Largen – School Board Clerk	\$ 10,000
Patrick Russo – School Superintendent and Deputy Agent	\$ 10,000
Kevin D. Smith – School Board Agent	\$ 10,000

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 18. JOINT VENTURES

A. The Capital Region Airport Commission

The Capital Region Airport Commission (the "Airport 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 Airport Commission for a 40 percent interest in the venture. The Counties of Chesterfield and Hanover became Airport Commission participants in fiscal year 1984 and fiscal year 1986, respectively.

The Airport 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 Airport 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 Airport Commission annually submit a budget showing estimated revenues and expenditures to the governing bodies of the City of Richmond and the three counties for their approval. After approval of the proposed budget by the governing bodies, if the Airport 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 Airport Commission. If, however, actual revenues are less than estimated revenues (resulting in a deficit), the City of Richmond and the three counties may, at their discretion, appropriate funds necessary to fund the deficit. The County has agreed to fund its portion of the deficit, if any.

The percentage shares of the jurisdictions involved include the following:

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

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

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

B. The Greater Richmond Convention Center Authority

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

The Convention Authority was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Richmond Centre. The primary purpose of the Convention Authority is to issue revenue bonds to finance the expansion of the Richmond Centre facility and to construct access,

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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 \$8,861,668 for transient occupancy tax to the Convention Authority during the year ended June 30, 2010.

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*, \$9,362,578 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2010. The balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase and Phase I, 98.9 percent of Phase II's estimated capacity, and 97.8 percent of Phase III's and 25.8 percent of Phase IV's estimated capacity. The County will recognize the remaining estimated cost of closure and post-closure care of \$2,023,690 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 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County plans to meet all Federal laws, regulations, and tests of financial assurance related to the financing of closure and post-closure care. The County estimates that the remaining life of the landfill is approximately 4 years and will be closed in September 2014.

NOTE 20. SPECIAL ASSESSMENT

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

On October 24, 2000, the Board of Supervisors adopted an ordinance authorizing the levy of the Special Assessments on the abutting properties within the SPTC District. On October 20, 2000 the Authority authorized the issuance of the Short Pump Town Center Community Development Authority, \$25,495,000 Taxable Special Assessment Bonds, Series 2003 (2003 Bonds). On September 24, 2003, the 2003 Bonds were issued in accordance with the provisions of Article 6 of Chapter 51 of Title 15.2 of the Code of Virginia of 1950, as amended. The 2003 Bonds financed (a) the cost of certain infrastructure improvements to benefit the District (b) the payment of capitalized interest through February 1, 2004 (c) funded the Debt Service Reserve Fund and (d) paid certain costs of issuance. Neither the Faith and Credit of the Commonwealth of Virginia (the Commonwealth), nor the Faith and Credit of the 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 or interest on the 2003 Bonds. At June 30, 2009, the total Bonds outstanding were paid in full. The final principal payment of \$5,650,000 was paid on February 1, 2009.

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

On March 14, 2006, the Board of Supervisors, by resolution, created the Reynolds Crossing Community Development Authority (RCC Authority). The creation of the RCC Authority was the result of a petition by the landowners of the Reynolds Crossing Community Development District (RCC District). The RCC District consists of approximately 71 acres, of which approximately 51 acres can be developed. The District is located in the western portion of 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 or interest on the 2007 Bonds. At June 30, 2010, the total Bonds outstanding were \$13,839,000. As of June 30, 2010, \$744,294 of interest was paid from the Debt Service Reserve Fund. The first principal payment of \$755,000 was paid 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 Assessments for 2010 were \$365,000. As of June 30, 2010, the County has collected \$182,500 which represents the amount of first half collections which were paid to the RCC District on August 15, 2010.

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

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

At June 30, 2010, the total Bonds outstanding were \$22,370,000 and interest of \$1,265,110 was paid out of the Debt Service Reserve Fund. The first principal payment occurred on March 1, 2010. By memorandum of understanding, between the County and the SWOV District, dated September 1, 2007, the County will collect and pay to the SWOV District the Special Assessments levied on the SWOV District. The Special Assessments for 2010 were \$3,790,000. As of June 30, 2010, the County has collected \$1,895,000 which represents the first half collections which were paid to the SWOV District on August 15, 2010.

NOTE 21. JOINTLY GOVERNED ORGANIZATIONS

A. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (the "CVWM Authority") was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg and Richmond, and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The CVWM Authority is responsible for creating and implementing recycling and solid waste

COUNTY OF HENRICO, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010 were \$2,438,859.

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 \$370,000 for the year ended June 30, 2010.

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 \$1,945,111 to RMCVB for the year ended June 30, 2010.

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 \$175,060 for the year ended June 30, 2010.

NOTE 22. SUBSEQUENT EVENTS

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



Henrico County

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

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, 2010

Exhibit 11
Page 1 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 305,190,000	\$ 294,590,000	\$ 291,958,587	\$ (2,631,413)
Current personal property taxes	65,728,717	65,728,717	65,899,345	170,628
Delinquent real property taxes	500,000	2,000,000	5,388,595	3,388,595
Delinquent personal property taxes	750,000	750,000	1,607,749	857,749
Interest	275,000	275,000	337,741	62,741
Land redemption	55,000	55,000	9,403	(45,597)
Total general property taxes	372,498,717	363,398,717	365,201,420	1,802,703
Other local taxes:				
County recordation taxes	3,400,000	3,400,000	2,976,850	(423,150)
Local sales and use taxes	57,100,000	54,500,000	53,256,396	(1,243,604)
Consumer utility taxes	2,600,000	2,600,000	2,690,681	90,681
Business and professional license taxes	30,600,000	30,600,000	27,313,048	(3,286,952)
Motor vehicle license taxes	6,325,000	6,325,000	6,181,742	(143,258)
Hotel and motel taxes	9,200,000	9,200,000	9,005,457	(194,543)
Bank franchise taxes	3,000,000	5,000,000	14,579,141	9,579,141
Grantor's taxes	900,000	900,000	669,591	(230,409)
Daily rental tax	290,000	290,000	170,329	(119,671)
Consumption tax	1,200,000	1,200,000	1,136,198	(63,802)
Total other local taxes	114,615,000	114,015,000	117,979,433	3,964,433
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	155,000	155,000	166,454	11,454
Transfer fees	10,800	10,800	6,822	(3,978)
Zoning application fees	250,000	250,000	112,090	(137,910)
Structure and equipment permits	2,650,000	2,650,000	1,634,574	(1,015,426)
Septic tank permits	14,000	14,000	6,865	(7,135)
Taxi cab certificates	6,300	6,300	12,935	6,635
Permits to purchase precious metal	2,000	2,000	7,600	5,600
Dog licenses	110,000	110,000	243,101	133,101
Other	326,100	345,826	474,958	129,132
Total permits, privilege fees and regulatory licens	3,524,200	3,543,926	2,665,399	(878,527)
Fines and forfeitures:				
False alarm penalties	65,000	65,000	60,588	(4,412)
Traffic violations	2,200,000	2,200,000	2,394,788	194,788
Parking violations	50,000	50,000	24,182	(25,818)
Total fines and forfeitures	2,315,000	2,315,000	2,479,558	164,558
Revenue from use of money and property:				
Sale of equipment and publications	65,900	65,900	213,243	147,343
Rented county property	384,000	384,000	626,563	242,563
Use of money	8,139,000	9,139,000	3,234,108	(5,904,892)
Total revenue from use of money and property	8,588,900	9,588,900	4,073,914	(5,514,986)
Charges for services:				
Public works	150,000	150,000	160,437	10,437
Library	344,200	344,200	493,647	149,447
Sheriff fees	830,500	830,500	1,299,168	468,668
Commonwealth's Attorney fees	12,000	12,000	12,711	711
Public safety	15,000	15,000	12,282	(2,718)
Finance charges	510,000	510,000	460,872	(49,128)
Recreation	631,500	631,500	773,611	142,111
Information technology	750,000	750,000	756,500	6,500
Total charges for services	3,243,200	3,243,200	3,969,228	726,028

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 11
Page 2 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	2,942,800	2,942,800	5,267,322	2,324,522
Total miscellaneous	2,942,800	2,942,800	5,267,322	2,324,522
Recovered costs:				
Finance	2,098,700	2,098,700	2,300,806	202,106
General services	794,727	794,727	1,892,333	1,097,606
Public health	55,000	55,000	55,294	294
Public works	378,000	378,000	569,540	191,540
Sheriff	900,000	900,000	880,810	(19,190)
Public safety	25,000	25,000	20,973	(4,027)
Total recovered costs	4,251,427	4,251,427	5,719,756	1,468,329
Total revenue from local sources	511,979,244	503,298,970	507,356,030	4,057,060
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	105,000	105,000	153,399	48,399
Recovery of central costs	475,000	475,000	466,475	(8,525)
Mobile home sales and use tax	12,500	12,500	5,960	(6,540)
Motor vehicle rental tax	2,267,800	2,267,800	2,608,042	340,242
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	14,500,000	13,500,000	13,766,560	266,560
Overweight truck citations	16,000	16,000	10,144	(5,856)
Total non-categorical aid	54,378,083	53,378,083	54,012,363	634,280
Shared expenses:				
Sheriff	10,389,400	9,900,000	1,168,280	(8,731,720)
Commonwealth's Attorney	1,836,000	1,836,000	1,715,708	(120,292)
Election commission	84,400	84,400	81,570	(2,830)
Finance	862,500	731,900	727,913	(3,987)
Circuit court	2,730,000	2,650,000	2,879,515	229,515
Total shared expenses	15,902,300	15,202,300	6,572,986	(8,629,314)
Categorical aid:				
Library	215,000	215,000	204,596	(10,404)
Public safety	13,125,000	13,212,172	11,881,289	(1,330,883)
Social services	3,989,900	6,295,553	6,710,118	414,565
Public works	28,745,000	28,745,000	29,543,547	798,547
Juvenile and domestic relations	530,500	530,500	567,893	37,393
Total categorical aid	46,605,400	48,998,225	48,907,443	(90,782)
Total revenue from the Commonwealth	116,885,783	117,578,608	109,492,792	(8,085,816)
Revenue from the Federal Government:				
Social services	10,358,200	13,062,651	11,620,046	(1,442,605)
Public safety	27,000	27,000	9,623,425	9,596,425
Total revenue from the Federal Government	10,385,200	13,089,651	21,243,471	8,153,820
Total intergovernmental	127,270,983	130,668,259	130,736,263	68,004
Total General Fund	\$ 639,250,227	\$ 633,967,229	\$ 638,092,293	\$ 4,125,064

