

HENRICO COUNTY, VIRGINIA

FY 2019 Popular Annual Financial Report



STRIVE FOR EXCELLENCE

For the Fiscal Year
Ended June 30, 2019



Henrico County
VIRGINIA

MESSAGE FROM THE MANAGER



GET INVOLVED!

[HENRICO.US/SERVICES/VOLUNTEER](https://henrico.us/services/volunteer)



On behalf of the Board of Supervisors and the Finance Department of Henrico County, I am pleased to present the inaugural edition of the Popular Annual Financial Report for fiscal year 2018-2019. The PAFR is an unaudited summary report of the financial activities and position of the County. The PAFR was prepared using the audited financial statements included in the June 30, 2019 Comprehensive Annual Financial Report and given an unmodified opinion by KPMG Certified Public Accountants. The CAFR, in its entirety, is available online at <https://henrico.us/finance/divisions/accounting/>.

We have closed the book on a year of achievement, innovation and success thanks to our Board's leadership, our community engagement and our employee's commitment to excellence in customer service. Whether you are a longtime resident or business owner, a newcomer, a community stakeholder or a visitor, I invite you to explore all that Henrico offers.

In fiscal year 2018-2019, we enhanced the many qualities that make Henrico a great place to live, work and visit. We continued construction on the first set of projects being funded through the 2016 bond referendum. Economic development and construction are near completion on Facebook's nearly 1-million square foot data center. Other accomplishments include expanded BPOL tax exemption for businesses, an enhanced Real Estate Advantage Program, the largest expansion of GRTC transit service in the past 25 years, a continued emphasis on pedestrian safety, and ongoing construction on the Cobbs Creek Reservoir.

Henrico remains strong and resilient, skilled and compassionate. We have resources and resourcefulness. I encourage you as a member of the community to share your ideas, time and talents. I have no doubt that by working together, we can continue to strengthen all that makes Henrico a great place for everyone.

Sincerely,

JOHN A. VITHOUKAS

COUNTY MANAGER

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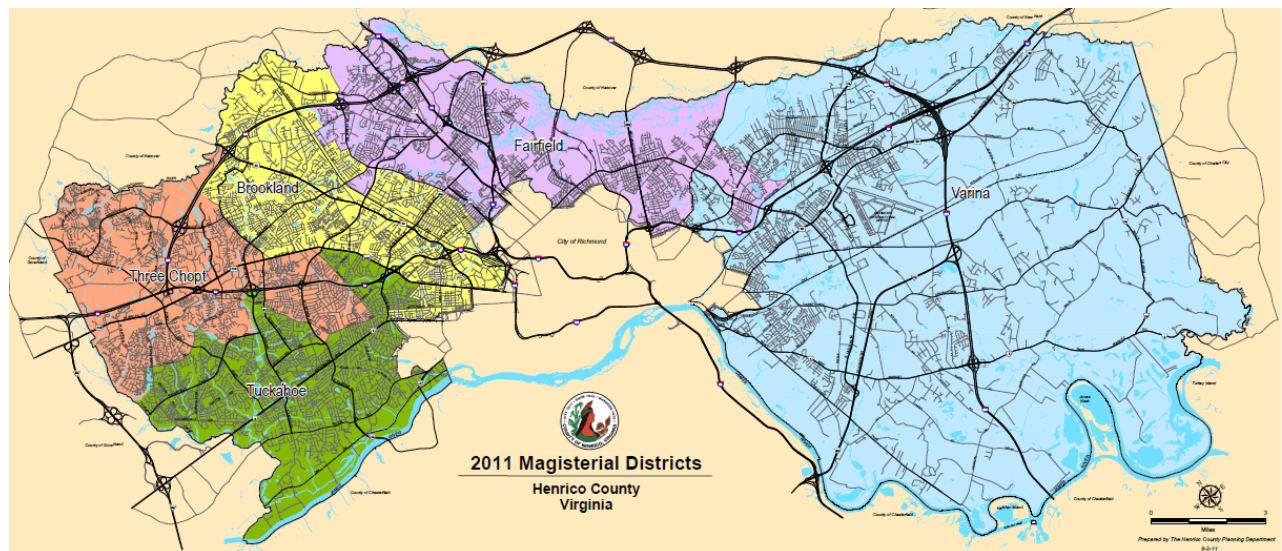
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HENRICO AT A GLANCE



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 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 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 nearby oceanic ports in the Tidewater region. Currently, based on recent estimates, 335,283 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 and duties include implementing approved ordinances and policies, appointing Department Directors, and managing the day-to-day operations of the County Government.



