NEW ISSUE
BOOK-ENTRY-ONLY

Ratings: Fitch: "AAA"
Moody's: "Aaa"
Standard & Poor's: "AAA"
(See "RATINGS" herein)

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, interest on the hereinafter defined Series 2020A Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. See "TAX MATTERS – Series 2020A Bonds" herein.

In the opinion of Bond Counsel to the County, interest on the hereinafter defined Series 2020B Bonds is not excludable from gross income for federal income tax purposes. See "TAX MATTERS – Series 2020B Bonds" herein.

In the opinion of Bond Counsel to the County, under the existing statutes of the Commonwealth of Virginia, interest on the Series 2020A Bonds and on the Series 2020B is not includable in computing the Virginia income tax.

$25,705,000
COUNTY OF HENRICO, VIRGINIA,
WATER AND SEWER SYSTEM REVENUE BONDS,
SERIES 2020A (TAX-EXEMPT)

$118,675,000
COUNTY OF HENRICO, VIRGINIA,
WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2020B (FEDERALLY TAXABLE)

Dated: Date of Issuance **Due: May 1, as Shown on the Inside Cover**

The Water and Sewer System Revenue Bonds, Series 2020A (Tax-Exempt) (the "Series 2020A Bonds") and Series 2020B (Federally Taxable) (the "Series 2020B Bonds", and collectively with the Series 2020A Bonds, the "Series 2020 Bonds") of the County of Henrico, Virginia (the "County" or the "Issuer") are limited obligations of the County, as hereinafter described, issued pursuant to a Resolution of the County adopted on November 23, 1977, as amended and supplemented (as so amended and supplemented, the "Bond Resolution"). The Series 2020 Bonds will be issued to refund certain outstanding Water and Sewer System Revenue Bonds of the County and to finance the costs of improvements to the Water and Sewer System (the "System") of the County.

THE PRINCIPAL OF AND INTEREST ON THE SERIES 2020 BONDS WILL BE PAYABLE SOLELY FROM, AND SECURED EQUALLY AND RATABLY SOLELY BY, A LIEN AND CHARGE ON, THE REVENUES DERIVED FROM THE OPERATION OF THE SYSTEM, SUBJECT, HOWEVER, TO THE PRIOR PAYMENT FROM SUCH REVENUES OF THE EXPENSES OF OPERATION AND MAINTENANCE OF THE SYSTEM. THE SERIES 2020 BONDS ARE PAYABLE ON A PARITY WITH THE PAYMENT OF PRINCIPAL OF AND INTEREST ON CERTAIN OTHER WATER AND SEWER SYSTEM REVENUE BONDS OF THE COUNTY AS DESCRIBED HEREIN. THE SERIES 2020 BONDS ARE NOT A DEBT OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION UPON THE CREATION OF GENERAL OBLIGATION INDEBTEDNESS OF THE COUNTY, AND THE COUNTY SHALL NOT BE LIABLE FOR THE PAYMENT THEREOF OUT OF ANY FUNDS OF THE COUNTY EXCEPT THE REVENUES OF THE SYSTEM.

The Series 2020 Bonds will bear interest, payable semiannually, on May 1 and November 1, commencing on May 1, 2021. The Series 2020 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be available to purchasers in the denomination of $5,000, or any integral multiple thereof under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC participants. PURCHASERS WILL NOT RECEIVE DELIVERY OF THE SERIES 2020 BONDS. FOR AS LONG AS ANY PURCHASER IS THE BENEFICIAL OWNER OF A SERIES 2020 BOND, SUCH PURCHASER MUST MAINTAIN AN ACCOUNT WITH A BROKER OR DEALER WHO IS, OR ACTS THROUGH, A DTC PARTICIPANT TO RECEIVE PAYMENT OF PRINCIPAL OF AND INTEREST ON SUCH SERIES 2020 BOND. See "DESCRIPTION OF THE SERIES 2020 BONDS – Book-Entry Only System and Global Clearance Procedures".

The Series 2020 Bonds are subject to redemption prior to maturity as provided herein.

BY VIRTUE OF THEIR PURCHASE OF THE SERIES 2020 BONDS, THE BENEFICIAL OWNERS OF THE SERIES 2020 BONDS SHALL CONSENT, AND SHALL BE DEEMED TO HAVE CONSENTED, TO CERTAIN AMENDMENTS TO THE BOND RESOLUTION. SEE "AMENDMENETS TO THE BOND RESOLUTION" HEREIN.