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 11
Page 3 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund:				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ -	\$ 2,765,110	\$ 1,616,560	\$ (1,148,550)
Current personal property taxes	-	-	625,968	625,968
Total general property taxes	-	2,765,110	2,242,528	(522,582)
Other local taxes:				
Local sales and use taxes	-	-	1,420,776	1,420,776
Business and professional license taxes	-	-	390,815	390,815
Total other local taxes	-	-	1,811,591	1,811,591
Revenue from use of money and property	84,216	84,216	1,688,643	1,604,427
Charges for services:				
Miscellaneous charges for services	8,415,331	8,561,542	9,113,607	552,065
Refuse collection billing	6,660,000	6,660,000	6,801,113	141,113
Landfill weighing fees	1,371,845	1,371,845	1,117,548	(254,297)
Recycle fees	1,034,540	1,034,540	243,255	(791,285)
Bulky waste collection fees	678,800	678,800	1,726,598	1,047,798
Leaf collection	2,873,642	2,873,642	2,873,642	-
Charges for street lights	70,200	70,200	83,188	12,988
Total charges for services	21,104,358	21,250,569	21,958,951	708,382
Miscellaneous revenues	1,288,513	1,426,951	473,435	(953,516)
Recovered costs:				
Recovered costs	545,446	576,290	468,914	(107,376)
Recoveries and rebates	1,300	1,300	57,002	55,702
Total recovered costs	546,746	577,590	525,916	(51,674)
Total revenue from local sources	23,023,833	26,104,436	28,701,064	2,596,628
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	25,000	25,000	33,186	8,186
Social services	4,666,129	4,679,635	4,383,007	(296,628)
Mental health and developmental services	6,865,974	7,366,747	6,644,213	(722,534)
Virginia department of corrections	1,479,928	1,539,928	1,513,351	(26,577)
Commonwealth's Attorney	189,807	189,807	207,584	17,777
Miscellaneous state grants	947,538	3,471,766	1,633,871	(1,837,895)
Total revenue from the Commonwealth	14,174,376	17,272,883	14,415,212	(2,857,671)
Revenue from the Federal Government:				
Workforce investment	3,302,935	4,549,512	5,957,494	1,407,982
Community development block grants	-	2,490,268	2,953,810	463,542
Public safety	-	2,323,238	1,409,202	(914,036)
Mental health and developmental services	1,982,207	2,308,610	2,308,610	-
Miscellaneous federal grants	571,183	863,469	445,679	(417,790)
Total revenue from the Federal Government	5,856,325	12,535,097	13,074,795	539,698
Total intergovernmental	20,030,701	29,807,980	27,490,007	(2,317,973)
Total Special Revenue Fund	\$ 43,054,534	\$ 55,912,416	\$ 56,191,071	\$ 278,655
Grand Total Revenues - Primary Government	\$ 682,304,761	\$ 689,879,645	\$ 694,283,364	\$ 4,403,719

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 12
Page 1 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 1,164,196	\$ 1,198,346	\$ 1,162,419	\$ 35,927
Total legislative	1,164,196	1,198,346	1,162,419	35,927
General and financial administration:				
County manager	4,025,580	4,044,701	3,763,088	281,613
County attorney	2,049,269	2,060,669	1,966,861	93,808
Human resources	6,281,177	6,158,138	5,498,813	659,325
Finance	12,806,463	12,961,266	11,750,156	1,211,110
General services	20,848,171	26,821,138	25,701,409	1,119,729
Internal audit	361,168	405,426	398,406	7,020
Real property agent	605,673	605,673	560,622	45,051
Information technology	13,196,932	12,161,416	9,818,616	2,342,800
Total general and financial administration	60,174,433	65,218,427	59,457,971	5,760,456
Board of elections:				
Election commission	1,457,761	1,268,439	1,116,150	152,289
Total board of elections	1,457,761	1,268,439	1,116,150	152,289
Total general government administration	62,796,390	67,685,212	61,736,540	5,948,672
Judicial administration:				
Courts:				
Circuit Court	3,099,930	3,950,440	2,940,765	1,009,675
General District Court	200,491	281,846	267,127	14,719
Juvenile and Domestic Relations Court	2,434,398	2,435,746	2,335,652	100,094
Total Courts	5,734,819	6,668,032	5,543,544	1,124,488
Commonwealth's Attorney:				
Commonwealth's Attorney	4,699,778	4,699,778	4,514,180	185,598
Total Commonwealth's Attorney	4,699,778	4,699,778	4,514,180	185,598
Total judicial administration	10,434,597	11,367,810	10,057,724	1,310,086
Public safety:				
Law enforcement:				
Police department	65,116,864	66,206,067	63,206,996	2,999,071
Total law enforcement	65,116,864	66,206,067	63,206,996	2,999,071
Fire services:				
Fire department	49,908,604	52,566,123	49,152,615	3,413,508
Total fire services	49,908,604	52,566,123	49,152,615	3,413,508
Correction and detention:				
Sheriff	34,233,243	34,324,488	33,814,669	509,819
Juvenile and Domestic Relations District Court	3,359,898	3,359,898	3,286,700	73,198
Total correction and detention	37,593,141	37,684,386	37,101,369	583,017
Inspections:				
Building	4,668,567	4,669,491	4,031,660	637,831
Total inspections	4,668,567	4,669,491	4,031,660	637,831
Other protection:				
Office of emergency services	287,309	289,457	273,468	15,989
Animal protection	1,462,659	1,495,376	1,338,842	156,534
Building security	1,413,587	1,425,646	1,345,809	79,837
Total other protection	3,163,555	3,210,479	2,958,119	252,360
Total public safety	160,450,731	164,336,546	156,450,759	7,885,787

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 12
Page 2 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General administration	1,343,918	1,347,936	1,245,932	102,004
Mass transit	5,165,932	5,319,461	4,516,362	803,099
Design	2,337,059	2,350,474	2,237,298	113,176
Construction and maintenance	22,038,331	30,042,436	26,050,124	3,992,312
Traffic engineering	3,324,754	3,365,056	3,007,783	357,273
Miscellaneous	1,725,905	1,899,190	1,565,134	334,056
Total maintenance of highways and streets	35,935,899	44,324,553	38,622,633	5,701,920
Sanitation and waste removal:				
Leaf collection	2,873,641	2,873,641	2,873,641	-
Total sanitation and waste removal	2,873,641	2,873,641	2,873,641	-
Total public works	38,809,540	47,198,194	41,496,274	5,701,920
Health and social services:				
Health:				
Public health department	1,645,730	1,645,730	1,583,256	62,474
Total health	1,645,730	1,645,730	1,583,256	62,474
Social services:				
Service staff	5,497,525	5,466,622	5,141,990	324,632
Service/Eligibility Administration	4,978,657	5,135,677	4,855,738	279,939
Welfare programs	2,297,863	3,533,889	3,285,722	248,167
Public assistance	6,020,101	9,869,577	9,233,195	636,382
Total social services	18,794,146	24,005,765	22,516,645	1,489,120
Total health and social services	20,439,876	25,651,495	24,099,901	1,551,594
Parks, recreation and cultural:				
Parks and recreation:				
Department of recreation and parks	16,770,371	16,988,218	15,833,448	1,154,770
Sandston Community House	14,000	14,000	12,661	1,339
Total parks and recreation	16,784,371	17,002,218	15,846,109	1,156,109
Library:				
Library public services	16,399,039	15,456,247	14,726,109	730,138
Total library	16,399,039	15,456,247	14,726,109	730,138
Total parks, recreation and cultural	33,183,410	32,458,465	30,572,218	1,886,247
Community development:				
Planning and community development:				
Economic development	15,965,453	15,968,501	15,080,970	887,531
Planning and rezoning	4,326,456	4,449,280	3,912,300	536,980
Total planning and community development	20,291,909	20,417,781	18,993,270	1,424,511
Cooperative extension program:				
Agriculture	376,772	376,772	323,918	52,854
Total cooperative extension program	376,772	376,772	323,918	52,854
Total community development	20,668,681	20,794,553	19,317,188	1,477,365
Education:				
School Board	189,916,306	189,916,306	189,916,306	-
Total education	189,916,306	189,916,306	189,916,306	-

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 12
Page 3 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative projects	19,852,510	21,732,462	20,116,363	1,616,099
Total miscellaneous	19,852,510	21,732,462	20,116,363	1,616,099
Debt service:				
Capital lease principal	257,421	257,421	257,421	-
Capital lease interest	25,749	25,749	25,749	-
Total debt service	283,170	283,170	283,170	-
Total General Fund	\$ 556,835,211	\$ 581,424,213	\$ 554,046,443	\$ 27,377,770
Special Revenue Fund:				
General government administration:				
General and financial administration:				
Workforce investment	\$ 3,666,521	\$ 10,141,749	\$ 6,272,278	\$ 3,869,471
Total general government administration	3,666,521	10,141,749	6,272,278	3,869,471
Judicial administration:				
Commonwealth's Attorney:				
Commonwealth's Attorney	835,304	1,271,121	875,075	396,046
Total judicial administration	835,304	1,271,121	875,075	396,046
Public safety:				
Law enforcement:				
Traffic accident investigation	1,410,225	5,578,383	2,360,612	3,217,771
Total law enforcement	1,410,225	5,578,383	2,360,612	3,217,771
Fire	-	658,087	217,689	440,398
Correction and detention:				
Community Diversion Program	1,741,679	1,921,793	1,725,750	196,043
Juvenile and Domestic Relations District Court	1,088,023	1,158,379	1,041,926	116,453
Total correction and detention	2,829,702	3,080,172	2,767,676	312,496
Total public safety	4,239,927	9,316,642	5,345,977	3,970,665
Public works:				
General administration	897,000	5,806,630	192,801	5,613,829
Maintenance of highways and streets	70,200	70,200	66,179	4,021
Solid waste collection and disposal	12,044,831	12,379,056	10,937,820	1,441,236
Total public works	13,012,031	18,255,886	11,196,800	7,059,086
Health and social services:				
Social services	8,564,611	10,212,406	7,228,497	2,983,909
Mental health and developmental services:				
Related services	4,121,736	5,407,468	4,018,491	1,388,977
Mental health	10,629,083	10,752,584	10,005,725	746,859
Developmental Services	9,724,508	10,436,787	9,528,391	908,396
Substance abuse	2,619,262	2,631,764	2,275,675	356,089
MH/DS administration	5,016,448	4,948,670	4,475,666	473,004
Total mental health and developmental services	32,111,037	34,177,273	30,303,948	3,873,325
Total health and social services	40,675,648	44,389,679	37,532,445	6,857,234
Parks, recreation and culture:				
Library grants	-	61,277	61,277	-
Parks and recreation grants	-	44,255	5,778	38,477
Total parks, recreation and culture	-	105,532	67,055	38,477

continued

COUNTY OF HENRICO, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Exhibit 12
Page 4 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Community development:				
Planning and community development	-	5,625,328	3,255,218	2,370,110
Economic development	111,895	3,765,201	3,043,000	722,201
Total community development	111,895	9,390,529	6,298,218	3,092,311
Debt service:				
Capital lease principal	17,870	17,870	17,870	-
Capital lease interest	1,367	1,367	1,367	-
Total debt service	19,237	19,237	19,237	-
Total Special Revenue Fund	\$ 62,560,563	\$ 92,890,375	\$ 67,607,085	\$ 25,283,290
Grand Total Expenditures - Primary Government	\$ 619,395,774	\$ 674,314,588	\$ 621,653,528	\$ 52,661,060