MEET THE BOARD



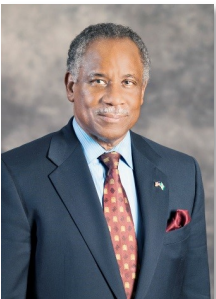
Tyrone Nelson (Chairman) was first elected to the Henrico County Board of Supervisors in 2011 to represent the Varina Magisterial District. He serves on the Richmond Region Tourism Board of Directors, Richmond Metropolitan Transportation Authority Board of Directors, and Richmond Performing Arts Alliance 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 Associates Degree in Business from J. Sargeant Reynolds Community College.



Tommy Branin (Vice 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.



Frank J. Thornton was first elected to the Henrico' Board of Supervisors in 1995 and was re-elected in 1999, 2003, 2007, 2011 and 2015 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.



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 with a B.S. in Secondary Education.



Dan Schmitt was 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 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.

HENRICO BY THE NUMBERS

Public Safety

Calls for Police Service	212,897
Traffic Arrests	46,596
Criminal Arrests	21,993
Civil Papers Served	125,000
Calls for Fire Service	51,124
Calls for EMS & Rescue	42,244
Building Permits Issued	16,322
Inspections	90,140

Education

Cost Per Student	\$10,043
Teaching Positions	3,917
Student/Teacher Ratio	12.8
Elementary Schools	46
Middle Schools	12
High Schools	9
2018 Graduates	3,783
Scholarships Accepted	\$27.9 Million

County Employees

Full time equivalents

General	4,100
School	6,868

Total Employees	10,968
Citizen Ratio	30.57

Public Works

Lane Miles Maintained	3,521
Traffic Signals Maintained	154
Plans Reviewed	1,975
Miles of Water Mains	1,634

Parks, Recreation and Cultural

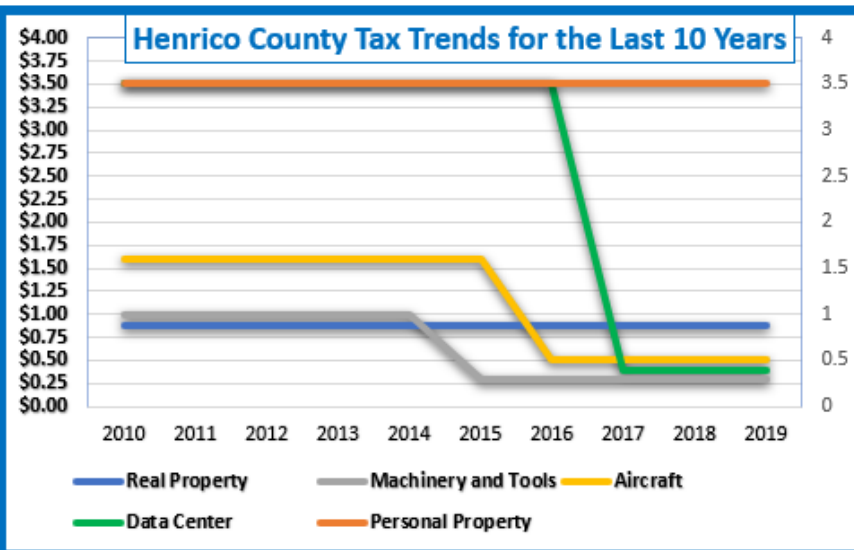
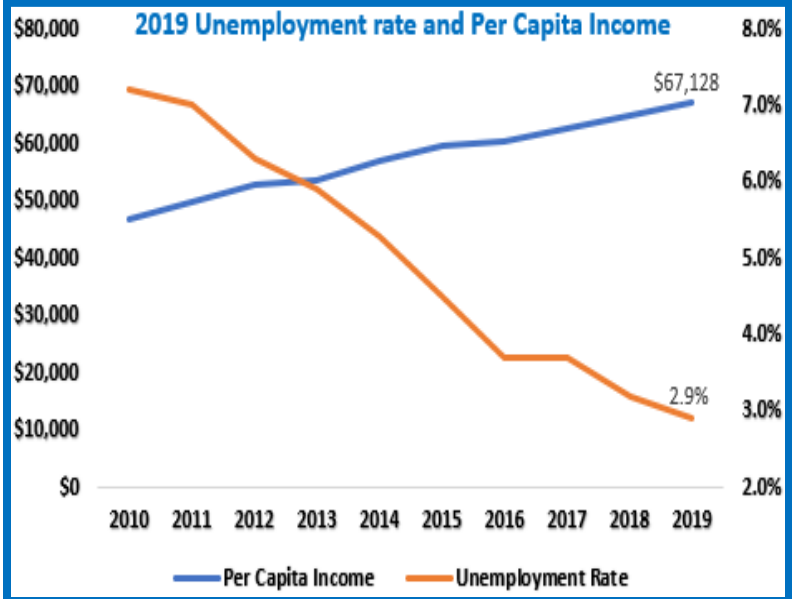
Park Visitations	3,600,000
Library Visits	2,145,850



