

FY2020

Popular Annual Financial Report



**HENRICO COUNTY,
VIRGINIA**

For the Fiscal Year
Ended June 30, 2020



Message from the Manager

On behalf of the Board of Supervisors and the Finance Department, I am pleased to present the County of Henrico, Virginia Popular Annual Financial Report (PAFR) for the fiscal year 2019-2020. The PAFR is an unaudited summary report of the financial activities and position of the County and was prepared using the audited financial statements included in the June 30, 2020 Comprehensive Annual Financial Report (CAFR) that was given an unmodified opinion by Cherry Bekaert, LLP Certified Public Accountants. The PAFR is delivered to you as part of the County officials' and Board of Supervisors' commitment to keep residents and stakeholders informed of the financial condition of their local government, and our accountability to provide fiscal stability. The CAFR, in its entirety, is available online at <https://henrico.us/finance/divisions/accounting/>.

The past year has been, without a doubt, one of the most challenging of our lifetimes. Beginning in March, the COVID-19 pandemic forced us to rethink our budget and the way we serve our customers, from residents and businesses to other county departments and agencies. We immediately took bold steps to help the community manage the pandemic and the effects of the economic shutdown. Even with resources remained focused on COVID-19, the County was still able to continue important initiatives.

In fiscal year 2019-2020, we were able

to achieve a healthy fund balance while maintaining our low tax-rate, even with the challenges created by the pandemic. Construction is progressing on the new Highland Springs High School and J.R. Tucker High School and a much-needed addition to Holladay Elementary School with completion slated for next fall. With its design complete, construction is set to begin in 2021 on 13,859-square-foot Staples Mill Firehouse 20, which is set to open in summer 2022. These capital investments show the County's commitment to prioritize Education and Public Safety.

While COVID-19 will continue to test us, Henrico took bold steps to ensure we are well-positioned for success because our foundation is strong. Our core principles have always centered around public safety, prudent fiscal management and service to the community. Henrico remains strong and resilient, skilled and compassionate and I have no doubt that by working together, we can continue to strengthen all that makes Henrico a great place for everyone.

Respectfully,

John A. Vithoulkas
County Manager

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Henrico At A Glance

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 about one-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 Interstates 95, 64, and 295 as well as Routes 895 and

288, major rail lines, and the James River, an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico is also conveniently located near oceanic ports in the Tidewater region. Currently, based on recent estimates, 343,258 Henrico County residents live in a well-planned community of 244 square miles that consists of highly developed urban and

suburban areas, as well as undeveloped agricultural and forest land.

Henrico follows the County Manager form of governance represented under the five voter-elected members on the Board of Supervisors who serve four-year terms and represent five distinct magisterial districts. These districts are Brookland, Fairfield, Three Chopt, Tuckahoe, and Varina. The County Manager serves at the pleasure of the Board. Duties include implementing approved ordinances and policies, appointing Department Directors, and managing the day-to-day operations of the County Government.

Meet The Board of Supervisors



Tommy Branin (Chairman) has served as an elected member of the Henrico County Board of Supervisors representing the Three Chopt Magisterial District since January 2016. He also serves on the Henrico Self-Insurance Trustees Committee as well as numerous other local, state, and national boards. Prior to his election on the Board of Supervisors, Mr. Branin served on the Henrico County Planning Commission for ten years representing the Three Chopt District.

Mr. Branin is a graduate of Ferrum College where he earned a Bachelor of Science in Business as well as Psychology. He works full time for CCM, Inc.—an international corporation. Mr. Branin is also a land disturbance consultant and erosion control expert.



Dan Schmitt (Vice Chairman) was first elected in November 2018 to represent the Brookland Magisterial District. He also serves on the Richmond Regional Planning District Commission, Richmond Region Tourism Board of Directors, as well as other local, state, and national boards. He also served for many years on the Glen Allen Youth Athletic Association Board of Directors, four of which were spent serving as president.

Mr. Schmitt is a graduate of the University of Richmond, where he earned a Bachelor of Science in Business Administration. He is the owner of RMC Events, an event staffing company.



Frank J. Thornton was first elected to the Board of Supervisors in 1995 and was re-elected in 1999, 2003, 2007, 2011, 2015 and 2019 to represent the Fairfield Magisterial District. He currently serves on the Richmond Regional Transportation Planning Organization, the Capital Region Collaborative Organizing Council, and the Maymont Foundation Board of Directors as well as other local, state, and national boards and commissions.

Mr. Thornton is a graduate of Virginia Union University and The American University, Washington, D.C. He retired as a French Professor at Virginia Union in 2014.



