

Popular Annual FINANCIAL REPORT

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Henrico County,
Virginia



For the
Fiscal Year Ended
June 30, 2022

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 1/3 of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of 2/3's 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 Richmond Deepwater Terminal. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico is also conveniently located nearby oceanic ports in the Tidewater region. As of June 30, 2022, an estimated 341,365 residents call Henrico County home (approximately one third of the Richmond Metropolitan area) and enjoy a well-planned community of 244 square miles consisting of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Henrico follows the County Manager form of government with five voter-elected members on the Board of Supervisors who serve four-year terms. Supervisors represent the five distinct magisterial districts of Brookland, Fairfield, Three Chopt, Tuckahoe, and Varina. The County Manager is hired by the Board of Supervisors and serves at their pleasure. The County Manager's duties include implementing approved ordinances and policies, appointing Department Directors, managing the day-to-day operations of the County Government, and serving as the Director of Public Safety.



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 2021-2022. The PAFR is an unaudited summary report of the financial activities and position of the County prepared using the Annual Comprehensive Financial Report (ACFR) dated June 30, 2022. Cherry Bekaert, LLP Certified Public Accountants issued an unmodified opinion for the ACFR in November 2022. These reports fulfill the Board of Supervisors' and County Manager's commitment to timely and transparent financial reporting and accountability to residents and stakeholders. Our financial reports are available online at <https://henrico.us/finance/divisions/accounting/>.

The County announced several major economic development achievements during the year. Global brand, Mondelez, plans to invest \$122.5 million in its Henrico County supply chain operations. A new sales fulfillment center will create 80 new jobs in Henrico County. Also, Coca-Cola Consolidated will be expanding their production and distribution facility, bringing in \$23 million of new investment and creating 40 new jobs. Henrico County earned two Silver Shovel awards for economic development in July 2021. The County, along with the Henrico Economic Development Authority, have worked hard to secure these projects and these investments will have a tangible impact on tax revenues and economic visibility.

The Government Finance Officers



Association of the United States and Canada (GFOA) awarded the *Certificate of Achievement in Popular Annual Financial Reporting to the County* for the fiscal year ended June 30, 2021. This was the third consecutive year that the County has received this prestigious award.

Recent challenges to the County, as well as the nation, have included a global pandemic and unprecedented economic conditions. The County has faced these challenges with leadership, compassion, and commitment to doing the right thing. This year, the County returned over \$30 million in taxes to its citizens in real estate tax relief. Engaged and compassionate leadership and exceptionally strong financial principles allow Henrico to take on challenges like these with confidence and resolve. Continued commitment to these principles will maintain Henrico as a premier place to live, work and play.

Respectfully,

John A. Vithoulkas
County Manager

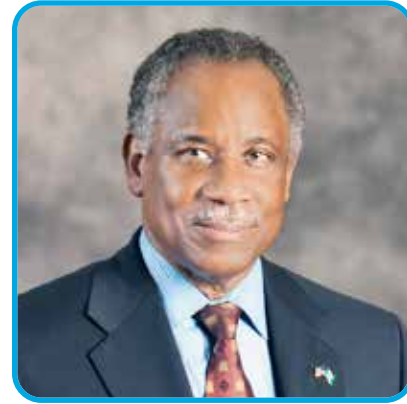
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Meet The Board of Supervisors



Patricia O'Bannon (Chairman) 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 B.S. in Secondary Education.



Frank J. Thornton (Vice Chairman) was first elected to the Henrico Board of Supervisors in 1995 and was re-elected in 1999, 2003, 2007, 2011, 2015 and 2019 to represent the Fairfield Magisterial District. He is currently 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 in Richmond and The American University, Washington, D.C. He retired as a French Professor at Virginia Union in 2014.



Dan Schmitt was elected in November 2018 to represent the Brookland Magisterial District. He also serves on the Sports Backers Board of Directors, Lewis Ginter Botanical Garden Board of Directors, and the Richmond Region Tourism Board of Directors, as well as other local, state, and national boards. He is particularly proud of his 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.



Tommy Branin 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.