HENRICO LOCAL ECONOMY

Top Ten Employers

1. Henrico County School Board
2. County of Henrico
3. Bon Secours Richmond
4. Henrico Doctors' Hospital
5. Capital One Bank
6. Anthem
7. Walmart
8. United States Postal Service
9. Wells Fargo Bank
10. Apex Systems, Inc.



2019 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 ranks 1st in taxable sales per capita in the State

Henrico ranks 2nd in jobs provided in the Commonwealth

Henrico ranks 3rd in State for jobs created / retained

Henrico ranks 4th in the State for investment dollars and business announcements

9 Local companies on...

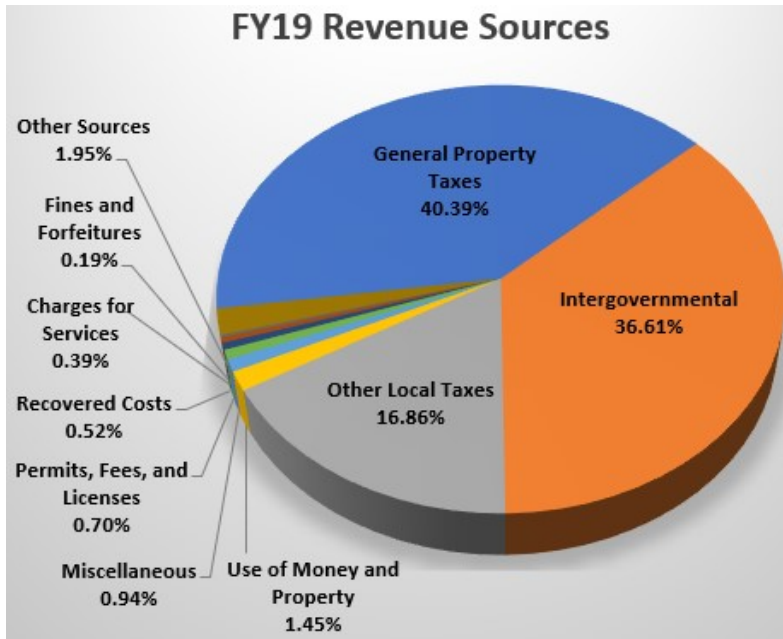


AMERICA'S
FASTEST
GROWING
PRIVATE
COMPANIES

Did you know?

Since 1978, the Board of Supervisors has prudently decreased the real estate tax rate six times. In addition to these decreases, Henrico County is also the lowest taxing locality among Virginia's ten largest localities.