The Series 2020 Bonds are offered for delivery when, as, and if issued, subject to the approval of their validity by Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, as described herein, and to certain other conditions referred to herein. Certain legal matters are to be passed upon for the County by J.T. Tokarz, County Attorney. Certain legal matters are to be passed upon for the Underwriters by McGuireWoods LLP, Counsel to the Underwriters. It is expected that the Series 2020 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about October 13, 2020.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, together with attached appendices, to obtain information essential to the making of an informed investment decision.

J.P. MORGAN **WELLS FARGO SECURITIES**

Dated: September 29, 2020

$25,705,000
COUNTY OF HENRICO, VIRGINIA,
WATER AND SEWER SYSTEM REVENUE BONDS,
SERIES 2020A (TAX-EXEMPT)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS AND CUSIPS

Maturity (May 1)	Principal Amount	Interest Rate	Yield	CUSIP** Numbers
2029	$760,000	5.000%	0.770%	426170QZ2
2030	795,000	5.000	0.870	426170RA6
2031	835,000	5.000	0.960*	426170RB4
2032	875,000	5.000	1.040*	426170RC2
2033	920,000	5.000	1.120*	426170RD0
2034	965,000	4.000	1.330*	426170RE8
2035	1,005,000	4.000	1.410*	426170RF5
2036	1,045,000	3.000	1.640*	426170RG3
2037	1,080,000	3.000	1.700*	426170RH1
2038	1,110,000	3.000	1.740*	426170RJ7
2039	1,145,000	3.000	1.780*	426170RK4
2040	1,175,000	3.000	1.820*	426170RL2
2041	1,215,000	3.000	1.860*	426170RM0
2042	1,250,000	3.000	1.890*	426170RN8

$5,380,000 3.000% Term Bonds, Due May 1, 2046, Yield 2.000%*, CUSIP 426170RP3**
$6,150,000 4.000% Term Bonds, Due May 1, 2050, Yield 1.880%*, CUSIP 426170RQ1**

$118,675,000
COUNTY OF HENRICO, VIRGINIA,
WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS,
SERIES 2020B (FEDERALLY TAXABLE)

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
PRICES, CUSIPS, ISIN and COMMON CODE

Maturity (May 1)	Principal Amount	Interest Rate	Price	CUSIP** Numbers	ISIN** Numbers	Common Code** Numbers
2021	$2,140,000	0.227%	100%	426170RR9	426170RR92	224389493
2022	1,295,000	0.327	100	426170RS7	426170RS75	224389507
2023	1,300,000	0.399	100	426170RT5	426170RT58	224389485
2024	4,285,000	0.515	100	426170RU2	426170RU22	224389523
2025	4,305,000	0.635	100	426170RV0	426170RV05	224389531
2026	4,330,000	0.823	100	426170RW8	426170RW87	224389515
2027	6,485,000	0.953	100	426170RX6	426170RX60	224389558
2028	6,555,000	1.130	100	426170RY4	426170RY44	224389566
2029	7,155,000	1.230	100	426170RZ1	426170RZ19	224389540
2030	7,245,000	1.330	100	426170SA5	426170SA58	224389582
2031	7,340,000	1.450	100	426170SB3	426170SB32	224389604
2032	7,445,000	1.550	100	426170SC1	426170SC15	224389574
2033	7,560,000	1.660	100	426170SD9	426170SD97	224389639
2034	7,680,000	1.760	100	426170SE7	426170SE70	224389647
2035	7,820,000	1.810	100	426170SF4	426170SF46	224389612

$21,200,000 2.317% Term Bonds, Due May 1, 2040, Price 100%, CUSIP 426170SG2, ISIN** 426170SG29, Common Code ** 224389655**
$14,535,000 2.417% Term Bonds, Due May 1, 2044, Price 100%, CUSIP 426170SH0, ISIN** 426170SH02, Common Code** 224389663**

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* Yield to the May 1, 2030 optional redemption date.