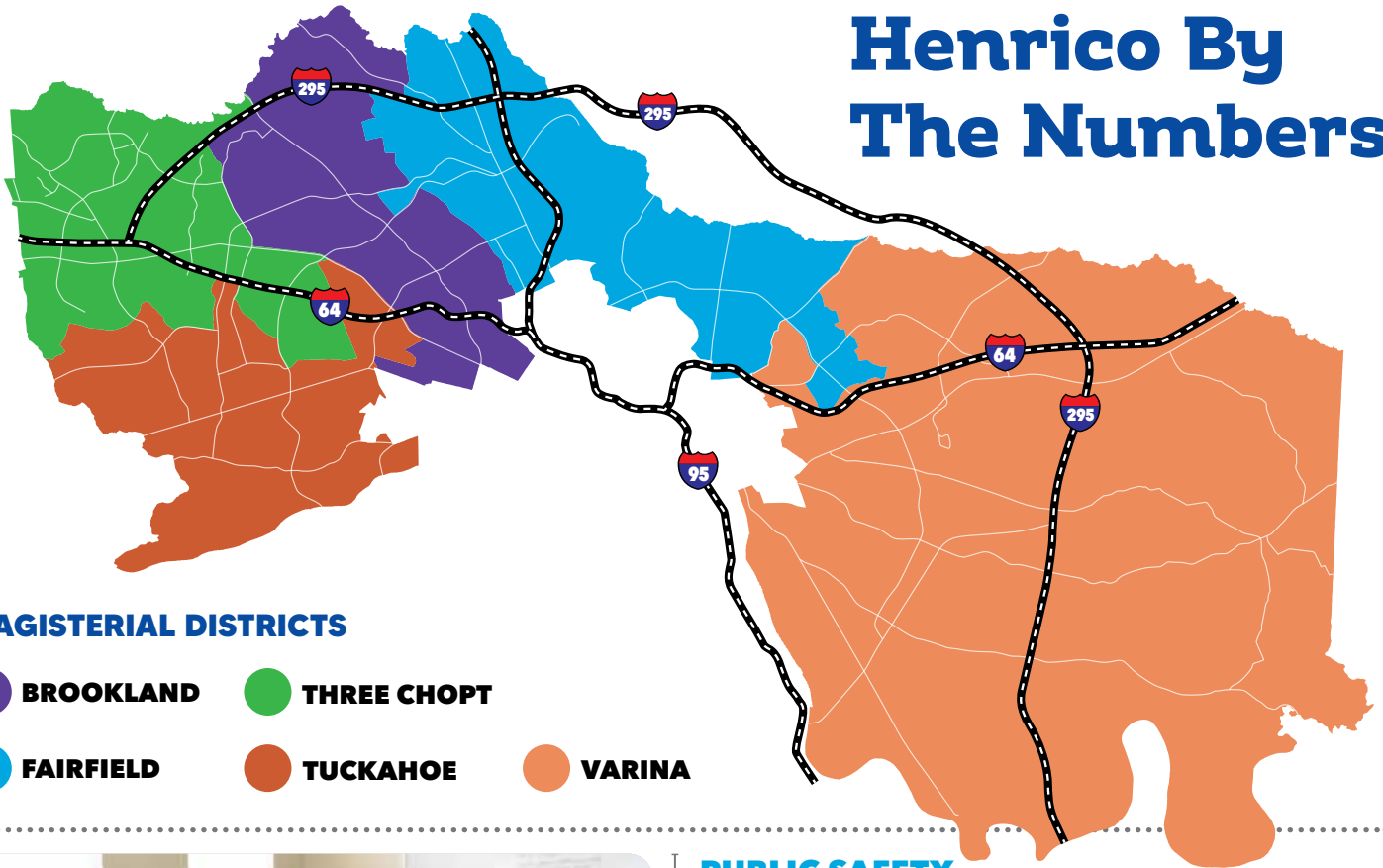
Mr. Branin is a graduate of Ferrum College where he earned a Bachelor of Science in Business as well as Psychology. He works full time for CCM, Inc.—an international corporation. Mr. Branin is also a land disturbance consultant and erosion control expert.