WHERE THE MONEY COMES FROM

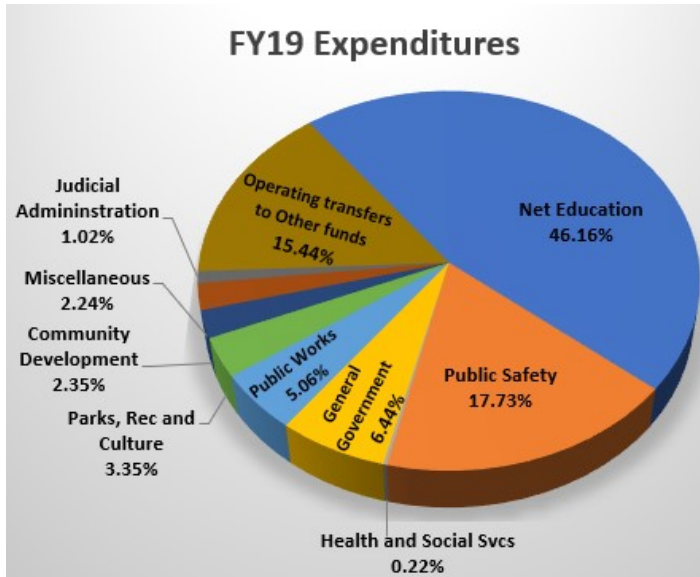


County and School Board General Funds accounts for all revenues of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, local sales taxes, license and permit fees, and revenues received from the Commonwealth of Virginia. The County's component 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 2019. Through prudent financial management, Henrico County has maintained the lowest rate for a locality among Virginia's ten largest localities.

General Fund Results—Revenues					
For the Fiscal Years Ended June 30,					
Revenues	FY19			FY18 Comparison	\$ Change
	Governmental Funds	Component Unit School	Combined General Fund		
General Property Taxes	\$ 447,469,395	\$ -	\$ 447,469,395	\$ 420,785,842	\$ 26,683,553
Other Local Taxes	186,843,818	-	186,843,818	182,031,629	4,812,189
Licenses and permits	7,368,426	432,105	7,800,531	10,238,990	(2,438,459)
Fines and forfeitures	2,146,622	-	2,146,622	2,160,593	(13,971)
Use of money and property	16,054,752	-	16,054,752	3,719,998	12,334,754
Charges for services	4,151,126	178,379	4,329,505	4,346,718	(17,213)
Miscellaneous	10,364,855	-	10,364,855	9,337,245	1,027,610
Recovered Costs	5,467,617	319,772	5,787,389	7,450,215	(1,662,826)
Intergovernmental	135,342,707	270,245,309	405,588,016	393,563,762	12,024,254
Total Revenues	815,209,318	271,175,565	1,086,384,883	1,033,634,992	52,749,891
Other Sources					
Capital lease proceeds	13,389	21,552,124	21,565,513	2,390,876	19,174,637
Total Revenue and Other Sources	\$ 815,222,707	\$ 292,727,689	\$ 1,107,950,396	\$ 1,036,025,868	\$ 71,924,528

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 \$935.2 million, a \$54.7 million increase over FY2018.

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



Did you know?
Expenditures for Education of \$510 million and Public Safety of \$196 million represent 76% of total expenditures for the County's Combined General Fund.

