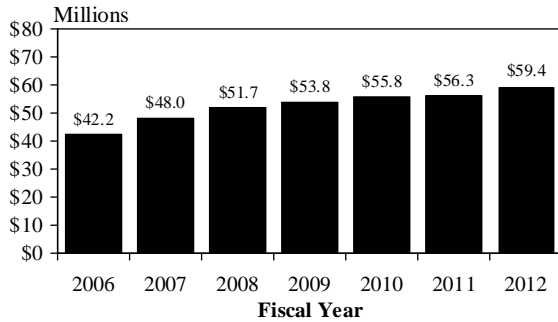


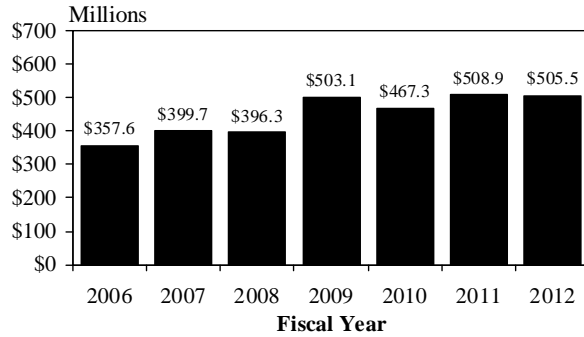
## Three Year Forecast Revenues and Expenditures Debt Service Fund

**General Fund Debt Service**



Fiscal Years 2009 through 2012 are estimated. Reflects transfer from the County's General Fund.

**Net General Fund Debt**



Fiscal Years 2009 through 2012 are estimated.

### DEBT SERVICE FUND

#### (Fund 71)

The Debt Service Fund accounts for the accumulation of financial resources for payment of interest and principal on all governmental fund long-term debt, except accrued compensated absences and capital lease obligations, which are paid by the fund incurring these expenses. Debt Service Fund resources can include transfers from the General Fund and Capital Projects Fund. Miscellaneous revenue includes capitalized interest and reimbursements from other localities and the State. Debt service requirements for bonds issued by the County's Water and Sewer Utility are accounted for in the Enterprise Fund. Debt service on bonds issued by the James River Juvenile Detention Center Commission (JRJDC), for construction of the facility, is accounted for in the JRJDC Agency Fund. However, the outstanding principal and debt service of the JRJDC are considered County obligations when calculating the County's debt ratios.

#### Revenues

##### **Assumptions**

**(To) From General Fund** represents the transfer of local resources to support debt service requirements. Debt service requirements in fiscal years 2009 through 2012 are calculated on existing debt service and anticipated debt service. The County citizens approved a G.O. Bond referendum that was included on the November 2000 ballot. The referendum included School construction projects totaling \$170,500,000, and General Government projects totaling \$66,500,000. The G.O. Bond funding for these projects was issued between FY2001 and FY2007. The County citizens again approved a G.O. Bond referendum that was included on the March 2005 ballot. The referendum included School construction projects totaling \$220,000,000, and General Government projects totaling \$129,300,000. The funding for these projects is anticipated from seven G.O. Bond issues between FY2006 and FY2013.

The first G.O. Bond issue, which occurred in the spring of 2001, provided \$37,110,000 of funding for School projects. The funds were appropriated to continue construction of a new high school, purchase land for a new middle school, construction of a new elementary school, and fund additions and renovations to three school facilities.

The FY2002 G.O. Bond issue totaled \$27,035,000. The funding was appropriated for School and General Government projects. The School projects included completion of the new high school and an elementary school, begin the design for a new middle school, purchase land for an elementary school, as well as begin renovations and additions to two elementary schools. The General Government projects included construction of a new fire station and library, continue construction of John Rolfe Parkway, purchase land for a new park, begin design work for the development of three park facilities, and begin the design of a new recreation center.

In FY2003, the County refinanced the 1993 Public Improvement Refunding Bonds and the 1993 Virginia Public School Authority (VPSA) Bonds and issued \$50,230,000 of new G.O. Bonds for a total debt issue of \$107,545,000. Due to favorable interest rates on AAA bond issues, refunding the two debt issues reduced the County's interest cost over the balance of the debt payments. The majority of the funding associated with the new G.O. Bonds - \$41,597,975 - funded Schools projects including the construction of a new middle school and elementary school as well as additions to two elementary schools. The remainder of the funding - \$8,632,025 - funded General Government projects which included construction of a new fire station, a recreation center, the Mayland Drive extension, and the continued construction of John Rolfe Parkway.