COUNTY OF HENRICO, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2010

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



Henrico County

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Other Supplemental Information



Henrico County

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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, 2010

Schedule 1

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous revenue	\$ -	\$ -	\$ 538,603	\$ (538,603)
Total Debt Service Fund	<u>-</u>	<u>-</u>	<u>538,603</u>	<u>(538,603)</u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule 2

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous -	\$	\$ -	\$ 1,092,365	\$ (1,092,365)
Debt Service:				
Principal payments	35,290,000	34,880,001	34,880,000	1
Interest payments	22,442,472	20,300,839	20,098,143	202,696
Total Debt Service	57,732,472	55,180,840	54,978,143	202,697
Total Debt Service Fund	<u>\$ 57,732,472</u>	<u>\$ 55,180,840</u>	<u>\$ 56,070,508</u>	<u>\$ (889,668)</u>



Henrico County

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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 STATEMENTS OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	\$ 8,379,490	\$ 9,842,492	\$ 17,412,170	\$ 35,634,152
Receivables, net	5,570	-	-	5,570
Inventories	712,193	-	-	712,193
Other assets	-	-	13,866	13,866
Total current assets	9,097,253	9,842,492	17,426,036	36,365,781
Capital Assets:				
Other capital assets, net	13,046,387	-	-	13,046,387
Capital assets, net	13,046,387	-	-	13,046,387
Total Assets	\$ 22,143,640	\$ 9,842,492	\$ 17,426,036	\$ 49,412,168
Liabilities:				
Accounts payable	\$ 767,191	\$ 229,496	\$ 1,634,390	\$ 2,631,077
Long-term liabilities due within one year	202,077	-	-	202,077
Total current liabilities	969,268	229,496	1,634,390	2,833,154
Long-term liabilities due in more than one year	88,757	-	-	88,757
Total liabilities	1,058,025	229,496	1,634,390	2,921,911
Net Assets:				
Invested in capital assets, net of related debt	13,046,387	-	-	13,046,387
Unrestricted	8,039,228	9,612,996	15,791,646	33,443,870
Total net assets	21,085,615	9,612,996	15,791,646	46,490,257
Total Liabilities and Net Assets	\$ 22,143,640	\$ 9,842,492	\$ 17,426,036	\$ 49,412,168

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	\$ 18,228,213	\$ 2,680,444	\$ -	\$ 20,908,657
Contributions:				
Employer	-	-	51,024,067	51,024,067
Employee	-	-	14,441,350	14,441,350
Retiree	-	-	4,933,916	4,933,916
Disabled	-	-	158,808	158,808
Other	88,437	-	2,500	90,937
Total operating revenues	18,316,650	2,680,444	70,560,641	91,557,735
Operating Expenses:				
Utility charges	114,479	-	-	114,479
Personnel services and benefits	3,626,219	-	66,014,900	69,641,119
Professional services	64,883	-	-	64,883
Materials and supplies	9,471,267	2,759,132	-	12,230,399
Maintenance and repairs	2,448,489	-	-	2,448,489
Other expenses	755,306	-	1,393,615	2,148,921
Depreciation	1,943,449	-	-	1,943,449
Total operating expenses	18,424,092	2,759,132	67,408,515	88,591,739
Operating income	(107,442)	(78,688)	3,152,126	2,965,996
Nonoperating (Expenses) Revenues:				
Gain on sale of equipment	90,788	-	-	90,788
Investment income	-	-	75,473	75,473
Total nonoperating revenues (expenses)	90,788	-	75,473	166,261
Change in net assets	(16,654)	(78,688)	3,227,599	3,132,257
Total Net Assets - June 30, 2009	21,102,269	9,691,684	12,564,047	43,358,000
Total Net Assets - June 30, 2010	\$ 21,085,615	\$ 9,612,996	\$ 15,791,646	\$ 46,490,257

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 18,228,718	\$ 2,680,444	\$ 70,560,641	\$ 91,469,803
Payments to suppliers	(12,869,214)	(2,653,699)	(67,321,088)	(82,844,001)
Payments to employees	(3,558,064)	-	-	(3,558,064)
Net cash provided by operating activities	1,801,440	26,745	3,239,553	5,067,738
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(1,597,560)	-	-	(1,597,560)
Proceeds from sale of capital assets	227,737	-	-	227,737
Net cash used in capital and related financing activities	(1,369,823)	-	-	(1,369,823)
Cash Flows From Investing Activities:				
Investment income received	-	-	75,473	75,473
Net Increase in Cash	431,617	26,745	3,315,026	3,773,388
Cash and cash equivalents - June 30, 2009	7,947,873	9,815,747	14,097,144	31,860,764
Cash and cash equivalents - June 30, 2010	<u>\$ 8,379,490</u>	<u>\$ 9,842,492</u>	<u>\$ 17,412,170</u>	<u>\$ 35,634,152</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating income	\$ (107,442)	\$ (78,688)	\$ 3,152,126	\$ 2,965,996
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,943,449	-	-	1,943,449
Change in assets and liabilities:				
Receivables	505	-	-	505
Inventories	(14,068)	-	-	(14,068)
Other asset	-	-	15,991	15,991
Accounts payable	(11,678)	105,433	71,436	165,191
Accrued liabilities	(9,326)	-	-	(9,326)
Net cash provided by operating activities	<u>\$ 1,801,440</u>	<u>\$ 26,745</u>	<u>\$ 3,239,553</u>	<u>\$ 5,067,738</u>

COUNTY OF HENRICO
VIRGINIA

AGENCY FUNDS

Financial Statements

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

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

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

**COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010**

Schedule 6

	Long-Term Disability	Agency Funds Special Welfare	Mental Health and Retardation	Total
Assets:				
Cash and cash equivalents	\$ 999,498	\$ 144,257	\$ 57,776	\$ 1,201,531
Total Assets	<u>\$ 999,498</u>	<u>\$ 144,257</u>	<u>\$ 57,776</u>	<u>\$ 1,201,531</u>
Liabilities:				
Amounts due to others	\$ 999,498	\$ 144,084	\$ 57,776	\$ 1,201,358
Accounts payable	-	173	-	173
Total Liabilities	<u>\$ 999,498</u>	<u>\$ 144,257</u>	<u>\$ 57,776</u>	<u>\$ 1,201,531</u>

COUNTY OF HENRICO, VIRGINIA
COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

Schedule 7

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	\$ 1,239,598	\$ 103,818	\$ 343,918	\$ 999,498
Total assets	<u>\$ 1,239,598</u>	<u>\$ 103,818</u>	<u>\$ 343,918</u>	<u>\$ 999,498</u>
Liabilities:				
Amounts due to others	\$ 1,239,598	\$ 103,818	\$ 343,918	\$ 999,498
Total liabilities	<u>\$ 1,239,598</u>	<u>\$ 103,818</u>	<u>\$ 343,918</u>	<u>\$ 999,498</u>
Special Welfare:				
Assets:				
Cash and cash equivalents	\$ 78,058	\$ 317,004	\$ 250,805	\$ 144,257
Total assets	<u>\$ 78,058</u>	<u>\$ 317,004</u>	<u>\$ 250,805</u>	<u>\$ 144,257</u>
Liabilities:				
Amounts due to others	\$ 78,058	\$ 316,320	\$ 250,294	\$ 144,084
Accounts payable	-	684	511	173
Total liabilities	<u>\$ 78,058</u>	<u>\$ 317,004</u>	<u>\$ 250,805</u>	<u>\$ 144,257</u>
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	\$ 55,339	275,179	\$ 272,742	\$ 57,776
Total assets	<u>\$ 55,339</u>	<u>\$ 275,179</u>	<u>\$ 272,742</u>	<u>\$ 57,776</u>
Liabilities:				
Amounts due to others	\$ 55,339	\$ 275,179	\$ 272,742	\$ 57,776
Total liabilities	<u>\$ 55,339</u>	<u>\$ 275,179</u>	<u>\$ 272,742</u>	<u>\$ 57,776</u>
Totals:				
Assets:				
Cash and cash equivalents	\$ 1,372,995	\$ 696,001	\$ 867,465	\$ 1,201,531
Total assets	<u>\$ 1,372,995</u>	<u>\$ 696,001</u>	<u>\$ 867,465</u>	<u>\$ 1,201,531</u>
Liabilities:				
Amounts due to others	\$ 1,372,995	\$ 695,317	\$ 866,954	\$ 1,201,358
Accounts payable	-	684	511	173
Total liabilities	<u>\$ 1,372,995</u>	<u>\$ 696,001</u>	<u>\$ 867,465</u>	<u>\$ 1,201,531</u>



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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, 2010**

Schedule 8

	Governmental Funds			Totals
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Assets and Other Debits:				
Cash and cash equivalents	\$ 2,242,806	\$ -	\$ 21,664,277	\$ 23,907,083
Other assets	4,837	75,731	-	80,568
Due from primary government	-	-	9,916,378	9,916,378
Due from other governmental units	3,326,698	8,284,253	486,188	12,097,139
Due from other funds	825,765	-	-	825,765
Total Assets and Other Debits	<u>\$ 6,400,106</u>	<u>\$ 8,359,984</u>	<u>\$ 32,066,843</u>	<u>\$ 46,826,933</u>
Liabilities and Equity:				
Liabilities:				
Accounts payable	\$ 1,545,321	\$ 542,554	\$ 2,711,772	\$ 4,799,647
Amounts held for others	1,116,414	-	-	1,116,414
Due to other funds	-	825,765	-	825,765
Deferred revenues	-	4,679,694	-	4,679,694
Total liabilities	<u>2,661,735</u>	<u>6,048,013</u>	<u>2,711,772</u>	<u>11,421,520</u>
Equity:				
Fund balances:				
Reserved for encumbrances	3,493,004	2,311,971	8,909,738	14,714,713
Unreserved:				
Designated:				
Construction commitment	-	-	20,445,333	20,445,333
Undesignated	245,367	-	-	245,367
Total equity	<u>3,738,371</u>	<u>2,311,971</u>	<u>29,355,071</u>	<u>35,405,413</u>
Total Liabilities and Equity	<u>\$ 6,400,106</u>	<u>\$ 8,359,984</u>	<u>\$ 32,066,843</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.	\$ 449,039
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	230,028,563
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	<u>(30,407,176)</u>
Net Assets of Discretely Presented Component Unit - School Board	<u>\$ 235,475,839</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, 2010**