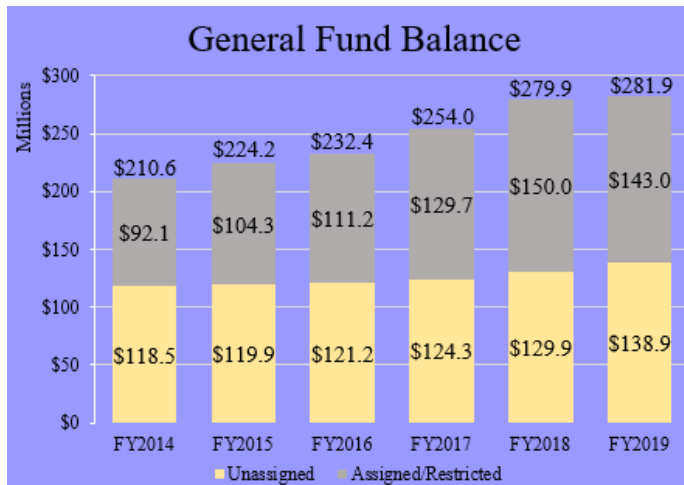


General Fund Results—Expenditures					
For the Fiscal Years Ended June 30,					
Expenditures	FY19			FY18 Comparison	\$ Change
	Governmental Funds	Component Unit School	Combined General Fund		
General government	\$ 71,186,977	\$ -	\$ 71,186,977	\$ 72,268,298	\$ (1,081,321)
Judicial administration	11,325,715	-	11,325,715	10,850,987	474,728
Public safety	196,062,839	-	196,062,839	187,607,502	8,455,337
Public works	55,966,276	-	55,966,276	53,550,069	2,416,207
Health and social services	2,432,912	-	2,432,912	2,286,988	145,924
Parks, recreation and culture	37,029,570	-	37,029,570	36,536,479	493,091
Community development	25,943,567	-	25,943,567	25,718,015	225,552
Education	228,647,872	*281,872,668	510,520,540	471,125,510	39,395,030
Miscellaneous	24,767,577	-	24,767,577	20,591,057	4,176,520
Total Expenditures	653,363,305	281,872,668	935,235,973	880,534,905	54,701,068
Other Uses					
Operating Transfers to Other Funds	161,743,816	9,000,000	170,743,816	129,560,316	41,183,500
Total Expenditures and Other Uses	\$ 815,107,121	\$ 290,872,668	\$ 1,105,979,789	\$ 1,010,095,221	\$ 95,884,568

* Component Unit School Board expenditures are shown net (gross expenditures of \$508,020,540 reported on Schedule 9 less adjustment of multi-fund reporting of \$226,147,872).

SCHEDULE OF ACTIVITIES

General Fund Balance for Fiscal Years ended June 30.



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

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.

General Fund Results Year Ending June 30, 2019

Combined Fund Balance	Governmental Funds	Component Unit School Board	Combined General Fund
Total Fund Balance, June 30, 2018	\$ 267.2	12.7	\$ 279.9
Plus Revenue and Other Sources	815.2	292.7	1,108.0
Less Expenditures	-815.1	-290.9	-1,106.0
Total Fund Balance, June 30, 2019	\$ 267.3	14.6	\$ 281.9

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, 2018 and 2019. More detail can be found in Exhibits 1 and 2 of the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2019.

The County's net position increased by 5.6%, or \$133.8 million to \$2,538.9 million from \$2,405.1 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 8.4% or \$105.2 million to \$1,353.9 million. Net investment in Capital Assets increased by \$6.0 million due to capital assets acquired and debt payments. Restricted net position increased by \$87.1 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net deficit improved by \$12.2 million to (\$66.4) million at June 30, 2019, due mainly to the changes in the deferred pension and OPEB outflows and inflows.

The net position of business-type activities increased by 2.5%, or \$28.4 million from \$1,156.5 million to \$1,184.9 million. Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$94.6 million as of June 30, 2019.

Summary of Changes in Net Position Total Primary Government For the Fiscal Years Ended June 30