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.....	\$12,732
Teaching Positions.....	4,181
Student/Teacher Ratio.....	12
Elementary Schools.....	46
Middle Schools.....	12
High Schools.....	9
2022 Graduates.....	3,716
Scholarships Accepted.....	\$21.9 Million

PARKS, RECREATION AND CULTURAL

Park Visitations	5,700,000
Library Visits	670,000



COUNTY EMPLOYEES

Full time equivalents

General.....	4,294
Schools.....	7,288
Total Employees.....	11,582
Citizen Ratio.....	29.47

PUBLIC SAFETY

Calls for Police Service	175,586
Traffic Arrests.....	31,743
Criminal Arrests.....	35,971
Civil Papers Served	132,000
Calls for Fire Service	53,662
Calls for EMS & Rescue.....	45,065
Building Permits Issued	11,252
Inspections.....	90,000



PUBLIC WORKS

Lane Miles Maintained.....	3,563
Traffic Signals Maintained	177
Plans Reviewed	900
Miles of Water Mains.....	1,670



Henrico Local Economy



TOP TEN EMPLOYERS

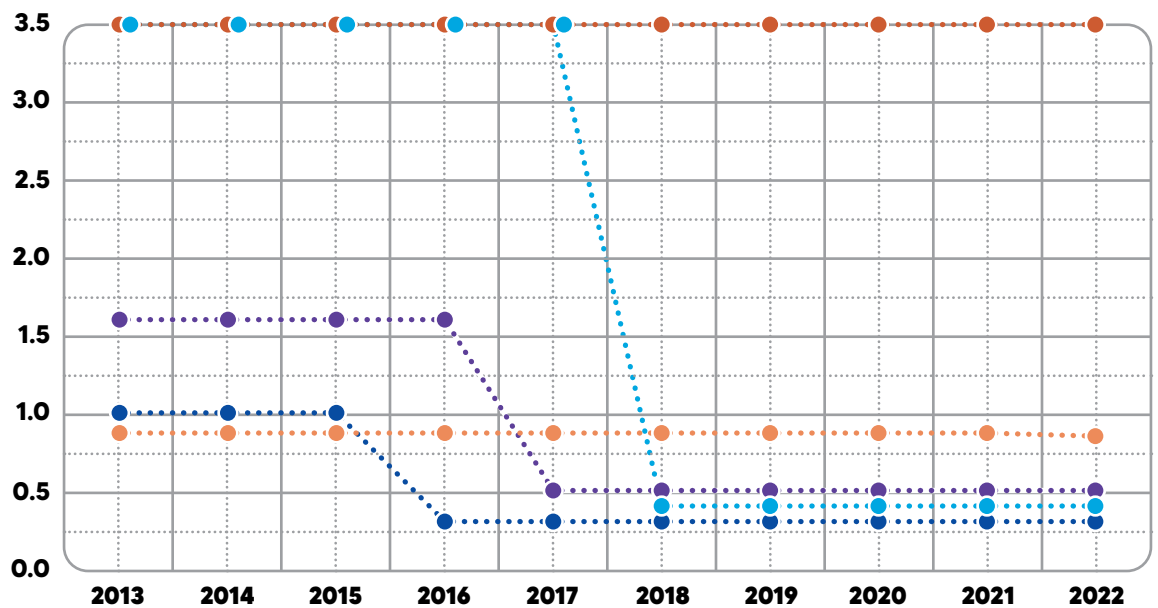
- Henrico County School Board
- County of Henrico
- Bon Secours Richmond Health System
- Henrico Doctors' Hospital (HCA)
- Walmart
- United States Postal Service
- Anthem
- Pharmaceutical Product Development
- Capital One Bank
- Apex Systems, Inc.

- 1** Henrico ranks 1st in taxable sales per capita in the State
- 2** Henrico ranks 2nd in jobs provided in the Commonwealth
- 5** Henrico ranks 5th in State for jobs created/retained
- 12** Henrico ranks 12th in the State for investment dollars and business announcements
- 19** 19 Local companies are on Inc. 5000