Patricia O'Bannon was first elected in 1995 to the Board of Supervisors to represent the Tuckahoe Magisterial District. She currently serves on the Richmond Regional Transportation Planning Organization, Capital Region Airport Commission, and Greater Richmond Partnership as well as other local, state, and national boards and commissions.

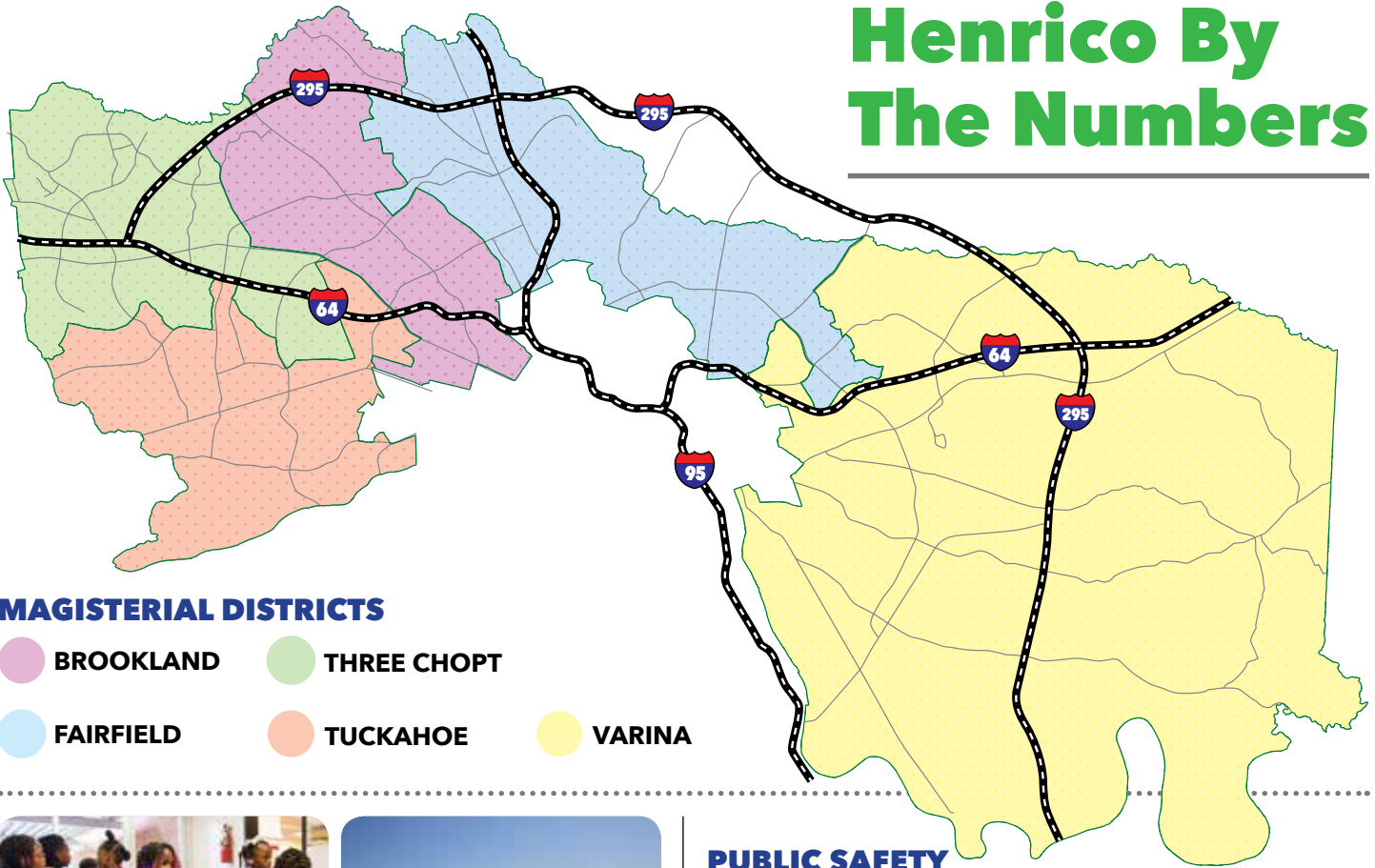
She studied at the University of Oxford, England, receiving a Certificate of Attendance, and at the Virginia Polytechnic Institute and State University, receiving a Certificate as a Certified Planning Commissioner. Mrs. O'Bannon is a graduate of Virginia Commonwealth University with a Bachelor of Science in Secondary Education.