** CUSIP is a registered trademark of the American Bankers Association. CUSIP and ISIN data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP and ISIN numbers have been assigned by an independent company not affiliated with the Issuer and are included solely for the convenience of the registered owners of the Series 2020 Bonds. Neither the Issuer nor the Underwriters are responsible for the selection or uses of these CUSIP and ISIN numbers, and no representation is made as to their correctness on the Series 2020 Bonds or as included herein. The Common Codes are provided herein by Euroclear Bank S.A./N.V. Common Codes are provided for convenience of reference only. Neither the Issuer nor the Underwriters are responsible for the selection or uses of these Common Codes, and no representation is made as to their correctness on the Bonds or as included herein.

THE COUNTY OF HENRICO, VIRGINIA

BOARD OF SUPERVISORS

THOMAS M. BRANIN, *Chairman*

DANIEL J. SCHMITT, *Vice-Chairman*

TYRONE E. NELSON

PATRICIA S. O'BANNON

FRANK J. THORNTON

COUNTY OFFICIALS

JOHN A. VITHOULKAS, *County Manager*

W. BRANDON HINTON, *Deputy County Manager for Administration*

STEVEN J. YOB, P.E., *Deputy County Manager for Community Operations*

MONICA SMITH-CALLAHAN, *Deputy County Manager for Community Affairs*

ANTHONY E. MCDOWELL, *Deputy County Manager for Public Safety*

J.T. TOKARZ, *County Attorney*

MEGHAN F. COATES, *Director of Finance*

BOND COUNSEL

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007
(212) 820-9300

FINANCIAL ADVISOR

PFM Financial Advisors LLC
3200 Lauderdale Drive, Suite 102
Henrico, Virginia 23233
(804) 780-2850

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No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information set forth in this Official Statement has been obtained from the County and other sources that are deemed reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information in this Official Statement speaks as of its date except where specifically noted otherwise and is subject to change without notice. The delivery of this Official Statement, any sale made under it or any filing or other use of it will not, under any circumstances, create any implication that there has been no change in any matters pertaining to the County or the System since the date of this Official Statement or imply that any information in this Official Statement is accurate or complete as of any later date. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Series 2020 Bonds.

The Series 2020 Bonds will be exempt from registration under the Securities Act of 1933, as obligations of a political subdivision of the Commonwealth of Virginia. The Series 2020 Bonds also will be exempt from registration under the securities laws of the Commonwealth of Virginia.

The electronic distribution of this Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2020 Bonds described herein to the residents of any particular state and is not specifically directed to the residents of any particular state. The Series 2020 Bonds will not be offered or sold in any state unless and until they are either registered pursuant to the laws of such state, or qualified pursuant to an appropriate exemption from registration in such state.

In making an investment decision investors must rely on their own examination of the terms of the offering, including the merits and risks involved.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document for purposes of, and as that term is defined in, Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget," "intend," "projection" or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information in APPENDIX A and APPENDIX C to this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Issuer does not plan to issue any updates or revisions to those forward-looking statements.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2020 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SERIES 2020 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

ANY REFERENCES HEREIN TO THE "ISSUER" MEAN THE COUNTY AND REFERENCES TO "SECURITIES" MEAN THE SERIES 2020B BONDS. **NEITHER THE ISSUER NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE CONTENTS OF THIS SECTION.**

MINIMUM UNIT SALES

THE SERIES 2020B BONDS WILL TRADE AND SETTLE ON A UNIT BASIS (ONE UNIT EQUALING ONE BOND OF $5,000 PRINCIPAL AMOUNT). FOR ANY SALES MADE OUTSIDE THE UNITED STATES, THE MINIMUM PURCHASE AND TRADING AMOUNT IS THIRTY (30) UNITS (BEING THIRTY (30) SERIES 2020B BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF $150,000).

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA ("EEA") OR THE UNITED KINGDOM

THE SERIES 2020B BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR THE UNITED KINGDOM. FOR THESE PURPOSES, A "RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "MIFID II"); (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE (EU) 2016/97 (THE "INSURANCE DISTRIBUTION DIRECTIVE"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN REGULATION (EU) 2017/1129 (THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE SERIES 2020B BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE SERIES 2020B BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE SERIES 2020B BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 1(4) OF THE PROSPECTUS REGULATION FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SERIES 2020B BONDS. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OR THE UNITED KINGDOM OF THE SERIES 2020B BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE UNDERWRITERS TO PROVIDE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE UNDERWRITERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF SERIES 2020B BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE UNDERWRITERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE SERIES 2020B BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