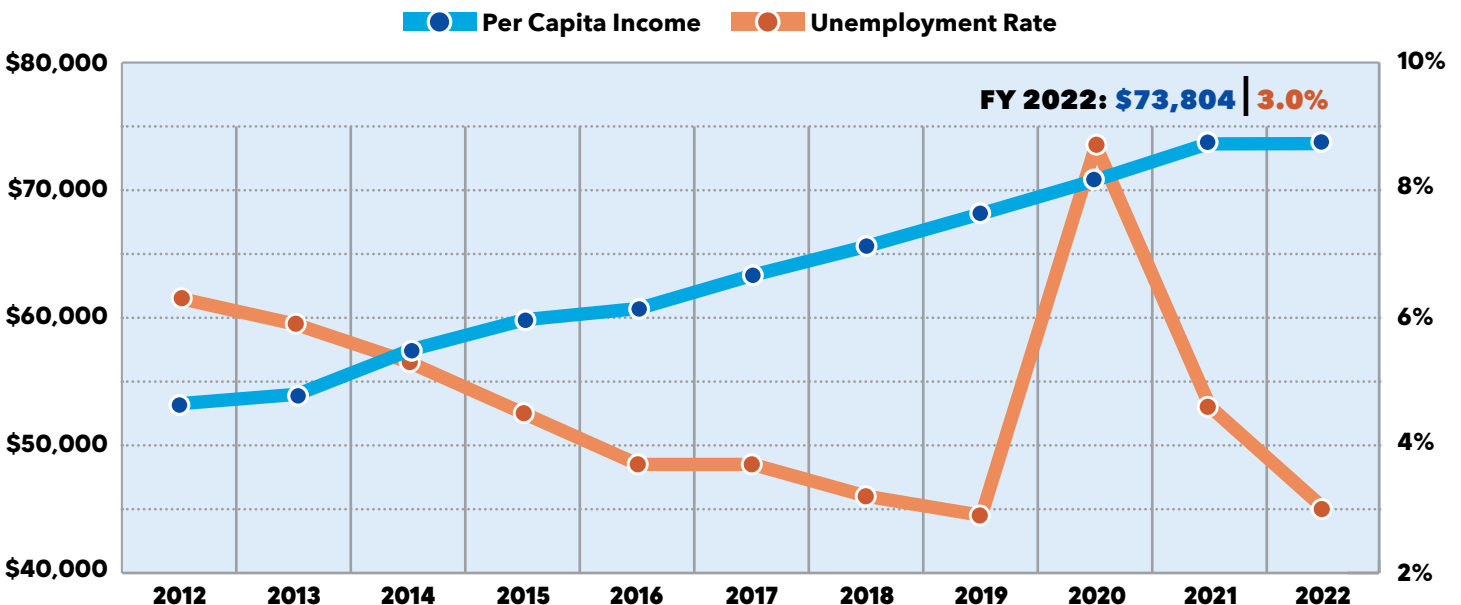
2022 TAX RATES

- Real Property \$0.85
- 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



2022 UNEMPLOYMENT RATE AND PER CAPITA INCOME

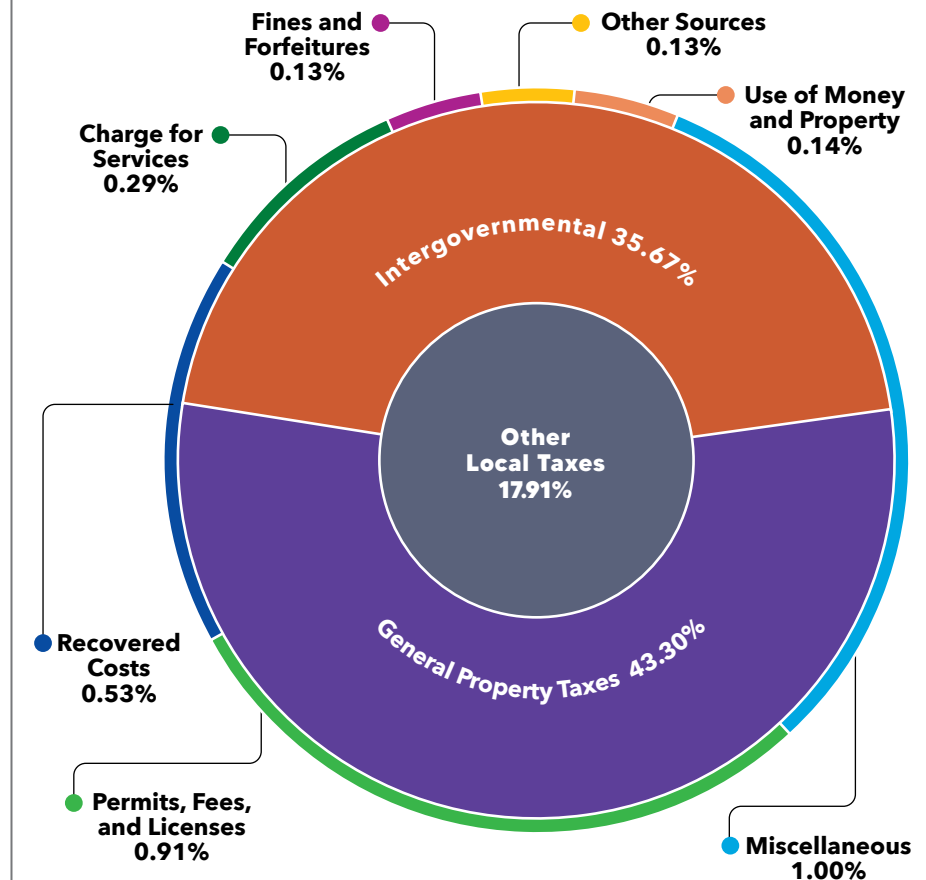


Where The Money Comes From

The general funds of the County and School Board 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 information is included.

Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half of calendar year 2021 and the first half of calendar year 2022 real property tax. The Real estate tax revenue collected during fiscal year 2022 was \$406.2 million, an increase of \$24.2 million or 6.3% from fiscal year 2021 due to increased property values. Through prudent financial management, Henrico County has maintained the lowest real estate tax rate among Virginia's ten largest localities.

FISCAL YEAR 2022 REVENUE SOURCES



GENERAL FUND RESULTS - REVENUES

For the Fiscal Years Ended June 30, FY22

Revenues	Governmental Funds	Component Unit School Board	Combined General Fund	FY21 Comparison	FY20 Comparison	\$ Change (FY21-22)