Tyrone Nelson was first elected to the Henrico County Board of Supervisors in 2011 to represent the Varina Magisterial District. He serves on the Richmond Region Tourism Board of Directors, Richmond Metropolitan Transportation Authority Board of Directors, and Richmond Performing Arts Alliance as well as other boards and committees.

Mr. Nelson graduated from Virginia Union University—Samuel DeWitt Proctor School of Theology with a Master of Divinity degree. He received his Bachelor of Science for Business Administration from Virginia Commonwealth University and an Associate Degree in Business from J. Sargeant Reynolds Community College.

Henrico By The Numbers



MAGISTERIAL DISTRICTS

- BROOKLAND
- THREE CHOPT
- FAIRFIELD
- TUCKAHOE
- VARINA



EDUCATION

Cost Per Student.....	\$11,233
Teaching Positions.....	4,056
Student/Teacher Ratio.....	12
Elementary Schools.....	46
Middle Schools.....	12
High Schools.....	9
2018 Graduates.....	3,710*
Scholarships Accepted.....	\$17.77 Million*

**This number is as of March 13, due to covid related complications. Per schools estimate they were on track to meet or exceed prior year totals*

PARKS, RECREATION AND CULTURAL

Park Visitations.....	4,000,000
Library Visits.....	2,155,369



COUNTY EMPLOYEES

Full time equivalents

General.....	4,245
Schools.....	7,116
Total Employees.....	11,361
Citizen Ratio.....	30.21



PUBLIC SAFETY

Calls for Police Service.....	211,395
Traffic Arrests.....	47,743
Criminal Arrests.....	21,771
Civil Papers Served.....	130,000
Calls for Fire Service.....	49,148
Calls for EMS & Rescue.....	40,036
Building Permits Issued.....	15,724
Inspections.....	101,250

PUBLIC WORKS

Lane Miles Maintained.....	3,543
Traffic Signals Maintained.....	158
Plans Reviewed.....	2,000
Miles of Water Mains.....	1,647



Henrico Local Economy



TOP TEN EMPLOYERS

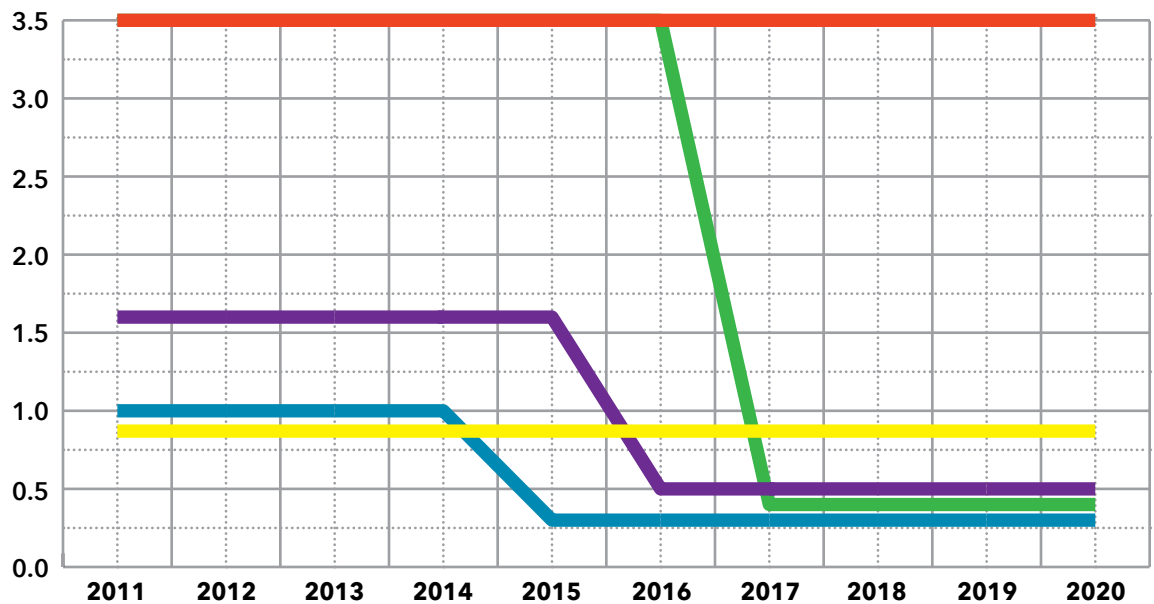
- Henrico County School Board
- Bon Secours Richmond
- County of Henrico
- Henrico Doctors' Hospital
- Anthem
- Capital One Bank
- Walmart
- Wells Fargo Bank NA
- United States Postal Service
- Apex Systems, Inc.