Schedule 9

	Governmental Funds			Total
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Revenues:				
Permits, privilege fees and regulatory licenses	\$ 352,703	\$ -	\$ -	\$ 352,703
Charges for services	126,444	8,854,628	-	8,981,072
Miscellaneous	-	280,675	-	280,675
Recovered costs	390,205	-	-	390,205
Intergovernmental:				-
Federal	8,964,763	31,315,523	486,188	40,766,474
State	208,393,403	9,138,167	-	217,531,570
Total revenues	<u>218,227,518</u>	<u>49,588,993</u>	<u>486,188</u>	<u>268,302,699</u>
Expenditures:				
Education	416,439,951	48,474,695	-	464,914,646
Capital projects	-	-	9,603,265	9,603,265
Debt service:				-
Principal retirement	11,697,005	-	-	11,697,005
Interest	624,457	-	-	624,457
Total expenditures	<u>428,761,413</u>	<u>48,474,695</u>	<u>9,603,265</u>	<u>486,839,373</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(210,533,895)</u>	<u>1,114,298</u>	<u>(9,117,077)</u>	<u>(218,536,674)</u>
Other Financing Sources:				
Issuance of capital leases	20,077,227	-	-	20,077,227
Transfers in	-	-	942,628	942,628
Transfers out	(942,628)	-	-	(942,628)
Payment from Primary Government	189,916,306	-	2,978,651	192,894,957
Total other financing sources	<u>209,050,905</u>	<u>-</u>	<u>3,921,279</u>	<u>212,972,184</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(1,482,990)</u>	<u>1,114,298</u>	<u>(5,195,798)</u>	<u>(5,564,490)</u>
Fund Balances - June 30, 2009	<u>5,221,361</u>	<u>1,197,673</u>	<u>34,550,869</u>	<u>40,969,903</u>
Fund Balances - June 30, 2010	<u>\$ 3,738,371</u>	<u>\$ 2,311,971</u>	<u>\$ 29,355,071</u>	<u>\$ 35,405,413</u>

Adjustments for the Statement of Activities:

Deficiency of revenues and other sources under expenditures and other uses	\$ (5,564,490)
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.	11,697,005
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds.	(24,702,194)
Governmental funds report capital outlays as expenditures while school board activities capitalize those outlays to allocate those expenditures over the life of the assets.	31,963,359
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities	(20,077,227)
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.	(31,785)
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	<u>(307,136)</u>
Change in Net Assets of Discretely Presented Component Unit - School Board	<u>\$ (7,022,468)</u>



Henrico County

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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, 2010**

Schedule 10

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 4,630,307
Total Assets	<u>\$ 4,630,307</u>
Liabilities:	
Amounts held for others	\$ 4,630,307
Total Liabilities	<u>\$ 4,630,307</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, 2010

Schedule 11

	Balance July 1	Additions	Deletions	Balance June 30
School Activity Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 4,280,979</u>	<u>\$ 14,487,664</u>	<u>\$ 14,138,336</u>	<u>\$ 4,630,307</u>
Total assets	<u><u>\$ 4,280,979</u></u>	<u><u>\$ 14,487,664</u></u>	<u><u>\$ 14,138,336</u></u>	<u><u>\$ 4,630,307</u></u>
Liabilities:				
Amounts due to others	<u>\$ 4,280,979</u>	<u>\$ 14,487,664</u>	<u>\$ 14,138,336</u>	<u>\$ 4,630,307</u>
Total liabilities	<u><u>\$ 4,280,979</u></u>	<u><u>\$ 14,487,664</u></u>	<u><u>\$ 14,138,336</u></u>	<u><u>\$ 4,630,307</u></u>

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule 12
Page 1 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 25,000	\$ 25,000	\$ 22,723	\$ (2,277)
Facilities rental	310,000	310,000	329,980	19,980
Total permits, privilege fees and regulatory licenses	335,000	335,000	352,703	17,703
Charges for services:				
School fees and tuitions	145,000	145,000	126,444	(18,556)
Total charges for services	145,000	145,000	126,444	(18,556)
Recovered cost:				
Sale of vehicles, textbooks and equipment	120,000	120,000	92,424	(27,576)
Lost/damaged textbook payments	22,000	22,000	15,373	(6,627)
Payment for services - parks and recreation	165,000	165,000	140,164	(24,836)
Recovered cost - student activities	160,000	160,000	142,244	(17,756)
Total recovered cost	467,000	467,000	390,205	(76,795)
Total revenue from local sources	947,000	947,000	869,352	(77,648)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,248,000	1,248,000	1,235,594	(12,406)
English as a second language	1,707,000	1,237,000	1,243,156	6,156
General appropriation - basic aid	128,998,000	127,198,000	116,712,701	(10,485,299)
Foster child reimbursement	152,000	152,000	372,275	220,275
Textbooks	3,287,000	-	2,748,440	2,748,440
Social security reimbursement	7,211,000	7,141,000	7,138,989	(2,011)
Retirement reimbursement	9,291,000	6,891,000	6,891,870	870
Life insurance reimbursement	249,000	189,000	192,204	3,204
State lottery proceeds	-	2,442,628	1,918,625	(524,003)
Remedial education	2,323,000	2,323,000	2,306,443	(16,557)
Share of State sales tax - schools	46,381,000	41,531,000	42,405,989	874,989
SOQ - basic special education	16,835,000	16,665,000	16,666,794	1,794
Special education - homebound	114,000	114,000	114,348	348
Vocational education - local administrative and supervisory	497,000	497,000	352,895	(144,105)
Vocational education - equipment	-	-	59,811	59,811
Vocational education - SOQ occupational	2,718,000	2,718,000	2,690,850	(27,150)
Handicapped - foster home	1,028,000	880,000	578,552	(301,448)
Salary incentive K-3	2,829,000	2,829,000	2,755,078	(73,922)
R.O.T.C.	350,000	350,000	293,282	(56,718)
Adult basic aid	-	-	66,593	66,593
At risk	1,558,000	1,513,000	1,512,747	(253)
Other categorical aid	100,000	100,000	136,167	36,167
Total categorical aid	226,876,000	216,018,628	208,393,403	(7,625,225)
Total revenue from the Commonwealth	226,876,000	216,018,628	208,393,403	(7,625,225)
Revenue from the Federal Government:				
Adult education - Federal Funds	75,000	75,000	-	(75,000)
Emergency Impact Aid Funds	125,000	125,000	-	(125,000)
Stabilizations Funds	-	-	8,964,763	8,964,763

continued

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule 12
Page 2 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund, continued:				
Total revenue from the Federal Government	200,000	200,000	8,964,763	8,764,763
Total intergovernmental	227,076,000	216,218,628	217,358,166	1,139,538
Total Component Unit - General Fund	\$ 228,023,000	\$ 217,165,628	\$ 218,227,518	\$ 1,061,890
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 10,983,770	\$ 10,983,770	\$ 8,854,628	\$ (2,129,142)
Total charges for services	10,983,770	10,983,770	8,854,628	(2,129,142)
Miscellaneous:				
Miscellaneous	908,927	908,927	163,704	(745,223)
Recoveries and rebates	210,000	210,000	116,971	(93,029)
Total miscellaneous	1,118,927	1,118,927	280,675	(838,252)
Total revenue from local sources	12,102,697	12,102,697	9,135,303	(2,967,394)
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,114,978	1,114,978	1,153,592	38,614
Technology 1,922,000		1,922,000	1,933,033	11,033
Summer school	1,607,789	1,607,789	300,751	(1,307,038)
General adult education	1,166,466	1,166,466	833,120	(333,346)
State SOL	318,788	318,788	133,351	(185,437)
School lunch program	315,949	315,949	338,721	22,772
Other state educational grants	3,124,164	3,124,164	4,445,599	1,321,435
Total revenue from the Commonwealth	9,570,134	9,570,134	9,138,167	(431,967)
Revenue from the Federal Government:				
Title I	4,847,325	4,847,325	5,309,860	462,535
Title VI-B	10,027,576	10,027,576	9,247,534	(780,042)
Vocational federal act	1,321,034	1,321,034	292,462	(1,028,572)
Head start	1,541,373	1,541,373	1,232,765	(308,608)
Pre-school	266,299	266,299	191,940	(74,359)
School lunch program	5,813,539	5,813,539	6,447,066	633,527
School breakfast program	-	-	1,839,965	1,839,965
Other Federal educational grants	8,551,240	27,039,555	6,753,931	(20,285,624)
Total revenue from the Federal Government	32,368,386	50,856,701	31,315,523	(19,541,178)
Total intergovernmental	41,938,520	60,426,835	40,453,690	(19,973,145)
Total Component Unit - Special Revenue Fund	\$ 54,041,217	\$ 72,529,532	\$ 49,588,993	\$ (22,940,539)
Grand Total Revenues - Component Unit - School Board	\$ 282,064,217	\$ 289,695,160	\$ 267,816,511	\$ (21,878,649)

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	\$ 53,433,538	\$ 54,178,265	\$ 50,637,061	\$ 3,541,204
Instructional	302,792,559	295,469,379	294,723,611	745,768
Educational programs and services	5,413,217	5,262,696	5,102,679	160,017
Transportation	24,886,881	25,657,800	24,743,853	913,947
Operation and maintenance	45,475,975	43,673,561	41,232,747	2,440,814
Total administration of schools	<u>432,002,170</u>	<u>424,241,701</u>	<u>416,439,951</u>	<u>7,801,750</u>
Debt Service:				
Principal retirement	11,697,005	11,697,005	11,697,005	-
Interest	628,052	628,052	624,457	3,595
Total debt service	<u>12,325,057</u>	<u>12,325,057</u>	<u>12,321,462</u>	<u>3,595</u>
Total education	<u>444,327,227</u>	<u>436,566,758</u>	<u>428,761,413</u>	<u>7,805,345</u>
Total Component Unit - General Fund	<u>\$ 444,327,227</u>	<u>\$ 436,566,758</u>	<u>\$ 428,761,413</u>	<u>\$ 7,805,345</u>
Special Revenue Fund:				
Education:				
Instruction	\$ 30,840,527	\$ 57,000,841	\$ 30,803,139	\$ 26,197,702
Other educational programs	5,877,432	7,054,262	1,005,552	6,048,710
Total education	<u>36,717,959</u>	<u>64,055,103</u>	<u>31,808,691</u>	<u>32,246,412</u>
School food service	<u>17,412,081</u>	<u>17,455,592</u>	<u>16,666,004</u>	<u>789,588</u>
Total Component Unit - Special Revenue Fund	<u>\$ 54,130,040</u>	<u>\$ 81,510,695</u>	<u>\$ 48,474,695</u>	<u>\$ 33,036,000</u>
Grand Total Expenditures - Component Unit - School Board	<u>\$ 498,457,267</u>	<u>\$ 518,077,453</u>	<u>\$ 477,236,108</u>	<u>\$ 40,841,345</u>