THE OFFER OF ANY SERIES 2020B BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THE EEA OR THE UNITED KINGDOM, OTHER THAN: (A) TO ANY

LEGAL ENTITY WHICH IS A "QUALIFIED INVESTOR" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN "QUALIFIED INVESTORS" AS SUCH TERM IS DEFINED IN THE PROSPECTUS REGULATION), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT UNDERWRITER OR THE ISSUER FOR ANY SUCH OFFER; OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 1(4) OF THE PROSPECTUS REGULATION; PROVIDED THAT NO SUCH OFFER OF THE SERIES 2020B BONDS SHALL REQUIRE THE ISSUER OR ANY UNDERWRITER TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS REGULATION OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 23 OF THE PROSPECTUS REGULATION.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN "OFFER OF SECURITIES TO THE PUBLIC" IN RELATION TO THE SERIES 2020B BONDS IN ANY MEMBER STATE OF THE EEA OR THE UNITED KINGDOM MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE SERIES 2020B BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE SERIES 2020B BONDS OR SUBSCRIBE FOR THE SERIES 2020B BONDS.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SERIES 2020B BONDS IN THE OFFERING LOCATED WITHIN A MEMBER STATE OF THE EEA OR THE UNITED KINGDOM WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A "QUALIFIED INVESTOR" AS DEFINED IN THE PROSPECTUS REGULATION. THE ISSUER AND EACH UNDERWRITER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 ("FSMA") AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA. THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE OUTSIDE THE UNITED KINGDOM, (II) ARE INVESTMENT PROFESSIONALS, AS SUCH TERM IS DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE "FINANCIAL PROMOTION ORDER"), (III) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS.

NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE SERIES 2020B BONDS. THE SERIES 2020B

BONDS MAY NOT BE PUBLICLY OFFERED, DIRECTLY OR INDIRECTLY, IN SWITZERLAND WITHIN THE MEANING OF THE SWISS FINANCIAL SERVICES ACT ("FINSA") AND NO APPLICATION HAS OR WILL BE MADE TO ADMIT THE SERIES 2020B BONDS TO TRADING ON ANY TRADING VENUE (EXCHANGE OR MULTILATERAL TRADING FACILITY) IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2020B BONDS CONSTITUTES A PROSPECTUS PURSUANT TO THE FINSA, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE SERIES 2020B BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN SWITZERLAND.

THE SERIES 2020B BONDS DO NOT CONSTITUTE COLLECTIVE INVESTMENTS WITHIN THE MEANING OF THE SWISS FEDERAL ACT ON COLLECTIVE INVESTMENT SCHEMES ("CISA"). ACCORDINGLY, HOLDERS OF THE SERIES 2020B BONDS DO NOT BENEFIT FROM PROTECTION UNDER THE CISA OR FROM THE SUPERVISION OF THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY. INVESTORS ARE EXPOSED TO THE DEFAULT RISK OF THE ISSUER.

NOTICE TO PROSPECTIVE INVESTORS IN HONG KONG

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE SERIES 2020B BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)) IN HONG KONG (THE “C(WUMP)O”) NOR HAS IT BEEN APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (THE “SFO”). ACCORDINGLY, THE SERIES 2020B BONDS MAY NOT BE OFFERED OR SOLD IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN (A) TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO; OR (B) IN OTHER CIRCUMSTANCES WHICH DO NOT RESULT IN THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT BEING A “PROSPECTUS” AS DEFINED IN THE C(WUMP)O OR WHICH DO NOT CONSTITUTE AN OFFER TO THE PUBLIC WITHIN THE MEANING OF THE C(WUMP)O. IN ADDITION, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE SERIES 2020B BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG (EXCEPT IF PERMITTED TO DO SO UNDER THE SECURITIES LAWS OF HONG KONG) OTHER THAN WITH RESPECT TO THE SERIES 2020B BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, OR (B) TO ‘PROFESSIONAL INVESTORS’ AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO.