- ★ Henrico ranks 1st in taxable sales per capita in the State
- ★ Henrico ranks 2nd in jobs provided in the State
- ★ Henrico ranks 3rd in State for jobs created/retained
- ★ Henrico ranks 4th in the State for investment dollars and business announcements
- ★ 19 Local companies are on Inc. 5000

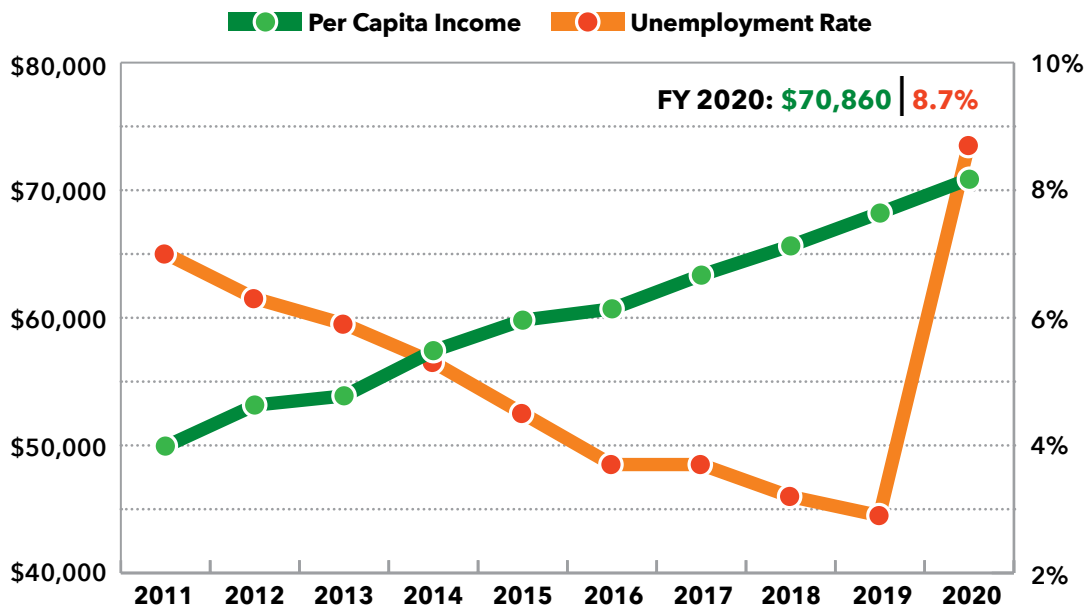
2020 TAX RATES

- Real Property \$0.87
- Tangible Personal Property \$3.50
- Machinery & Tools/ Semi-Conductor \$0.30
- Aircraft \$0.50
- Data Center \$0.40

HENRICO COUNTY TAX TRENDS FOR THE LAST TEN YEARS



2020 UNEMPLOYMENT RATE AND PER CAPITA INCOME



Did you know?

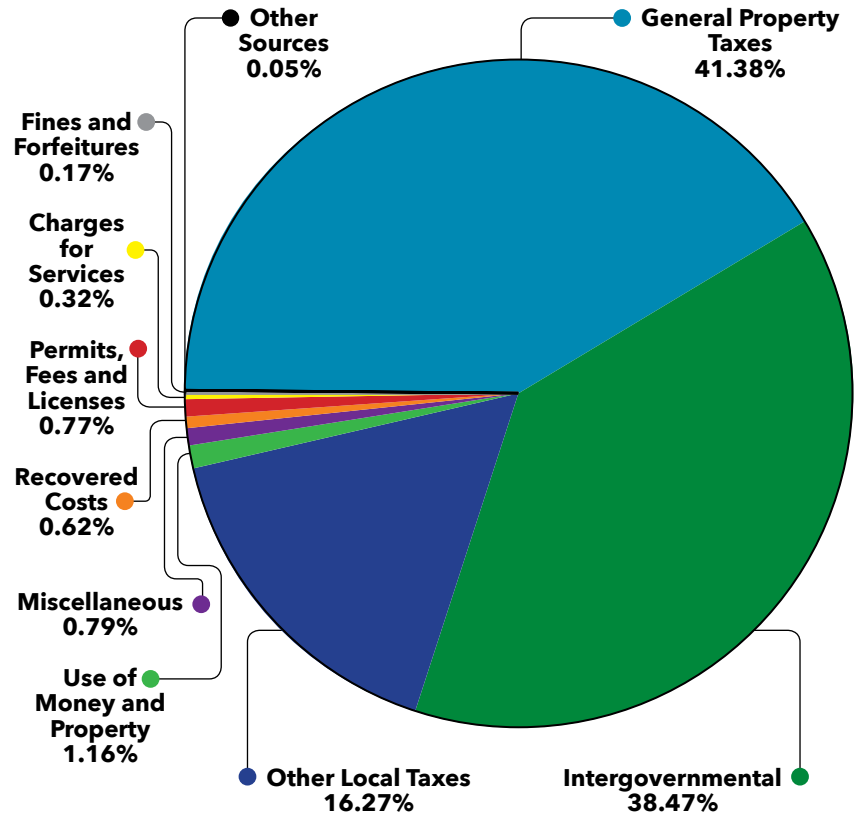
The Henrico Economic Development Authority announced 14 projects, representing business new to Henrico or expansion of existing companies. They account for 3,574 new or retained jobs, \$162.6 million in capital investments, \$208.7 million in annual wages and 753,451 square feet of space.