Due to the low interest rates available and the cost advantages of a large bond issue, the projected G.O. Bond issues for FY2004 and FY2005 were combined into one large issue in FY2004. The total issue was \$38,920,000 with School projects totaling \$12,549,826 and General Government projects totaling \$26,370,174. The Schools funding of \$12,549,826 funded the renovation of two elementary schools and an addition at one elementary school as well as the planning and design of a new elementary school and additions at two elementary schools. The Schools funding was also used for Americans with Disabilities Act (ADA) compliance, asbestos abatement, and tennis court replacement. The General Government funding of \$26,370,174 provided funding for the renovation of Fire Station #5, construction of Fire Station #21, construction of the Twin Hickory Area Library, continuing construction of John Rolfe Parkway, improvements to Creighton Road, complete construction of Deep Run Park Recreation Center, improvements to Walkerton Tavern and Osborne Park as well as funding for the Meadowview Park Phase I planning.

In FY2006, the County issued \$77,815,000 of G.O. Bonds. The funding was for both General Government and School projects approved in the November 2000 and March 2005 Referendums. The School portion of the issue was \$62,762,000. The funding is for the construction of two new schools - one middle school and one elementary school, the renovation of a high school, a classroom addition and cafeteria renovation at another high school, additions at two elementary schools, and funding to begin planning for a second new middle school. The General Government funding totaled \$15,053,000, and is being used for the rebuilding of Fire Station #8, planning and design for an addition at Glen Allen Library, expansion and improvements to RF&P Park, and Phase I of Meadowview Park. Also, three road projects are being funded including improvements to Charles City Road, construction of John Rolfe Parkway, and funding to begin planning for the Gayton Road Extension.

In FY2007, the County issued \$71,915,000 of G.O. Bonds, which included projects from the November 2000 and March 2005 Referendums. This issue completes the debt issuance approved on the November 2000 Referendum. The School projects, which totaled \$47,011,180, included funding for the construction of a new West Area Middle School, a cafeteria renovation and classroom addition at Varina High School, and the renovation of Freeman High School. The General Government projects, which totaled \$24,903,821, included the relocation of Fire Station #3, an addition at Glen Allen Library, funding to complete the renovation of Henrico Theatre, and land for an Eastern Area Recreation Center as well as funding for parkland in Western Henrico.

The County issued \$29,810,000 of G.O. Bonds in FY2007-08 for projects from the March 2005 referendum. The General Government projects, which totaled \$4,694,107, included the renovation and expansion of Fire Station #10 and the on-site replacement of Fire Station #7. The School projects, which totaled \$25,115,893, included funding for the construction of a new East Area Elementary School, the renovation of Fairfield Middle School, the planning and design of a Central/West Area High School, and an allocation of \$3,350,000 for a reserve to assist in the funding of construction cost overruns, due to the increase in construction costs that occurred after the March 2005 referendum.

In FY2008-09, the County issued \$93,090,000 of GO Bonds for projects from the March 2005 Referendum. The General Government projects, which totaled \$33,700,814, includes the replacement of Fire Station #9, funding for planning and design of a new northwest area fire station (Fire Station #19), construction funding for an Eastern Area Recreation Center, and funding to continue the construction of the Gayton Road Extension. The School projects, which totaled \$59,389,186, included funding for the construction of a Central/West Area High School, the addition of twelve classrooms each at Mehfoud Elementary School and Varina Elementary School, and planning and design funding for a new West Area Elementary School and the renovations of Varina High School, Johnson Elementary School, and Brookland Middle School.

Also in FY2008-09, the County’s Schools participated in a VPSA Bond issue that totaled \$44,440,000. The proceeds will be utilized as needed to cover anticipated cost increases in the following March 2005 GO Bond Referendum projects: Central/West Area High School #1, inclusive of Leadership in Energy and Environmental Design (LEED) certification and design of a Technical Center, the West Area Middle School, inclusive of LEED certification, Mehfoud and Varina Elementary School classroom additions, and construction of a new West Area Elementary School.

Because of the current difficult economic environment, the County has chosen to take the prudent approach and delay the planned FY2009-10 issuance of GO Bonds. The future issuance of GO bonds will be contingent upon the recovery of the economy and the subsequent revenue growth to ensure adequate coverage of the associated debt service costs. For the purpose of this forecast, it is assumed that the planned issues in FY2009-10, FY2010-11, and FY2011-12 will all be delayed one fiscal year. It should be noted that the County has \$146.5 million in outstanding GO Bond authorization from the \$349.3 million GO Bond Referendum approved in March 2005.

The table below shows the anticipated amounts for future GO Bonds issues.

	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>
<b>March 2005 Referendum</b>				
Education	\$0.0	\$65.7	\$22.9	\$0.0
General Government	\$0.0	\$5.8	\$10.4	\$35.7
Public Works	\$0.0	\$6.0	\$0.0	\$0.0
<b>Total G.O. Bond Issues</b>	<b>\$0.0</b>	<b>\$77.5</b>	<b>\$33.3</b>	<b>\$35.7</b>

**(To) From Fund Equity** represents the use of resources accumulated as a result of differences in actual versus projected debt service costs. The savings results from two factors, which are difficult to predict in projecting debt service payments for anticipated bond issues. One is the timing and structure of the actual bond issue and the other factor is the favorable interest rates the County receives as a result of Henrico’s triple AAA bond rating. Fund equity provides an additional source of funding for debt service or pay-as-you-go funding source for capital projects.