NOTICE TO PROSPECTIVE INVESTORS IN JAPAN

THE SERIES 2020B BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE ACT OF JAPAN (ACT NO. 25 OF 1948, AS AMENDED, THE "FIEA"). NEITHER THE SERIES 2020B BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (AS DEFINED UNDER ITEM 5, PARAGRAPH 1, ARTICLE 6 OF THE FOREIGN EXCHANGE AND FOREIGN TRADE ACT (ACT NO. 228 OF 1949, AS AMENDED)), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEA AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE SERIES 2020B BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEA. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE SERIES 2020B BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF CERTAIN QUALIFIED INSTITUTIONAL INVESTORS AS DEFINED IN THE FIEA ("QIIS") IN RELIANCE ON THE QIIS-ONLY PRIVATE PLACEMENT EXEMPTION AS SET FORTH IN ITEM 2(I), PARAGRAPH 3, ARTICLE 2 OF THE FIEA. A QII WHO PURCHASED OR OTHERWISE OBTAINED THE SERIES 2020B BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE SERIES 2020B BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

NOTICE TO PROSPECTIVE INVESTORS IN TAIWAN

THE OFFER OF THE SERIES 2020B BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED OR FILED WITH, OR APPROVED BY, THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN AND/OR OTHER REGULATORY AUTHORITY OF TAIWAN PURSUANT TO RELEVANT SECURITIES LAWS AND REGULATIONS, AND THE SERIES 2020B BONDS MAY NOT BE OFFERED, ISSUED OR SOLD IN TAIWAN THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION OR FILING WITH OR APPROVAL OF THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN. THE SERIES 2020B BONDS MAY BE MADE AVAILABLE OUTSIDE TAIWAN FOR PURCHASE BY INVESTORS RESIDING IN TAIWAN (EITHER DIRECTLY OR THROUGH PROPERLY LICENSED TAIWAN INTERMEDIARIES), BUT MAY NOT BE OFFERED OR SOLD IN TAIWAN EXCEPT TO QUALIFIED INVESTORS VIA A TAIWAN LICENSED INTERMEDIARY. ANY SUBSCRIPTIONS OF SERIES 2020B BONDS SHALL ONLY BECOME EFFECTIVE UPON ACCEPTANCE BY THE ISSUER OR THE RELEVANT DEALER OUTSIDE TAIWAN AND SHALL BE DEEMED A CONTRACT ENTERED INTO IN THE JURISDICTION OF INCORPORATION OF THE ISSUER OR RELEVANT DEALER, AS THE CASE MAY BE, UNLESS OTHERWISE SPECIFIED IN THE SUBSCRIPTION DOCUMENTS RELATING TO THE SERIES 2020B BONDS SIGNED BY THE INVESTORS.

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OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF

$25,705,000 **COUNTY OF HENRICO, VIRGINIA,** **WATER AND SEWER SYSTEM** **REVENUE BONDS,** **SERIES 2020A (TAX-EXEMPT)**	**$118,675,000** **COUNTY OF HENRICO, VIRGINIA,** **WATER AND SEWER SYSTEM** **REFUNDING REVENUE BONDS,** **SERIES 2020B (FEDERALLY TAXABLE)**

INTRODUCTION

The purpose of this Official Statement, including the cover page and attached Appendices, is to set forth certain information in connection with the sale by the County of Henrico, Virginia (the "County" or the "Issuer"), of its $25,705,000 aggregate principal amount of Water and Sewer System Revenue Bonds, Series 2020A (Tax-Exempt) and $118,675,000 aggregate principal amount of Water and Sewer System Refunding Revenue Bonds, Series 2020B (Federally Taxable), dated October 13, 2020 (the "Series 2020 Bonds").

The Series 2020 Bonds will be issued and secured in accordance with the Public Finance Act of 1991, being Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended (the "Act"), and pursuant to the provisions of a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on November 23, 1977, as previously amended and supplemented (the "Original Resolution"), and a supplemental resolution adopted by the Board of Supervisors on September 22, 2020 (the "2020 Supplemental Resolution" and together with the Original Resolution, the "Bond Resolution"), providing for the issuance of the Series 2020 Bonds and the hereinafter defined 2020 Amendments to the Bond Resolution.