General property taxes	538,134,543	-	538,134,543	487,532,127	466,198,104	50,602,416
Other local taxes	222,552,512	-	222,552,512	188,049,081	183,290,660	34,503,431
Licenses and permits	11,136,199	171,951	11,308,150	8,617,724	8,620,648	2,690,426
Fines and forfeitures	1,674,840	-	1,674,840	1,678,666	1,885,334	(3,826)
Use of money and property	1,739,092	-	1,739,092	2,830,644	13,106,965	(1,091,552)
Charges for services	3,483,624	77,388	3,561,012	3,070,720	3,579,388	490,292
Miscellaneous	4,278,288	8,090,658	12,368,946	8,699,073	8,922,332	3,669,873
Recovered costs	6,278,503	318,460	6,596,963	6,316,478	6,937,082	280,485
Intergovernmental	136,754,040	306,494,863	443,248,903	461,624,190	433,409,639	(18,375,287)
TOTAL REVENUES	926,031,641	315,153,320	1,241,184,961	1,168,418,703	1,125,950,152	72,766,258
Other Sources						
Capital Lease obligations	1,616,489	6,057	1,622,546	248,604	555,605	1,373,942
TOTAL REVENUE AND OTHER SOURCES	927,648,130	315,159,377	1,242,807,507	1,168,667,307	1,126,505,757	74,140,200