Statistical Section

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

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

Contents

Financial Trends

Tables I – IV

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

Revenue Capacity

Tables V – VIII

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

Debt Capacity

Tables IX – X

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

Demographic and Economic Information

Tables XI – XII

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

Operating Information

Tables XIII – XV

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

COUNTY OF HENRICO, VIRGINIA
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS

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

Table I

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 541,152	\$ 600,857	\$ 618,680	\$ 660,171	\$ 734,506	\$ 795,307	\$ 846,377	\$ 917,136	\$ 921,623
Restricted For:									
Capital Projects	46,450	34,207	39,903	45,800	42,176	83,043	87,472	73,835	86,705
Debt Service	24,052	25,127	24,589	28,288	27,293	30,881	32,847	40,667	38,006
Special Revenue	14,792	14,705	20,589	18,937	19,422	22,060	26,128	25,768	29,488
Unrestricted	79,091	90,342	101,333	114,439	143,902	161,949	184,450	214,984	203,684
Total Governmental Activities Net Assets	\$ 705,537	\$ 765,238	\$ 805,094	\$ 867,635	\$ 967,299	\$1,093,240	\$1,177,273	\$1,272,390	\$1,279,506
Business-type Activities:									
Invested in Capital Assets, Net of Related Debt	\$ 607,491	\$ 670,198	\$ 725,502	\$ 773,417	\$ 815,710	\$ 826,625	\$ 863,944	\$ 885,430	\$ 909,604
Debt Service	11,708	11,592	11,590	11,470	11,453	15,885	15,699	15,129	16,704
Unrestricted	116,154	87,465	69,539	51,800	54,911	73,696	74,206	78,038	76,418
Total Business-Type Activities Net Assets	\$ 735,353	\$ 769,255	\$ 806,631	\$ 836,687	\$ 882,074	\$ 916,205	\$ 953,849	\$ 978,597	\$1,002,727
Primary Government:									
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	\$1,710,321	\$1,802,566	\$1,831,227
Restricted For:									
Highways, Streets, and Buildings	46,450	34,207	39,903	45,800	42,176	83,043	87,472	73,835	86,705
Debt Service	24,052	25,127	24,589	28,288	27,293	30,881	32,847	55,796	54,710
Restricted Grants	26,500	26,297	32,179	30,407	30,875	37,945	41,827	25,768	29,488
Unrestricted	195,245	177,807	170,872	166,239	198,813	235,645	258,656	293,022	280,102
Total Primary Government Net Assets	\$ 1,440,890	\$ 1,534,493	\$ 1,611,725	\$ 1,704,322	\$ 1,849,373	\$2,009,446	\$2,131,122	\$2,250,987	\$2,282,233

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

Table may not foot due to rounding

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

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

Table II

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Expenses</u>									
Governmental Activities:									
General Government	\$ 64,387	\$ 61,261	\$ 66,700	\$ 72,848	\$ 67,016	\$ 79,015	\$ 100,488	\$ 97,244	\$ 102,595
Judicial Administration	5,224	5,811	5,950	6,475	6,835	7,585	8,053	8,493	10,943
Public Safety	108,007	113,224	119,776	128,215	142,050	151,289	161,509	167,439	165,026
Public Works	47,644	48,026	65,727	53,711	54,640	60,957	61,590	65,154	77,785
Health and Welfare	41,837	44,403	47,945	50,924	54,016	57,777	60,903	62,145	67,543
Education	157,316	162,722	172,148	176,443	182,180	180,070	196,102	190,186	193,146
Parks, Recreation and Culture	19,819	20,894	22,731	24,497	26,090	28,748	33,624	34,829	35,204
Community Development	15,752	15,640	23,141	29,639	26,838	29,359	30,083	26,080	25,428
Interest and Long-term Debt	13,982	15,094	15,023	13,755	16,804	17,171	17,522	23,609	27,698
Total Government Activities Expenses	473,968	487,075	539,141	556,507	576,469	611,971	669,874	675,178	705,368
Business-Type Activities:									
Water and Sewer	52,699	54,896	59,275	65,604	71,522	81,415	84,792	86,688	87,290
Belmont Park Golf Course	1,058	1,075	1,322	1,642	1,129	1,122	1,106	1,200	1,237
Total Business-Type Activities Expenses	53,757	55,971	60,597	67,246	72,651	82,537	85,898	87,888	88,527
Total Primary Government Expenses	\$ 527,726	\$ 543,046	\$ 599,738	\$ 623,753	\$ 649,120	\$ 694,508	\$ 755,772	\$ 763,066	\$ 793,895
<u>Program Revenues</u>									
Governmental Activities:									
Charges for services:									
General Government	\$ 13,579	\$ 14,131	\$ 20,189	\$ 18,509	\$ 18,439	\$ 18,941	\$ 16,298	\$ 18,208	\$ 15,207
Judicial Administration	208	103	114	126	101	113	103	104	81
Public Safety	4,519	4,424	5,070	4,826	4,770	4,107	2,160	2,129	2,765
Public Works	7,263	7,558	10,452	9,844	10,313	10,566	11,601	12,738	13,741
Health and Welfare	5,260	5,832	5,875	6,283	8,303	8,062	8,436	9,059	9,645
Parks, Recreation and Culture	928	1,026	1,051	1,240	1,148	1,285	1,395	1,351	1,444
Community Development	439	451	545	586	528	691	605	472	547
Operating grants and contributions	81,778	82,955	104,191	115,674	125,012	143,668	120,155	141,967	111,874
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	113,974	116,480	147,487	157,088	168,614	187,433	160,753	186,027	155,304
Business-Type Activities:									
Water and Sewer	69,033	63,359	66,119	92,605	113,022	108,688	116,085	110,179	106,220
Belmont Park Golf Course	913	696	729	691	943	931	986	964	868
Total Business-Type Activities Revenues	69,946	64,055	66,848	93,296	113,965	109,619	117,071	111,143	107,088
Total Primary Government Revenues	\$ 183,920	\$ 180,535	\$ 214,335	\$ 250,384	\$ 282,579	\$ 297,052	\$ 277,824	\$ 297,170	\$ 262,392

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

Table may not foot due to rounding

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

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

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

Table II (Cont'd)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Net (Expense) Revenue</u>									
Governmental Activities:									
General Government	\$ (48,386)	\$ (44,657)	\$ (45,656)	\$ (53,265)	\$ (46,055)	\$ (59,019)	\$ (83,011)	\$ (77,796)	\$ (86,579)
Judicial Administration	560	(193)	(47)	445	703	(1,081)	(1,445)	(2,398)	(5,795)
Public Safety	(79,812)	(84,200)	(90,688)	(97,640)	(109,490)	(112,189)	(126,924)	(136,612)	(135,030)
Public Works	(15,437)	(15,771)	(26,759)	3,083	11,465	18,264	(4,879)	17,121	(26,246)
Health and Welfare	(13,650)	(14,614)	(15,467)	(17,429)	(17,912)	(20,361)	(20,980)	(20,828)	(25,890)
Education	(157,316)	(162,722)	(172,148)	(176,443)	(182,180)	(180,070)	(196,102)	(190,186)	(193,146)
Parks, Recreation and Culture	(18,547)	(19,623)	(20,818)	(23,023)	(24,706)	(27,140)	(31,998)	(33,158)	(33,555)
Community Development	(13,424)	(13,719)	(5,049)	(21,392)	(22,875)	(25,770)	(26,260)	(21,685)	(16,125)
Interest and Long-term Debt	(13,982)	(15,094)	(15,023)	(13,755)	(16,804)	(17,171)	(17,522)	(23,609)	(27,698)
Total Governmental Activities Net Expense	(359,994)	(370,593)	(391,655)	(399,419)	(407,854)	(424,537)	(509,121)	(489,151)	(550,064)
Business-Type Activities:									
Water and Sewer	48,454	8,463	6,844	27,001	41,500	27,273	31,293	23,491	18,929
Belmont Park Golf Course	(144)	(379)	(593)	(951)	(186)	(191)	(120)	(236)	(369)
Total Business-Type Activities Net Revenue	48,310	8,084	6,251	26,050	41,314	27,082	31,173	23,255	18,560
Total Primary Government Net Expense	<u>\$ (311,684)</u>	<u>\$ (362,509)</u>	<u>\$ (385,404)</u>	<u>\$ (373,369)</u>	<u>\$ (366,540)</u>	<u>\$ (397,455)</u>	<u>\$ (477,948)</u>	<u>\$ (465,896)</u>	<u>\$ (531,504)</u>
<u>General Revenues and Other Changes in Net Assets</u>									
Governmental Activities:									
Taxes									
Property	\$ 236,198	\$ 241,471	\$ 264,499	\$ 288,230	\$ 312,238	\$ 350,196	\$ 377,200	\$ 383,557	\$ 366,203
Local Sales and Use	43,992	47,096	47,446	50,213	53,254	54,472	53,742	54,109	53,256
Business License	22,315	23,013	24,042	25,510	28,628	31,173	30,848	29,849	27,313
Hotel and Motel	6,624	6,937	8,108	8,308	9,139	10,305	10,489	9,640	9,006
Bank Franchise	8,612	9,334	10,654	7,901	4,904	5,120	11,114	17,220	14,579
Other	19,925	23,085	26,192	29,570	33,151	33,992	35,570	31,658	17,069
Interest and Investment Earnings	10,256	8,650	2,583	7,695	14,032	22,818	25,520	12,849	4,656
Grants and Contributions	41,591	38,382	42,134	43,063	50,635	39,482	47,612	43,735	61,238
Miscellaneous/Donated Assets	887	32,327	5,852	1,469	1,537	2,919	1,059	1,651	3,861
Total Governmental Activities	390,400	430,294	431,511	461,960	507,518	550,478	593,154	584,268	557,181
Business-Type Activities:									
Interest and Investment Earnings	2,138	1,804	692	788	1,079	5,811	4,788	1,015	646
Grants and Contributions	934	799	1,056	1,427	1,185	1,332	1,187	983	661
Miscellaneous/Donated Assets	1,480	21,571	29,378	1,790	1,810	(94)	495	(505)	4,262
Total Business-Type Activities	4,552	24,174	31,125	4,005	4,074	7,049	6,471	1,493	5,569
Total Primary Government	<u>\$ 394,952</u>	<u>\$ 454,469</u>	<u>\$ 462,636</u>	<u>\$ 465,965</u>	<u>\$ 511,591</u>	<u>\$ 557,527</u>	<u>\$ 599,625</u>	<u>\$ 585,761</u>	<u>\$ 562,750</u>
<u>Change in Net Assets</u>									
Government Activities	\$ 30,406	\$ 59,701	\$ 39,856	\$ 62,541	\$ 99,664	\$ 125,941	\$ 84,033	\$ 95,116	\$ 7,117
Business Activities	52,862	32,258	37,376	30,055	45,388	34,131	37,644	24,748	24,129
Total Primary Government Net Assets	<u>\$ 83,268</u>	<u>\$ 91,960</u>	<u>\$ 77,232</u>	<u>\$ 92,596</u>	<u>\$ 145,051</u>	<u>\$ 160,072</u>	<u>\$ 121,677</u>	<u>\$ 119,865</u>	<u>\$ 31,246</u>