Where The Money Comes From

County and School Board General Funds account for all revenues 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. The County's component units include the School Board and James River Juvenile Detention Center, however, for purposes of this report, only School Board component unit is included.

Revenues are typically recorded when the underlying event occurs regardless of when the monies are received. The majority of the County's General Fund revenues come from property taxes on real and personal property. The real property tax is calculated at \$0.87 per \$100 of assessed value for 2020. Through prudent financial management, Henrico County has maintained the lowest rate for a locality among Virginia's ten largest localities.

FISCAL YEAR 2020 REVENUE SOURCES



GENERAL FUND RESULTS - REVENUES

For the Fiscal Years Ended June 30, FY20

Revenues	Governmental Funds	Component Unit School Board	Combined General Fund	FY19 Comparison	\$ Change
General property taxes	466,198,104	-	466,198,104	447,469,395	18,728,709
Other local taxes	183,290,660	-	183,290,660	186,843,818	(3,553,158)
Licenses and permits	8,221,167	399,481	8,620,648	7,800,531	820,117
Fines and forfeitures	1,885,334	-	1,885,334	2,146,622	(261,288)
Use of money and property	13,106,965	-	13,106,965	16,054,752	(2,947,787)
Charges for services	3,569,888	9,500	3,579,388	4,329,505	(750,117)
Miscellaneous	8,918,389	3,943	8,922,332	10,364,855	(1,442,523)
Recovered costs	6,721,020	216,062	6,937,082	5,787,389	1,149,693
Intergovernmental	152,230,881	281,178,758	433,409,639	405,588,016	27,821,623
TOTAL REVENUES	844,142,408	281,807,744	1,125,950,152	1,086,384,883	39,565,269
Other Sources:					
Capital Lease obligations	530,886	24,719	555,605	21,565,513	(21,009,908)
TOTAL REVENUE AND OTHER SOURCES	844,673,294	281,832,463	1,126,505,757	1,107,950,396	18,555,361

Where The Money Goes

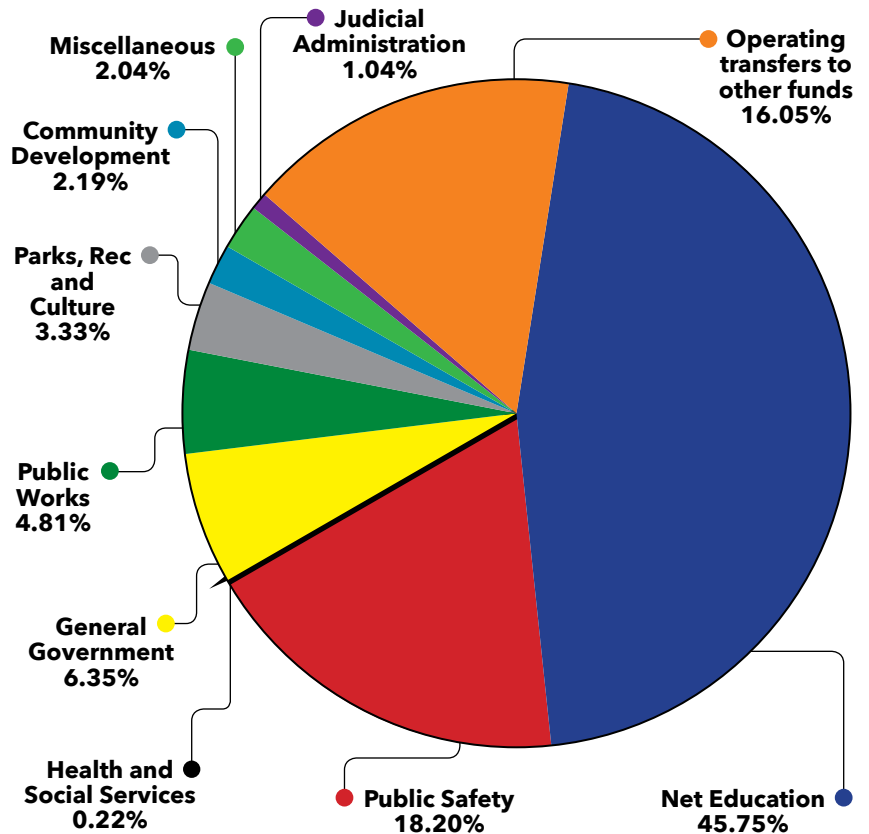
Expenditures for the County and School Board identify the uses of funding that are being spent on behalf of its residents. The chart identifies the major expenditure sources and reflects the commitment the Board has to serving the community. The County's component units are the School Board and James River Juvenile Detention Center, however, for purposes of this report, only School Board component unit is included. Total Combined General Fund expenditures were \$951.8 million, a \$16.6 million increase over FY2019.