Where The Money Goes

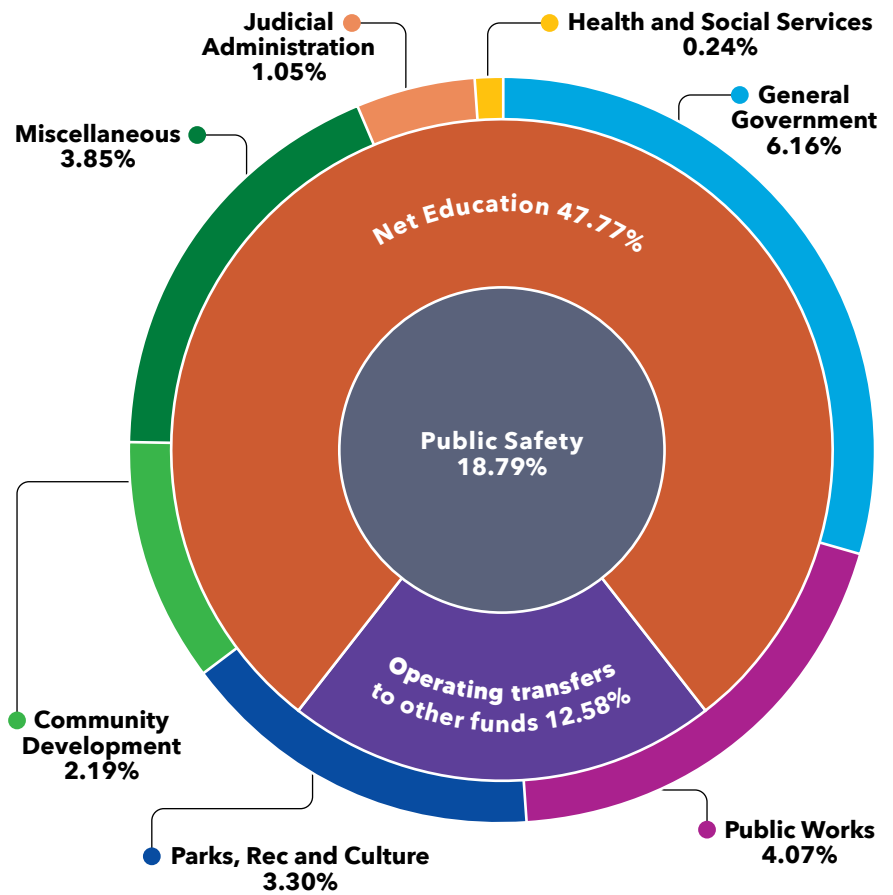
Expenditures for the County and School Board identify the uses of funding that are being spent on behalf of its residents. The chart identifies major expenditure sources and reflects the Board's commitment to serving the community. The County's component units are the School Board and James River Juvenile Detention Center, however, for purposes of this report, only School Board component unit is included. For the fiscal year ended June 30, 2022, the governmental funds reflect a combined fund balance of \$809.4 million, an increase of \$25.7 million from fiscal year 2021.

Did you know?

Expenditures for Education of \$586.5 million and Public Safety of \$230.7 million represent 66.6% of total expenditures for the County's Combined General Fund. Education and Public Safety are two of the County's highest priorities and commitments.



FISCAL YEAR 2022 EXPENDITURES



GENERAL FUND RESULTS - EXPENDITURES

For the Fiscal Years Ended June 30, FY22

Expenditures	Governmental Funds	Component Unit School Board	Combined General Fund	FY21 Comparison	FY20 Comparison	\$ Change (FY21-22)
General Government	75,630,631	-	75,630,631	72,952,802	72,008,900	2,677,829
Judicial Administration	12,873,375	-	12,873,375	12,308,544	11,842,556	564,831
Public Safety	230,743,089	-	230,743,089	211,292,966	206,397,562	19,450,123
Public Works	50,024,602	-	50,024,602	44,374,920	54,569,872	5,649,682
Health and Social Services	2,888,239	-	2,888,239	2,484,119	2,537,998	404,120
Parks, recreation, and culture	40,562,724	-	40,562,724	36,148,711	37,782,922	4,414,013
Community Development	26,921,548	-	26,921,548	21,332,877	24,884,307	5,588,671
*Education	274,331,456	312,218,218	586,549,674	497,233,835	518,669,672	89,315,839
Miscellaneous	47,232,200	-	47,232,200	24,415,804	23,127,793	22,816,396

TOTAL EXPENDITURES..... 761,207,864..... 312,218,218..... 1,073,426,082... 922,544,578 951,821,582..... 150,881,504

Other Uses
Operating Transfers to Other Funds 154,464,294 154,464,294 113,815,639 181,934,172 40,648,655

TOTAL EXPENDITURES AND OTHER USES... 915,672,158..... 312,218,218..... 1,227,890,376... 1,036,360,217 1,133,755,754... 191,530,159

*Component Unit School Board expenditures are shown net (gross expenditures of \$584,309,438 reported on Schedule 9 less adjustment of multi-fund reporting of \$272,091,220)

Schedule of Activities

GENERAL FUND BALANCE FOR FISCAL YEARS ENDED JUNE 30, 2022 (\$ in millions)

Maintaining a healthy fund balance demonstrates the County's conservative approach to finances and aids 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, ..\$383.40	29.91	\$413.31	
June 30, 2021			
Plus Revenue and Other Sources925.9	315.15	1241.1
Less Expenditures(914.00)	(312.22)	(1,226.22)
Total Fund Balance, June 30, 2022\$395.30	\$32.84	\$428.14