Note: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.
Table may not foot due to rounding

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

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

Table III

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:									
Reserved for:									
Advance to Other Funds	\$ -	\$ 135	\$ 135	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113
Encumbrances	4,552	6,881	7,704	8,335	4,398	5,823	6,076	7,116	4,298
Unreserved, reported in:									
Designated	24,108	21,478	25,058	40,111	76,912	74,614	98,599	100,889	101,927
Undesignated	85,853	95,022	102,352	107,442	113,191	122,729	130,004	139,209	136,526
Total General Fund	114,513	123,516	135,249	156,001	194,614	203,279	234,792	247,327	242,864
All Other Governmental Funds:									
Reserved for:									
Encumbrances	26,262	41,737	33,794	34,090	87,000	70,168	70,725	96,054	69,556
Unreserved, reported in:									
Designated:									
Special Revenue Fund	13,933	14,773	20,338	16,240	18,154	21,324	24,859	24,373	24,333
Debt Service Fund	7,572	7,667	7,569	7,602	4,067	4,606	5,216	7,422	6,496
Capital Project Fund	48,006	58,510	81,539	64,802	67,705	124,535	116,557	154,575	114,572
Undesignated	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	95,773	122,687	143,240	122,734	176,926	220,633	217,357	282,424	214,957
Total Fund Balances	\$ 210,286	\$ 246,203	\$ 278,489	\$ 278,735	\$ 371,540	\$ 423,912	\$ 452,149	\$ 529,751	\$ 457,822

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

Table may not foot due to rounding

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

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

Table IV

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:									
General Property Taxes	\$ 226,258	\$ 240,665	\$ 264,120	\$ 287,165	\$ 316,998	\$ 346,403	\$ 371,556	\$ 377,532	\$ 367,444
Other Local Taxes	101,468	109,465	116,443	121,502	129,075	129,919	127,268	126,270	119,791
Licenses and Permits	3,492	3,932	3,756	4,421	4,345	4,596	4,202	3,032	2,665
Fines and Forfeitures	1,876	1,799	1,818	2,150	2,445	2,640	2,404	2,333	2,480
Use of Money and Property	11,041	8,650	3,050	8,236	14,459	23,310	26,302	13,761	7,185
Charges for Services	20,763	21,729	25,740	25,328	27,798	25,026	22,105	23,825	25,928
Miscellaneous	2,607	3,088	9,744	6,586	4,207	7,360	7,451	9,075	7,191
Recovered Costs	3,371	3,529	4,044	5,261	5,416	5,928	5,455	6,392	6,246
Intergovernmental Revenue	121,760	121,336	144,817	137,462	148,376	148,941	176,600	164,086	168,695
Total Government Revenues	492,636	514,193	573,532	598,111	653,119	694,123	743,343	726,306	707,625
Expenditures:									
General Government	48,372	52,803	53,719	58,125	61,718	62,556	66,566	65,526	68,009
Judicial Administration	5,485	5,766	5,897	6,429	6,847	7,527	8,210	8,609	10,933
Public Safety	107,518	112,049	119,168	125,721	141,916	149,915	159,842	167,650	161,797
Public Works	35,281	36,684	52,558	40,558	42,139	45,339	47,226	50,799	52,693
Health and Welfare	42,013	44,507	47,897	50,789	53,855	57,681	61,420	62,776	61,632
Parks, Recreation and Culture	18,872	19,598	21,354	23,230	24,742	27,298	30,377	31,698	30,639
Community Development	15,780	15,615	23,086	29,600	26,800	29,358	30,076	26,134	25,615
Education	157,285	160,294	169,678	174,162	179,897	176,899	188,503	184,328	192,895
Miscellaneous	5,883	6,667	8,752	9,387	1,851	13,507	20,092	21,545	21,209
Debt Service - Principal	20,246	22,137	23,258	22,747	26,442	29,306	32,890	30,452	35,155
- Interest	13,158	14,579	14,267	14,471	15,576	18,578	18,996	22,384	20,125
Capital Outlay	46,865	40,449	46,565	42,676	59,510	97,470	82,761	118,776	100,066
Total Government Expenditures	516,758	531,148	582,199	597,895	641,293	715,434	746,959	790,677	780,768
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,122)	(16,955)	(8,667)	216	11,826	(21,311)	(3,616)	(64,371)	(73,143)
Other Financing Sources (Uses):									
Transfers-in	70,504	69,964	73,257	89,401	105,108	146,445	108,134	115,122	96,503
Transfers-out	(70,504)	(69,964)	(73,257)	(89,401)	(105,108)	(146,445)	(108,134)	(115,122)	(96,503)
Issuance of Bonds	27,035	50,230	38,920	-	77,815	71,915	29,810	171,315	156,160
Issuance of Bond Premium	385	1,823	2,031	-	3,096	1,664	1,335	7,389	21,307
Issuance of Capital Lease Obligations	891	819	-	29	69	104	709	67	140
Payment to Escrow Agent	-	-	-	-	-	-	-	(36,799)	(176,393)
Total Other Financing Sources, Net	28,311	52,872	40,951	29	80,980	73,683	31,854	141,972	1,214
Net Change in Fund Balances	\$ 4,189	\$ 35,917	\$ 32,284	\$ 245	\$ 92,806	\$ 52,372	\$ 28,238	\$ 77,601	\$ (71,929)
Debt service as a percentage of noncapital expenditures	7.24%	8.15%	7.14%	7.07%	7.76%	8.31%	8.12%	7.74%	7.08%

Notes: Accrual-basis financial information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.
Table may not foot due to rounding

Source: County of Henrico Comprehensive Annual Financial Reports Exhibit 4

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

Table V

Year	Real Property				Personal Property				Total Taxable Assessed Value	Direct Tax Rate	Estimated Actual Value of Taxable Property
	Residential Property	Commercial Property (1)	Public (3) Service Corp.	Total Real Property	Real Property Tax Rate (2)	Personal Property					
						Personal Property	Public (3) Service Corp.				
2001	11,029,621	5,827,850	827,287	17,684,758	0.94	2,853,452	5,820	2,859,272	20,544,030	4.44	20,544,030
2002	11,986,442	6,353,182	851,848	19,191,472	0.94	2,859,762	4,521	2,864,283	22,055,755	4.44	22,055,755
2003	13,034,663	6,766,823	869,736	20,671,222	0.94	2,790,989	6,961	2,797,950	23,469,172	4.44	23,469,172
2004	14,820,557	7,482,898	889,991	23,193,446	0.94	2,792,062	7,090	2,799,152	25,992,598	4.44	25,992,598
2005	17,046,539	8,288,217	797,890	26,132,646	0.92	3,030,117	5,487	3,035,604	29,168,250	4.42	29,168,250
2006	20,093,473	9,188,028	801,743	30,083,244	0.90	3,721,480	3,789	3,725,269	33,808,513	4.40	33,808,513
2007	22,769,740	10,017,942	850,902	33,638,584	0.87	3,807,727	3,419	3,811,146	37,449,730	4.37	37,449,730
2008	24,247,110	10,492,965	851,142	35,591,217	0.87	4,022,204	3,803	4,026,007	39,617,224	4.37	39,617,224
2009	24,154,886	10,820,982	913,716	35,889,584	0.87	3,789,013	2,763	3,791,776	39,681,360	4.37	39,681,360
2010	22,613,681	9,403,294	976,312	32,993,287	0.87	3,068,020	3,704	3,071,724	36,065,011	4.37	36,065,011

Source: County of Henrico Director of Finance

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

(1) Includes commercial, industrial, manufacturing and agriculture

(2) Per \$100 of assessed value

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

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

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

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

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

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi- Conductor	Total Direct Rate
2010	\$ 0.87	\$ 3.50	\$ 1.00	\$ 1.60	\$ 0.40	\$ 7.37
2009	0.87	3.50	1.00	1.60	0.40	7.37
2008	0.87	3.50	1.00	1.60	0.40	7.37
2007	0.87	3.50	1.00	1.60	0.55	7.52
2006	0.90	3.50	1.00	1.60	0.55	7.55
2005	0.92	3.50	1.00	1.60	0.55	7.57
2004	0.94	3.50	1.00	1.60	1.00	8.04
2003	0.94	3.50	1.00	1.60	1.00	8.04
2002	0.94	3.50	1.00	1.60	1.00	8.04
2001	0.94	3.50	1.00	1.60	1.00	8.04

Source: County of Henrico Director of Finance

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

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

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

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

Table VII

Taxpayer	Type of Business	Calendar Year 2010			Calendar Year 2009			Calendar Year 2000		
		Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation
Virginia Power Company	Utility	440,809,316	1	1.22%	430,387,857	2	1.1%	372,039,554	2	2.0%
Forest City (Short Pump TC, White Oak, etc)	Retail and Offices	370,297,200	2	1.03%	428,025,200	3	1.1%	-	N/A	-
Verizon	Utility	308,808,485	3	0.86%	247,528,949	7	0.6%	-	N/A	-
Highwoods Properties	Offices and Warehouses	258,164,500	4	0.72%	310,557,600	4	0.8%	161,633,100	4	0.9%
The Wilton Companies etals	Office, Retail & Warehouse	222,756,700	5	0.62%	253,981,100	6	0.6%	-	N/A	-
Liberty Property, LP	Warehouses and Offices	210,474,600	6	0.58%	266,853,400	5	0.7%	113,594,500	5	0.6%
General Services Corporation	Apartments	199,359,400	7	0.55%	235,519,900	8	0.6%	-	N/A	-
Gumenick	Apartments	164,089,300	8	0.46%	-	-	-	-	N/A	-
United Dominion Realty Trust	Apartments	152,852,800	9	0.42%	199,589,300	9	0.5%	69,925,100	10	0.4%
Weinstein Family	Apartments	151,335,400	10	0.42%	183,006,800	10	0.5%	-	N/A	-
Qimonda AG (Infineon Technologies)	Industrial	-	-	-	\$ 839,253,471	1	2.1%	\$ -	N/A	-
White Oak Semiconductor	Industrial	-	-	-	-	-	-	523,342,200	1	2.8%
Bell Atlantic - Virginia, Inc.	Utility	-	-	-	-	-	-	238,725,936	3	1.3%
Sovran Bank, as Trustee	Regency Shopping Center	-	-	-	-	-	-	97,148,700	6	0.5%
VAC Limited	Apartments	-	-	-	-	-	-	74,705,900	7	0.4%
Circuit City Stores, Inc.	Retail Distribution Center & Stores	-	-	-	-	-	-	73,524,338	8	0.4%
Security Capital Atlantic	Apartments	-	-	-	-	-	-	72,206,000	9	0.4%
Totals		\$ 2,478,947,701		6.9%	\$ 3,394,703,577		8.6%	\$ 1,796,845,328		9.6%
Total Assessed Values		\$ 36,065,011,000			\$ 39,681,360,000			\$ 18,814,048,000		