Education and Public Safety represents approximately 76% of Fund expenditures and demonstrates that Education and Public Safety are two of the County's highest priorities and commitments.

Did you know?

Expenditures for Education of \$518.7 million and Public Safety of \$206.4 million represent 76.2% of total expenditures for the County's Combined General Fund.

FISCAL YEAR 2020 EXPENDITURES



GENERAL FUND RESULTS - EXPENDITURES

For the Fiscal Years Ended June 30, FY20

Expenditures	Governmental Funds	Component Unit School Board	Combined General Fund	FY19 Comparison	\$ Change
General Government	72,008,900	-	72,008,900	71,186,977	821,923
Judicial Administration	11,842,556	-	11,842,556	11,325,715	516,841
Public Safety	206,397,562	-	206,397,562	196,062,839	10,334,723
Public Works	54,569,872	-	54,569,872	55,966,276	(1,396,404)
Health and Social Services	2,537,998	-	2,537,998	2,432,912	105,086
Parks, recreation, and culture	37,782,922	-	37,782,922	37,029,570	753,352
Community Development	24,884,307	-	24,884,307	25,943,567	(1,059,260)
*Education	266,524,518	252,145,154	518,669,672	510,520,540	8,149,132
Miscellaneous	23,127,793	-	23,127,793	24,767,577	(1,639,784)
TOTAL EXPENDITURES	699,676,428	252,145,154	951,821,582	935,235,973	16,585,609
Other Uses:					
Operating Transfers to Other Funds	146,588,939	35,345,233	181,934,172	170,743,816	11,190,356

TOTAL EXPENDITURES AND OTHER USES846,265,367 287,490,387.....1,133,755,7541,105,979,789..... 27,775,965

*Component Unit School Board expenditures are shown net (gross expenditures of \$513,729,672 reported on Schedule 9 less adjustment of multi-fund reporting of \$261,584,518)

Schedule of Activities

GENERAL FUND BALANCE FOR FISCAL YEARS ENDED JUNE 30, 2020 (\$-millions)

Maintaining a healthy fund balance demonstrates the County's conservative approach to finances and aides the County in continuing to receive the highly coveted triple-AAA bond rating.

	Combined Fund Balance	Governmental Funds	Component Unit School Board	Combined General Fund
Total Fund Balance, June 30, 2019	\$267.3		14.6	\$281.9
Plus Revenue and Other Sources	844.7		281.8	1126.5
Less Expenditures	-846.3		-287.5	-1133.8
Total Fund Balance, June 30, 2020	\$265.7		\$8.9	\$274.6

PRIMARY GOVERNMENT NET POSITION

The Governmental Accounting Standards Board (GASB) defines Net Position as: Assets + Deferred Outflows less Liabilities + Deferred Inflows. In other words, Net Position of governmental activities reflects the difference between all economic assets and liabilities, both short-term and long-term. This chart summarizes the revenues and expenses (in millions) for all the County's activities for the fiscal years ended June 30, 2019 and 2020. More detail can be found in Exhibits 1 and 2 of the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2020.