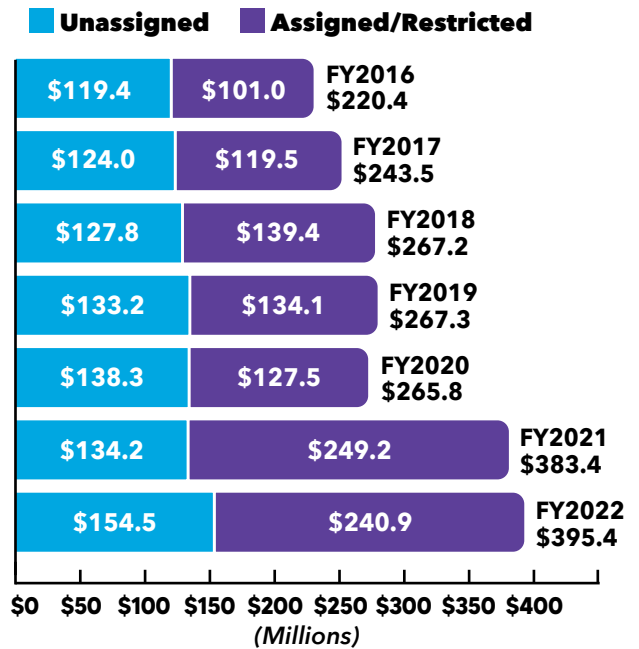
PRIMARY GOVERNMENT NET POSITION

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, 2021, and 2022 and how the difference in revenues and expenses increased ending net position. More detail can be found in Exhibits 1 and 2 of the Annual Comprehensive Financial Report for Fiscal Year ended June 30, 2022.

The County's net position increased by 5.6%, or \$160.1 million to \$3,000.6 million from \$2,840.5 million. Both Governmental Activities and Business-type Activities contributed to the increase in net position.

The net position of the County's governmental activities increased by 6.9%, or \$108.0 million to \$1,678.7 million (ACFR, Exhibit 2). Net Investment in Capital Assets decreased by \$12.8 million due to the implementation of GASB 87 which changed how the County is required to account for leases (see ACFR page 38 for more information). Restricted net position increased by \$139.5 million due to an increase in capital projects and additional funds reserved for grants. The unrestricted net position decreased by \$18.7 million to \$98.0 million on June 30, 2022, due mainly to the changes in the deferred pension and OPEB outflows and inflows.

GENERAL FUND BALANCE



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, 2022 (\$-millions)

	2021	2022
Program Revenues		
Charges for services	\$167.9	\$180.0
Operating grants & contributions	\$185.0	\$152.4
Capital grants & contributions	\$7.3	\$14.9
General Revenues		
Property tax	\$489.3	\$543.9
Local sales and use tax	\$75.6	\$88.0
Business licenses	\$38.6	\$46.3
Other taxes	\$78.5	\$94.0
Unrestricted grants & contributions	\$102.9	\$109.3
Revenue from use of money	\$2.5	\$1.0
Recovered costs & miscellaneous	\$2.3	\$1.7
TOTAL REVENUES	\$1,149.90	\$1,231.50
Expenses		
General government administration	\$137.3	\$132.4
Judicial administration	\$13.7	\$14.3
Public safety	\$218.4	\$242.9
Public works	\$78.8	\$89.7
Health and welfare	\$68.8	\$73.5
Education	\$215.1	\$308.0
Parks, recreation and culture	\$44.4	\$48.8
Community development	\$24.7	\$32.3
Interest on long-term debt	\$15.1	\$14.4
Water and sewer	\$115.8	\$115.1
Belmont Park golf course	\$-	\$-
TOTAL EXPENSES	\$932.1	\$1,071.4
Increase in net position	\$217.8	\$160.1
Beginning net position	\$2,622.7	\$2,840.5
ENDING NET POSITION	\$2,840.5	\$3,000.6