**(To) Capital Projects Fund** represents the transfer of excess accumulated debt service fund equity for funding pay-as-you-go capital projects. The use of debt service fund equity is one-time in nature and must be used for a one-time expenditure.

**Expenditures**

On the next page is a forecast of debt service expenditures for FY2010, FY2011, and FY2012. This debt will not exceed the County’s self-imposed debt limits mentioned within the Financial Guidelines section of this document.

**Assumptions**

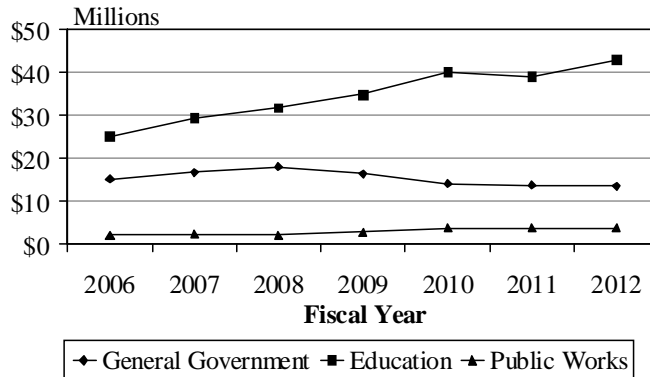
**Debt Service - General Government** includes principal and interest payments on General Obligation (G.O.) Bond issues and Industrial Development Authority (IDA) Lease Revenue Bond issues. These obligations fund a variety of projects including parks, libraries, fire stations, a radio communication system, a parking deck, a

communication/training facility, as well as technology initiatives. Future debt service fund expenditures include the debt service associated with issuance of General Government GO Bonds in FY2010-11 for \$5,800,000 and FY2011-12 of \$10,350,000. The bond proceeds will be used for the renovation and expansion of one fire station, construction of one new fire station, planning for one new library, planning and land for one replacement library, and funding for a new park.

**Debt Service - Education** includes principal and interest payments on Education General Obligation (G.O.) Bonds, Virginia Public School Authority (VPSA) Bonds, and Literary Fund Loans. These obligations support construction and improvement of facilities operated by the County's School System. The projected amount of Education GO Bond issues in FY2010-11 and FY2011-12 are \$65,656,903 and \$22,931,208 respectively. This funding will allow for the construction of one new elementary school, planning funds for a new high school, land purchase and planning funding for a new middle school, renovation of two elementary schools, one middle school, and two high schools, and planning funds for the renovation of an elementary school.

**Debt Service - Public Works** includes principal and interest payments on General Obligation (G.O.) Bonds issued to support road improvements throughout the County. It is estimated that \$6,000,000 of Public Works G.O. Bonds will be issued in FY2010-11 for partial funding associated with the extension of North Gayton Road.

### Debt Service Expenditures



Fiscal Years 2009 through 2012 are estimated.

### Debt Service Fund Forecast

	<b>FY 2008 Actual</b>	<b>FY 2009 Original</b>	<b>FY 2010 Forecast</b>	<b>FY 2011 Forecast</b>	<b>FY 2012 Forecast</b>
<b>Revenues:</b>					
(To) From General Fund	\$ 51,678,821	\$ 53,773,253	\$ 55,782,472	\$ 56,286,287	\$ 59,374,564
(To) From Fund Equity	0	0	2,000,000	0	0
(To) Capital Projects Fund	0	0	0	0	0
Miscellaneous Revenue	0	0	0	0	0
<b>Total Revenues</b>	<b>\$ 51,678,821</b>	<b>\$ 53,773,253</b>	<b>\$ 57,782,472</b>	<b>\$ 56,286,287</b>	<b>\$ 59,374,564</b>
<b>Expenditures:</b>					
<b>Debt Service - General</b>					
Government	\$ 17,907,285	\$ 16,260,053	\$ 14,004,949	\$ 13,755,426	\$ 13,495,153
<b>Debt Service - Education</b>	<b>31,650,113</b>	<b>34,820,691</b>	<b>40,054,789</b>	<b>38,911,737</b>	<b>42,993,266</b>
<b>Debt Service - Public Works</b>	<b>2,121,423</b>	<b>2,692,509</b>	<b>3,722,734</b>	<b>3,619,124</b>	<b>3,642,520</b>
<b>Total Expenditures</b>	<b>\$ 51,678,821</b>	<b>\$ 53,773,253</b>	<b>\$ 57,782,472</b>	<b>\$ 56,286,287</b>	<b>\$ 60,130,939</b>
<b>Fund Equity*</b>	<b>\$ 5,216,511</b>	<b>\$ 5,216,511</b>	<b>\$ 3,216,511</b>	<b>\$ 3,216,511</b>	<b>\$ 3,216,511</b>

\*Represents balance that has accumulated in the Debt Service Fund over a period of years.