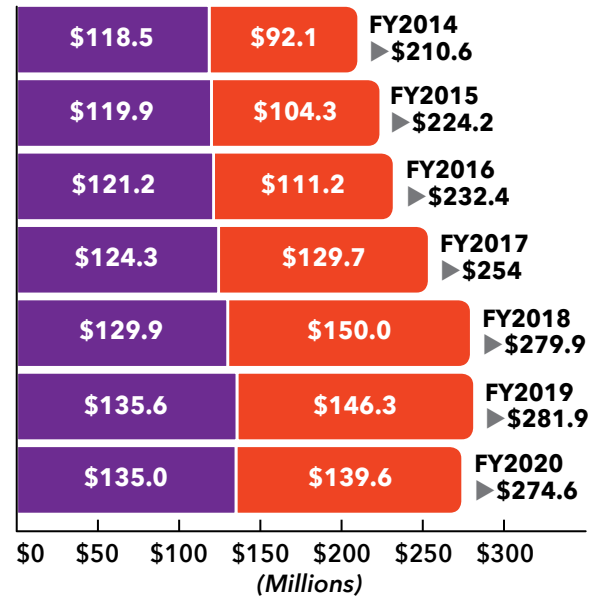
The County's net position increased by 3.3%, or \$83.0 million to \$2,621.8 million from 2,538.8 million, an overall improvement resulting from the increase in net position for both the Governmental and Business-Type Activities.

The net position of the County's governmental activities increased by 3.2%, or \$43.2 million to \$1,397.1 million. Net Investment in Capital Assets increased by \$36.8 million due to capital assets acquired and debt payments. Restricted net position decreased by \$83.7 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net deficit improved by \$90.1 million to 23.6 million at June 30, 2020, due mainly to the changes in the deferred pension and OPEB outflows and inflows.

The net position of business-type activities increased by 3.4%, or \$39.8 million from \$1,184.9 million to \$1,224.7 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$167.4 million as of June 30, 2020.

GENERAL FUND BALANCE

Unassigned Assigned/Restricted



The chart above shows the combined General Fund balance, including Component Unit School Board.

SUMMARY OF CHANGES IN NET POSITION

Total Primary Government For the Fiscal Years Ended June 30, 2020 (\$-millions)

	2019	2020
Program Revenues		
Charges for services	\$162.9	\$169.8
Operating grants & contributions	\$157.8	\$178.5
Capital grants & contributions	\$6.1	\$7.0
General Revenues		
Property tax	\$446.9	\$468.7
Local sales and use tax	\$68.8	\$69.9
Business licenses	\$38.3	\$39.6
Other taxes	\$84.3	\$78.0
Unrestricted grants & contributions	\$66.3	\$68.5
Revenue from use of money	\$19.1	\$19.0
Recovered costs & miscellaneous	\$6.6	\$6.0
•TOTAL REVENUES	\$1,057.1	\$1,104.9
Expenses		
General government administration	\$94.5	\$157.1
Judicial administration	\$12.8	\$13.1
Public safety	\$205.3	\$212.9
Public works	\$91.6	\$87.5
Health and welfare	\$79.9	\$82.1
Education	\$240.0	\$269.1
Parks, recreation and culture	\$43.4	\$45.5
Community development	\$28.7	\$28.5
Interest on long-term debt	\$13.6	\$12.5
Water and sewer	\$112.5	\$113.1
Belmont Park golf course	\$0.9	\$0.6
•TOTAL EXPENSES	\$923.2	\$1,022.0
Increase in net position	\$133.9	\$82.9
Beginning net position	\$2,404.9	\$2,538.9
•ENDING NET POSITION	\$2,538.8	\$2,621.8

Capital Assets

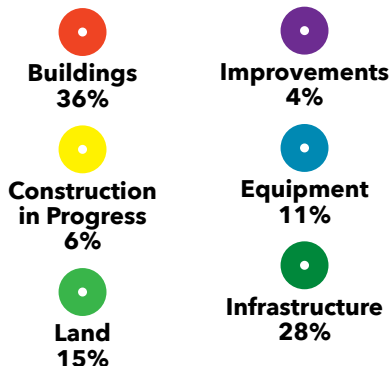
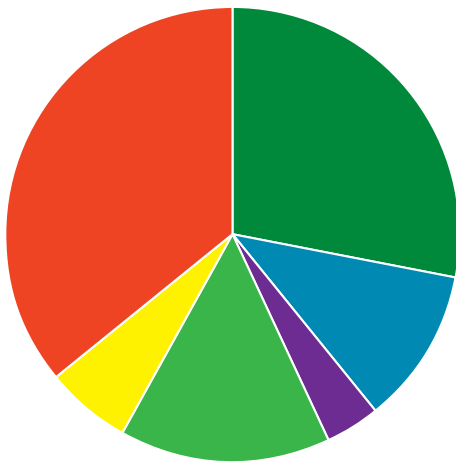


East Laburnum Avenue has seen significant capital investments by the county, including the Fairfield Area Library (upper left), Eastern Henrico Recreation Center (front) and Frank J. Thornton YMCA Aquatic Center (upper right).