Capital Assets

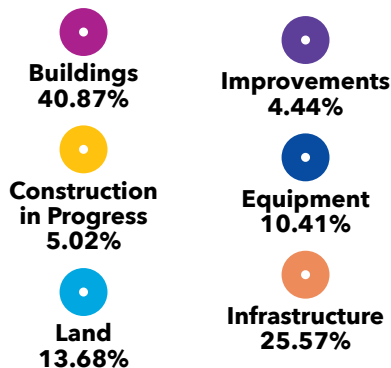
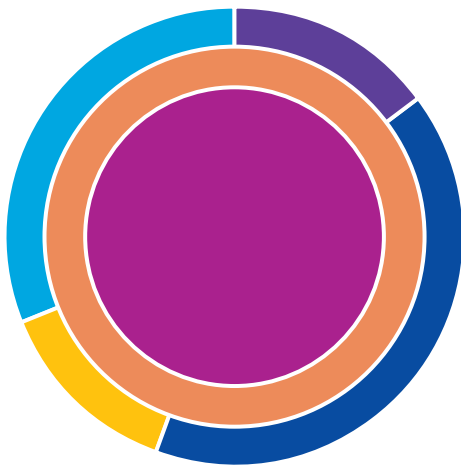


Pictured above is construction on the new Henrico Sports and Entertainment Center at Virginia Center Commons. The facility will be about 185,000 square feet, featuring 12 basketball courts or 24 volleyball courts, an arena with stadium seating, and 3,500 fixed seats. It can expand to about 4,500 seats for graduations, concerts, or special events. The design allows for different types of events to go on at the same time. The facility will provide more opportunities for residents and a boost for sports tourism. Completion is anticipated in 2023.

As illustrated in the chart below, at the end of the fiscal year, the County's governmental activities (including Internal Service Funds) had net capital assets totaling

\$1,811.5 million, which represents a net increase of \$63.0 million or 3.6% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

TOTAL CAPITAL ASSETS: FY22



FY 2022 TOTAL GOVERNMENTAL CAPITAL ASSETS

Capital Assets	Primary Government
Land.....	\$405,239,197
Construction in Progress	\$148,660,948
Buildings.....	\$1,210,278,742
Infrastructure	\$757,250,709
Equipment.....	\$308,400,279
Improvements	\$131,442,785
Total Capital Assets	\$2,961,272,660
Accumulated Depreciation.....	\$(1,149,813,434)

TOTAL CAPITAL ASSETS **\$1,811,459,226**

Did you know?

Cobbs Creek Reservoir, the County's 14.8-billion-gallon regional water supply, is nearing completion. This reservoir, located in Cumberland County, is projected to meet Henrico's drinking water needs for the next 50 years. The reservoir project included 1100 acres of land acquisition, utility relocations, and dam and facility construction. The reservoir is scheduled to be filled in 2023.



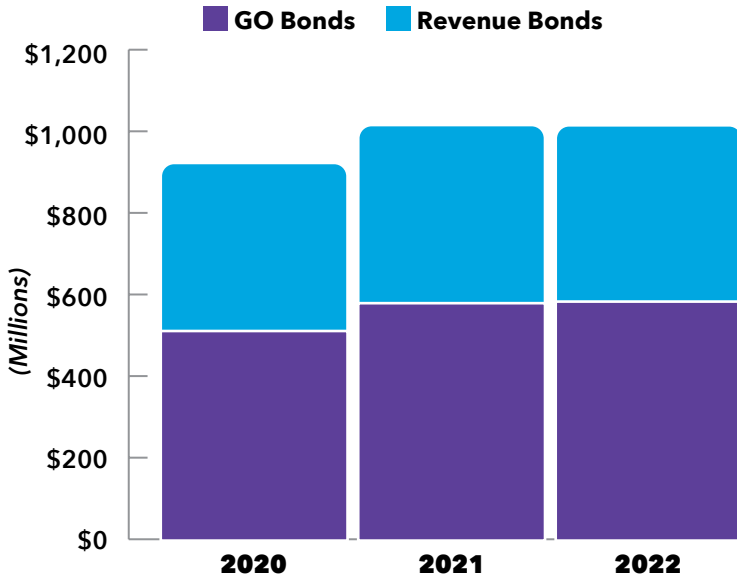
The County's Credit Rating

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 issuing debt at low interest rates for needed facilities.

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, 2022



The County's Debt

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 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 for our accomplishments, commitment to serving our community, and excitement for our 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?
What other information would you
like to see contained in this report?
Please let us know by contacting:**

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