Source: County of Henrico Director of Finance

**COUNTY OF HENRICO, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST EIGHT 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%	\$ 9,177,369	\$ 273,432,728	99.9%
2004	296,552,199	284,758,490	96.0%	11,562,088	296,320,578	99.9%
2005	324,711,836	310,097,233	95.5%	9,580,951	319,678,184	98.4%
2006	339,091,487	323,450,975	95.4%	8,526,427	331,977,402	97.9%
2007	352,305,000 (1)	331,949,276	94.2%	7,369,747	339,319,023	96.3%
2008	369,929,993	364,474,006	98.5%	4,438,698	368,912,704	99.7%
2009	380,661,375	371,078,746	97.5%	9,224,236	380,302,982	99.9%
2010	365,521,825	357,859,027	97.9%	N/A (2)	357,859,027	97.9%

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 2010 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					
			Debt					
2001	191,491,721	6,424,730	185,066,991	1.9%	0.9%	681.78	83,287,435	
2002	203,269,929	7,571,989	195,697,940	2.0%	0.9%	712.03	78,832,407	
2003	235,893,137	7,667,047	228,226,090	2.2%	1.0%	811.99	73,995,115	
2004	257,032,495	7,568,786	249,463,709	2.4%	1.0%	863.99	68,127,765	
2005	239,750,753	7,602,585	232,148,168	2.1%	0.8%	791.28	61,436,460	
2006	296,672,986	4,067,585	292,605,401	2.4%	0.9%	977.17	55,748,161	
2007	345,172,939	4,606,347	340,566,592	2.7%	0.9%	1,125.77	49,771,138	
2008	348,534,427	5,216,511	343,317,916	2.6%	0.9%	1,123.50	43,865,892	
2009	458,800,000	7,421,544	451,378,456	3.2%	1.1%	1,466.31	41,106,810	
2010	420,720,000	6,496,004	414,223,996	2.8%	1.1%	1,319.23	36,568,194	

Fiscal Year	Business-Type Activities			Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Component Units		
	Water & Sewer Revenue Bonds	Capital Leases	Total Primary Government				School Board		
							Capital Leases	Facility Bond	Capital Leases
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	3.9%	1.4%	1,587.24	15,453,321	5,290,000	13,343
2007	199,895,000	12,444	590,245,174	4.6%	1.6%	1,951.11	19,268,975	4,870,000	9,661
2008	191,960,000	7,718	579,151,526	4.3%	1.5%	1,895.25	21,733,285	4,425,000	5,780
2009	181,405,000	2,729	673,892,995	4.8%	1.7%	2,189.16	11,963,471	3,960,000	1,688
2010	182,720,000	23,332	633,535,522	4.3%	1.8%	2,017.70	20,337,101	3,470,000	7,549

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

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

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

(2) The County's GO Bond (plus Literary Loans, if applicable).

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

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

Table X

Fiscal Year	Operating Revenue	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
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	8,470,000	9,708,681	18,178,681	2.09
2008	86,691,475	52,062,041	34,629,434	8,205,000	9,252,708	17,457,708	1.98
2009	87,194,067	54,609,318	32,584,749	8,680,000	7,302,706	15,982,706	2.04
2010	83,321,061	54,265,948	29,055,113	6,780,000	8,162,621	14,942,621	1.94

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

(1) Water and Sewer Fund only.

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

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

Table XI

Year	County Population (1)	Total Personal Income (2) (\$000)	Per Capita Income (2)	Average Daily Student Enrollment (3)	Unemployment Rate (4)
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	12,125,029	42,459	46,910	3.0%
2007	302,518	12,758,972	44,079	47,537	2.8%
2008	305,580	13,427,154 (6)	45,720 (6)	48,226	3.9%
2009	307,832	14,130,329 (6)	47,422 (6)	48,822	7.6%
2010	313,989 (5)	14,870,329 (6)	49,187 (6)	48,232	7.0%

Sources:

(1) Henrico County 3-C 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)

(3) Commonwealth of Virginia Superintendent's Annual Report

(4) Virginia Employment Commission (Henrico County Economic Profile 10/22/2010)

(5) Based on 2% increase from 2009 3-C Planning Report

(6) Calculation based on trend average 2000 - 2007

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

Table XII

Employer	2010 (1)			2009			2008			2007			2006		
	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	4.3%	5,000-9,999	1	4.3%	5,000-9,999	1	4.0%	5,000-9,999	1	3.9%	5,000-9,999	1	3.9%
County of Henrico	1,000-4,999	2	2.6%	1,000-4,999	2	2.6%	1,000-4,999	2	2.5%	1,000-4,999	3	2.5%	1,000-4,999	3	2.4%
Capital One Bank	1,000-4,999	3	2.5%	1,000-4,999	3	2.5%	1,000-4,999	3	2.5%	1,000-4,999	2	2.5%	1,000-4,999	2	2.5%
Bon Secours Richmond Health System(2)	1,000-4,999	4	1.9%	1,000-4,999	4	2.0%	1,000-4,999	4	1.9%	1,000-4,999	4	1.9%	1,000-4,999	4	1.9%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	5	1.9%	1,000-4,999	5	2.0%	1,000-4,999	5	1.9%	1,000-4,999	5	1.9%	1,000-4,999	5	1.9%
Henrico Doctors' Hospital (HCA)	1,000-4,999	6	1.9%	1,000-4,999	6	2.0%	1,000-4,999	9	1.9%	1,000-4,999	10	1.9%	1,000-4,999	8	1.9%
Bank of America	1,000-4,999	7	1.9%	1,000-4,999	7	2.0%	1,000-4,999	8	1.9%	1,000-4,999	8	1.9%	1,000-4,999	7	1.9%
Admiral Security Services	1,000-4,999	8	1.9%	1,000-4,999	9	2.0%	1,000-4,999	12	1.9%	1,000-4,999	12	1.9%	1,000-4,999	11	1.9%
Wells Fargo Bank NA	1,000-4,999	9	1.9%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
GNA Corporation	1,000-4,999	10	1.9%	1,000-4,999	11	2.0%	1,000-4,999	11	1.9%	1,000-4,999	11	1.9%	500-999	14	0.5%
Walmart	1,000-4,999	11	1.9%	1,000-4,999	12	2.0%	1,000-4,999	14	1.9%	1,000-4,999	14	1.9%	1,000-4,999	13	1.9%
United States Postal Service	1,000-4,999	12	1.9%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Altria Corporate Services Inc	1,000-4,999	13	1.9%	1,000-4,999	13	2.0%	-	N/A	-	-	N/A	-	-	N/A	-
Dominion Resources	500-999	14	0.5%	500-999	16	0.5%	500-999	17	0.5%	500-999	19	0.5%	500-999	17	0.5%
Martin's Food Market	500-999	15	0.5%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Verizon Virginia, Inc.	500-999	16	0.5%	500-999	17	0.5%	500-999	19	0.5%	500-999	17	0.5%	500-999	16	0.5%
Kroger	500-999	17	0.5%	500-999	20	0.5%	500-999	18	0.5%	500-999	20	0.5%	500-999	21	0.5%
Virginia Department of Social Services	500-999	18	0.5%	500-999	18	0.5%	500-999	16	0.5%	500-999	18	0.5%	-	N/A	-
Ukrops	500-999	19	0.5%	1,000-4,999	10	2.0%	1,000-4,999	10	1.9%	1,000-4,999	9	1.9%	1,000-4,999	9	1.9%
Market Service, Inc	500-999	20	0.5%	500-999	19	0.5%	-	N/A	-	-	N/A	-	-	N/A	-
Circuit City Stores	-	N/A	-	1,000-4,999	8	2.0%	1,000-4,999	6	1.9%	1,000-4,999	6	1.9%	1,000-4,999	6	1.9%
First Union National Bank	-	N/A	-	1,000-4,999	14	2.0%	1,000-4,999	13	1.9%	1,000-4,999	13	1.9%	1,000-4,999	10	1.9%
Qimonda North America Corp	-	N/A	-	1,000-4,999	15	2.0%	1,000-4,999	7	1.9%	1,000-4,999	7	1.9%	1,000-4,999	12	1.9%
Totals						35.3%			31.4%			31.5%			30.0%
Total County Employment (3)	154,233			153,486			160,459			159,175			155,984		

Source: Virginia Employment Commission
Employees and percentage of employment based on size code as published by VEC
(1) 2010 Data as of 1st Qtr 2010
(2) Non-Resident Employer of Henrico County Citizens
(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

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

Table XIII

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Agriculture & Home Extension	5	5	5	5	5	5	3	3	3	3
Belmont Golf Course	9	9	9	9	9	9	9	9	9	9
Board of Supervisors	5	5	5	5	5	5	5	5	5	5
Building Inspections	55	55	55	55	55	59	59	61	61	58
Central Automotive Maintenance	58	58	61	61	61	64	65	65	65	65
Circuit Court Services	6	6	6	6	7	7	8	8	8	8
Commonwealth's Attorney	40	42	43	43	45	45	50	56	56	54
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	-	-	-	-	17	17	19	19	19	18
County Attorney	15	17	18	18	18	18	18	18	18	18
County Manager	13	13	13	13	13	13	13	13	13	13
Electoral Board	9	9	9	9	9	10	10	9	9	9
Finance	156	157	158	159	160	160	166	166	167	159
Fire	358	386	407	462	477	491	522	531	540	539
General Services	144	148	148	149	149	150	157	160	161	156
Human Resources (2)	55	52	51	55	51	50	55	57	56	53
Information Technology	84	84	84	84	85	85	91	90	89	83
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	29	29	29	29	31	31	31	33	33	33
Library	118	118	118	118	131	144	178	178	183	173
Mental Health	226	226	223	223	223	223	224	225	225	220
Permit Centers	10	17	17	17	17	17	19	19	19	18
Planning	58	58	58	57	43	46	50	50	50	49
Police	713	753	755	756	763	785	810	799	799	797
Public Relations & Media Services	9	7	14	17	19	19	20	20	20	19
Public Utilities	286	300	300	310	310	310	316	320	320	308
Public Works	247	246	251	258	259	259	265	266	266	258
Real Property	7	7	7	7	7	7	7.5	7.5	7.5	7
Recreation & Parks	137	140	140	140	144	152	167	172	172	168
Sheriff	356	358	358	358	360	360	362	378	377	371
Social Services	140	140	143	142	146	149	154	157	168	168
Solid Waste	62	66	70	69	69	78	78	75	75	70
Sub-total General Government	3,416	3,517	3,561	3,640	3,694	3,774	3,938	3,976	4,000	3,915
Education	5,035	5,297	5,450	5,599	5,908	6,081	6,231	6,422	6,588	6,634
Total Government Employees	8,451	8,814	9,011	9,239	9,602	9,855	10,168	10,397	10,587	10,549

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

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by non-County funds (294 as of March 22, 2010) 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, all such positions have been eliminated.