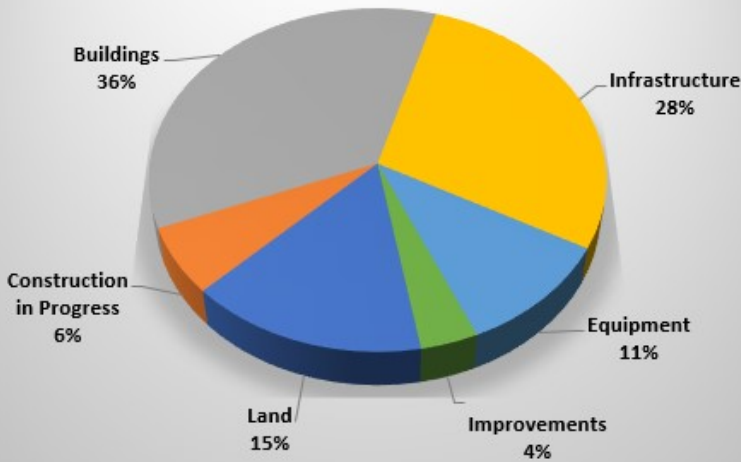
	2018	2019
Program Revenues :		
Charges for Services	\$159.4	\$162.9
Operating Grants and Contributions	148.0	157.8
Capital Grants and Contributions	21.1	6.1
General Revenues :		
Property Taxes	420.9	446.9
Other Taxes	186.5	191.4
Other	61.9	91.9
Total Revenues	\$997.8	\$1,057.0
Expenses :		
General Government	\$90.9	\$94.5
Judicial Administration	12.3	12.8
Public Safety	198.3	205.3
Public Works	87.2	91.6
Health and Welfare	74.9	79.9
Education	235.2	240.0
Parks, Recreation, and Cultural	42.1	43.4
Community Development	30.4	28.7
Interest on Long-Term	21.1	13.6
Water and Sewer	108.7	112.5
Golf Course	0.9	0.9
Total Expenses	\$893.0	\$923.2
Change in Net Position	104.8	133.8
Net Position (deficit), beginning of year	2,300.3	2,405.1
Net Position (deficit), end of year	\$2,405.1	\$2,538.9

CAPITAL ASSETS



As illustrated in the chart below, at the end of fiscal year, the County’s governmental activities (including Internal Service Funds) had net capital assets totaling \$1,530.0 million, which represents a net increase of \$70.5 million or 4.8% 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 - FY 19



FY 2019 Total Governmental Capital Assets

Land	\$390,387,639
Construction in Progress	159,306,849
Buildings	895,968,413
Infrastructure	716,470,704
Equipment	266,939,460
Improvements	94,473,150
Total Capital Assets	\$2,523,546,215
Accumulated Depreciation	(993,261,599)
Total Capital Assets	\$1,530,284,616



Did you know?

The Department of Public Works completed construction projects that added 1.6 miles, or 8,530 linear feet, of sidewalks along county-maintained roads. Henrico now has 260 miles of sidewalks and 39 miles of paved trails with plans to construct an additional 15 miles of sidewalks and 6 miles of paved trails during the next three years.

THE COUNTY'S CREDIT RATING

Credit Ratings given by Moody's, S&P and Fitch

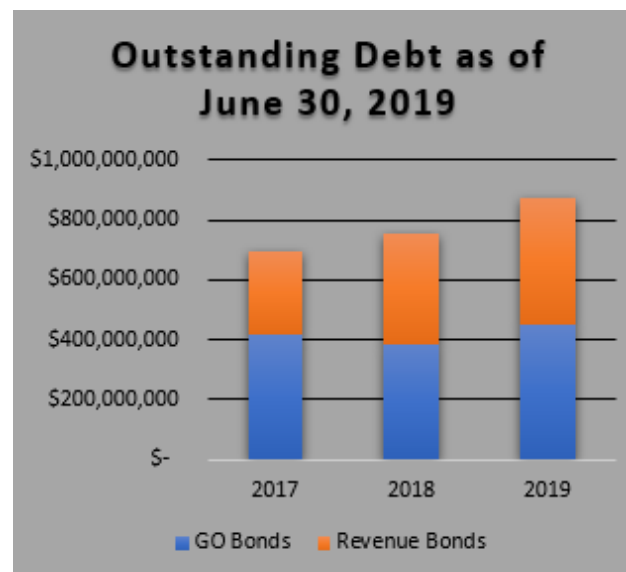
Top bond ratings allow capital projects to be financed at extremely competitive interest rates. In fact, Henrico received an interest rate of 1.966% in August when the County sold \$105.1 million in general obligation bonds for the next set of bond referendum projects. Records show this is the lowest rate Henrico has received since 1952, and it may be the County's lowest rate ever.

Bond Program	Moody's	S&P Global	Fitch Ratings
General Obligation	Aaa	AAA	AAA
Water & Sewer Revenue	Aaa	AAA	AAA

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.



**The County of Henrico's Popular Financial Report is a
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4301 E Parham Road, PO Box 90775, Henrico, VA 23273**

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