As illustrated in the chart below, at the end of fiscal year 2020, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,613.1 million, which represents a net increase of \$85.8 million

or 5.6% over the previous fiscal year-end balance. Building, improvements, and infrastructure represent the largest category of capital assets for the County. Infrastructure assets include roads, bridges, and water and wastewater systems.

TOTAL CAPITAL ASSETS: FY20



FY 2020 TOTAL GOVERNMENTAL CAPITAL ASSETS

Capital Assets	Primary Government
Land	\$403,205,231
Construction in Progress	\$164,256,014
Buildings	\$957,634,758
Infrastructure	\$733,397,093
Equipment	\$283,642,572
Improvements	\$106,487,639
Total Capital Assets	\$2,648,623,307
Accumulated Depreciation	\$(1,035,516,408)

TOTAL CAPITAL ASSETS \$1,613,106,899

Did you know?

The Department of Public Works built an additional 2 miles of sidewalks along county-maintained roads. Henrico now has 263 miles of sidewalks, 39.3 miles of paved trails, and 8.3 miles of bike lanes.



The County's Credit Rating

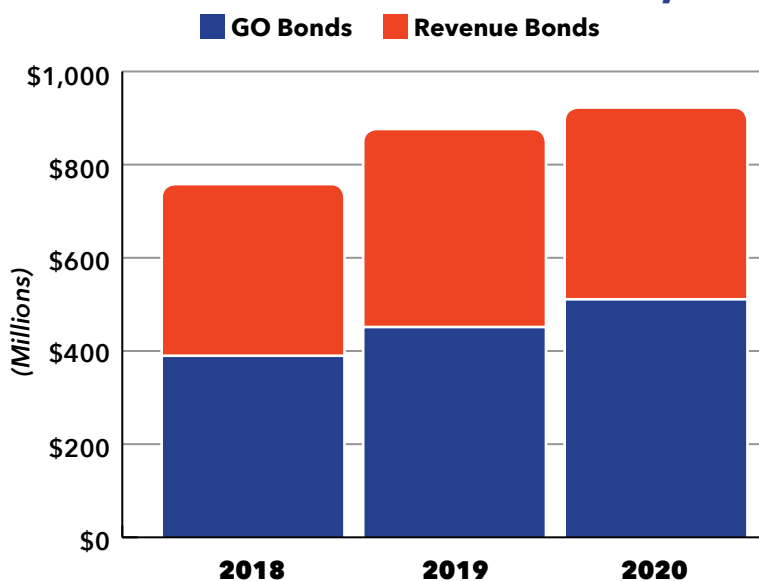
CREDIT RATINGS GIVEN BY MOODY'S, S&P AND FITCH

Top bond ratings allow capital projects to be financed at extremely competitive interest rates. Henrico County has capitalized on its premier credit rating by taking

advantage of historically low interest rates. In fact, the County earned its lowest interest rate on record, 1.49% on \$121.4 million in general obligation bonds sold in June 2020.

BOND PROGRAM	MOODY'S	S&P GLOBAL	FITCH RATINGS
General Obligation	Aaa	AAA	AAA
Water & Sewer Revenue	Aaa	AAA	AAA

OUTSTANDING DEBT AS OF JUNE 30, 2020



The County's Debt

The County's debt structure includes general obligation debt, which is backed by the full-faith and credit of the County. Water and Sewer Revenue bonds are backed by revenues generated by the Utility System. A long-term debt affordability analysis is completed on an annual basis. This analysis verifies that the County is maintaining the following prescribed ratios and will be performed in conjunction with the County's Capital Improvement Program Process. The maximum guidelines that are utilized are as follows:

- Debt Service as a Percentage of General Fund Expenditures: 7.75%
- Net Bonded Debt as a Percentage of Assessed Value: 1.49%

The County's Mission

In partnership with our citizens, the Henrico County Government is dedicated to enhancing the quality of life for all our residents. As a nationally acclaimed local government, the County accepts the challenges of our changing social, physical and economic environments by serving in an efficient manner with pride and with concern for the present and excitement for the future. We value diversity and strive to meet the needs of our ever-changing community. Our differences enhance our performance; through individual contributions, involvement, and creativity, the quality and effectiveness of our government are strengthened. By working together and learning from each other, we reach common goals and fulfill our responsibilities.



**Do you like this report?
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Please let us know by contacting:**

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