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

Table XIV

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)
General Government									
Finance:									
Standard & Poor G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	99,898	101,611	101,686	103,487	105,742	107,533	109,333	109,970	111,070
Vehicles Assessed	288,428	288,428	326,000	339,000	347,000	348,862	349,306	328,204	338,554
GFOA Award CAFR - # of Years	20	21	22	23	24	25	26	27	28
GFOA Award Budget - # of Years	13	14	15	16	17	18	19	20	21
General Services:									
Fleet Annual Miles Driven	19,152,029	20,437,855	21,455,860	22,135,909	22,170,727	22,601,564	24,000,000	24,594,634	25,487,266
Gallons of Fuel Consumed	2,279,611	2,433,078	2,554,269	2,595,253	2,649,446	2,723,080	2,867,559	2,963,209	3,070,755
Total Work Orders Completed	16,008	16,359	16,661	19,247	26,963	28,301	30,490	24,589	25,488
Information Technology									
Internet Pages Accessed	3,918,828	7,714,010	12,846,893	8,840,785	8,840,785	12,207,405	13,861,882	16,629,902	17,523,600
Internet Site Visits	-	-	-	1,870,150	1,870,150	2,637,719	2,744,028	2,280,415	2,362,270
Central Computer Average Uptime	99.8%	99.8%	99.4%	99.2%	99.1%	99.6%	99.8%	99.8%	99.8%
Judicial Administration									
Clerk of Circuit Court:									
Deed Book Entries	65,143	77,694	101,478	75,432	82,426	76,146	67,768	50,160	50,440
Civil Cases	2,761	2,764	2,838	2,947	2,831	2,881	3,001	2,852	3,104
Criminal Cases	6,409	6,734	7,208	8,196	8,113	8,613	8,001	6,971	7,133
General District Courts:									
New Criminal Cases Filed	8,652	9,105	8,663	9,271	10,422	10,475	7,878	10,386	10,653
New Civil Cases Filed	36,248	40,788	38,436	38,855	39,095	37,502	33,134	43,284	42,805
New Traffic Cases Filed	64,144	63,361	55,243	63,727	68,642	72,102	62,073	66,924	70,194
Commonwealth Attorney:									
Criminal Cases	21,217	22,171	21,602	26,163	25,980	25,532	26,000	25,084	26,050
Traffic Cases	70,000	80,985	82,402	98,664	99,567	96,553	97,000	94,356	95,000
Public Safety									
Police:									
Calls for Service	212,915	217,444	222,614	202,244	200,158	205,189	209,292	197,808	200,972
Criminal Arrests	17,286	17,925	18,747	21,132	21,925	24,815	25,311	21,399	21,720
Traffic Arrests	46,397	42,332	43,614	51,945	56,811	51,496	52,525	53,051	53,847
Fire Protection:									
Calls For Service	30,173	31,092	34,086	34,192	35,365	37,962	39,043	36,931	37,453
EMS and Rescue Calls	19,988	20,087	21,534	23,114	24,229	25,722	27,100	27,293	28,314
Fire Incidents	1,462	1,221	1,221	1,092	1,223	1,204	1,183	1,025	959
Sheriff:									
Civil Papers Served	116,688	120,708	123,344	119,079	120,370	121,201	123,098	115,186	120,000
Annual Committals to Jail	9,496	9,984	10,882	11,610	12,201	12,588	12,600	13,605	13,877
Average Daily Inmate Population	1,011	1,047	1,062	1,005	1,169	1,234	1,300	1,164	1,175
Building Inspections:									
Total Permits Issued	17,975	18,485	20,535	21,928	20,907	18,509	20,000	12,819	12,000
Total Inspections	77,601	84,105	88,631	98,185	95,661	86,130	85,500	59,795	57,296
Public Works									
Public Works:									
Lane Miles Maintained	3,063	3,088	3,138	3,212	3,277	3,231	3,310	3,348	3,378
Traffic Signals Maintained	120	122	126	131	136	138	130	138	141
Development Plans Reviewed	1,633	1,689	1,654	1,420	1,415	1,630	1,536	1,026	800
Health and Social Services									
Public Health:									
Patient Visits	23,958	21,932	24,623	25,190	25,700	26,000	26,050	26,308	27,142
Water/Sewer Inspection Applications	360	416	305	400	397	350	350	195	204

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

Table XIV

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)
<i>Health and Social Services cont.</i>									
Social Services:									
Clients Entering Employment	300	206	372	476	369	531	525	545	575
Clients Employed After 90 Days	210	206	282	319	277	409	404	436	460
Education									
Schools:									
Cost Per Student	\$ 6,847	\$ 7,163	\$ 7,235	\$ 7,642	\$ 7,832	\$ 8,485	\$ 8,957	\$ 9,369	\$ 9,485
Teaching Positions	2,976	3,152	3,154	3,394	3,489	3,554	3,657	3,791	3,815
Student/Teacher Ratio	14.2	13.8	14.2	13.6	13.4	13.4	13.2	12.7	13.0
Parks, Recreation and Cultural:									
Recreation:									
Park Visitation	2,881,811	2,881,811	3,098,697	3,253,600	3,595,204	3,401,181	3,500,000	3,537,272	3,550,000
Program Participants	443,450	443,450	475,226	267,912	264,393	306,575	350,000	306,498	320,000
Recreation Programs	1,578	1,578	2,273	13,604	13,514	16,364	16,550	17,234	18,300
Library:									
Customer Visits	1,371,924	1,364,874	1,389,948	1,487,188	1,447,124	1,446,004	1,632,666	1,865,118	1,911,746
Annual Circulation of Materials	2,820,919	3,003,501	2,606,087	2,637,910	2,637,296	2,695,776	2,690,534	3,584,375	3,673,984
Customer Visits	1,371,924	1,364,874	1,389,948	1,487,188	1,447,124	1,446,004	1,632,666	1,865,118	1,911,746
Community Development:									
Economic Development:									
Prospects Available	95	95	95	95	95	95	95	95	95
Retention Calls	690	690	690	690	690	464	580	690	650
Successful Prospects	30	30	30	30	38	36	38	30	38
Planning:									
Reviews Completed	429	479	490	604	490	537	289	326	270
Petitions and Permits Processed	302	265	275	300	275	262	122	110	100
Maps Prepared	2,305	2,119	2,200	2,591	2,200	1,603	1,588	848	894
Community Development (con't)									
Community Revitalization:									
Community Maintenance Cases	N/A	N/A	7,960	8,861	8,882	8,996	9,075	10,985	11,000
Inspections Completed	N/A	N/A	17,345	21,903	21,304	22,133	22,500	27,513	27,000
Volunteers Hours Worked	N/A	N/A	7,580	4,903	7,423	7,154	7,511	5,024	5,100
Permit Center:									
Permit Applications Received	5,792	6,153	7,519	7,500	6,886	6,298	5,873	4,253	4,288
Permit Applications Reviewed	9,391	11,450	13,401	14,010	13,675	11,605	11,307	6,954	7,355
Permits Issued	2,514	2,685	3,430	4,775	4,229	5,763	5,151	4,168	4,219
Inquires	18,701	20,172	20,890	21,621	24,184	23,348	20,404	15,248	13,787
Public Utilities									
Solid Waste:									
Number of Customers	26,945	28,495	29,657	31,085	32,346	34,364	36,000	37,647	38,000
Tons of Waste Collected	48,620	54,219	88,531	78,561	100,079	108,614	97,800	91,855	98,200
Tons Deposited in Public Use Areas	32,643	35,586	40,552	39,539	32,346	37,078	30,000	40,272	36,000
Water and Sewer:									
Number of Water Customers	83,168	84,492	86,400	88,200	90,000	91,482	92,800	94,886	92,800
Number of Sewer Customers	79,627	83,052	84,900	86,600	88,391	89,790	91,000	91,631	90,000
Fire Hydrants in Service	9,371	9,697	9,972	10,264	10,561	11,054	11,200	11,567	11,800

Note: Information for Henrico County as a whole is only available back to 2002, the year GASB Statement 34 was implemented.

Source: Approved County Budget

(1) FY2010 column data is revised budget not actual, where actual data is not yet available

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

Table XV

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010 (1)
General Government									
Vehicles	N/A	N/A	313	337	340	410	533	728	487
Building Square Footage	2,020,338	2,044,571	2,065,008	2,079,633	2,132,633	2,182,633	2,194,808	2,194,808	2,221,193
Food Service Facilities	1	1	1	1	1	1	1	1	1
Public Safety									
Police:									
Police Stations	2	2	2	2	2	2	2	2	2
Police Field Offices	2	2	2	2	2	2	2	2	2
Vehicles	N/A	N/A	659	636	648	650	638	651	711
Sheriff:									
Vehicles	54	55	57	55	54	55	55	55	60
Prisoner Facilities	2	2	2	2	2	2	2	2	2
Juvenile & Domestic Relations									
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2
Fire Protection:									
Stations	18	18	18	19	19	20	20	20	20
Vehicles	N/A	N/A	181	193	164	169	168	168	175
Public Works:									
Miles of Maintained Roads	1,250	1,263	1,272	1,279	1,298	1,311	1,317	1,327	1,338
Miles of Storm Drainage	911	972	1,033	1,042	1,062	1,078	1,093	1,102	1,116
Vehicles	N/A	N/A	272	298	311	306	299	323	323
Education									
Schools:									
School Facilities	65	66	68	68	68	70	70	71	71
Vehicles	N/A	N/A	947	911	1,033	1,070	1,096	1,158	1,131
Recreation and Cultural									
Recreation:									
Recreation/Community Centers	14	14	15	15	17	17	17	20	17
Developed Park Acreage	1712	1723	1772	1772	1800	1897	1900	2505	2505
Athletic Fields/Courts	374	374	374	403	407	417	419	419	423
County Golf Courses	1	1	1	1	1	1	1	1	1
Library:									
Number of Libraries	10	10	10	10	10	10	10	11	10
Titles in Collection	185,795	182,447	285,423	275,065	298,528	326,326	331,242	327,455	329,141
Volumes in Collection	457,547	449,302	702,895	656,680	823,864	895,954	1,042,188	901,837	924,076
Public Utilities									
Water and Sewer:									
Miles of Water Mains	1,315	1,337	1,370	1,403	1,431	1,463	1,495	1,515	1,528
Miles of Sewer Mains	1,286	1,304	1,324	1,345	1,364	1,391	1,420	1,445	1,443
Vehicles	N/A	N/A	327	328	341	341	347	354	353
Landfills	1	1	1	1	1	1	1	1	1

Source: Approved County Budget

(1) FY2010 column data is revised budget not actual, where actual data is not yet available