The County has issued, and on the date of issuance of the Series 2020 Bonds there will be outstanding under the Bond Resolution, $307,910,000 aggregate principal amount of Water and Sewer System Revenue Bonds and Water and Sewer System Refunding Revenue Bonds (the "Outstanding Parity Bonds"), excluding the Series 2020 Bonds and the hereinafter defined Refunded Bonds. On the date of issuance of the Series 2020 Bonds, the Outstanding Parity Bonds, excluding the Series 2020 Bonds and the Refunded Bonds, will consist of: (i) $8,145,000 aggregate principal amount Water and Sewer System Refunding Revenue Bonds, Series 2013, (ii) $11,140,000 aggregate principal amount Water and Sewer System Revenue Bonds, Series 2014, (iii) $113,355,000 aggregate principal amount Water and Sewer System Revenue Bonds, Series 2016, (iv) $98,730,000 aggregate principal amount Water and Sewer System Revenue Bonds, Series 2018, and (v) $76,540,000 aggregate principal amount Water and Sewer System Revenue Bonds, Series 2019. See "APPENDIX A" hereto for the annual debt service requirements on the Outstanding Parity Bonds.

The Series 2020 Bonds, the Outstanding Parity Bonds and any Additional Bonds that may hereafter be issued on a parity therewith pursuant to the Bond Resolution (the "Additional Bonds") are referred to herein collectively as the "Bonds". See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS" herein and APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION" hereto.

The Series 2020A Bonds are being issued to provide funds needed to finance improvements, additions and extensions to the Water and Sewer System of the County (the "System"). The Series 2020B Bonds are being issued to refund certain outstanding County of Henrico, Virginia Water and Sewer Revenue Bonds as more particularly described herein (as further described herein, the "Refunded Bonds"). Proceeds of the Series 2020 Bonds will also be used to pay certain costs of issuance of the Series 2020 Bonds. Upon issuance of the Series 2020 Bonds and the refunding of the Refunded Bonds, the balance on deposit in the Reserve Account will be at least equal to the maximum Debt Service Requirement on all Outstanding Parity Bonds and the Series 2020 Bonds, as required by the Bond Resolution (hereinafter referred to as the "Reserve Requirement") and no additional funds or proceeds of the Series 2020 Bonds will be required to be deposited in the Reserve Account in connection with the issuance of the Series 2020 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF FINANCE AND REFUNDING PROGRAM" herein.

The 2020 Supplemental Resolution provides that funds on deposit in the Reserve Account allocable to the debt service on the Series 2020 Bonds shall be released at the option and direction of the County at any time on or after the hereinafter defined Effective Date of the 2020 Amendments to the Bond Resolution, as further described herein under the heading "AMENDMENTS TO THE BOND RESOLUTION". From and after the date of release of funds in the Reserve Account allocable to the Series 2020 Bonds, the Series 2020 Bonds shall no longer be secured by the Reserve Account established under the Bond Resolution.

U.S. Bank National Association, Richmond, Virginia, will serve as paying agent (the "Paying Agent") and registrar for the Series 2020 Bonds.

AMENDMENTS TO THE BOND RESOLUTION

The Bond Resolution provides that certain amendments thereto may be made and implemented with the consent of the beneficial owners of at least a 66 2/3% in aggregate principal amount of Bonds outstanding thereunder.

2018 Amendments

The Supplemental Resolution adopted by the Board of Supervisors on March 13, 2018 provided for an amendment to the definition of "Investment Securities" set forth in the Bond Resolution (hereinafter, the "2018 Amendment") to allow certain funds held under the Bond Resolution to be invested in investments permitted under the Virginia Investment of Public Funds Act (VA Code of 1950 §2.2-4500 *et seq*., as amended), the Virginia Government Non-Arbitrage Act (VA Code of 1950 §2.2-4700 *et seq*., as amended), and the Virginia Local Government Investment Pool Act (VA Code of 1950 §2.2-4600 *et seq*., as amended) to the extent such investments are permitted under the laws of the Commonwealth, including the Virginia Public Finance Act (VA Code of 1950 §15.2-2600 *et seq*., as amended) for funds of the type proposed to be invested. **The 2018 Amendment shall be applicable to the investment of amounts held under the Bond Resolution for the payment of, or amounts held under the Bond Resolution derived from the proceeds of, all Bonds issued under the Bond Resolution after March 13, 2018, including the Series 2018 Bonds, the Series 2019 Bonds, the Series 2020 Bonds and any Additional Bonds. The 2018 Amendment shall not be applicable to any investments relating to any other Outstanding Parity Bonds (except the Series 2018 Bonds, the Series 2019 Bonds and the Series 2020 Bonds) unless and until the holders of the requisite 66 2/3% of outstanding principal amount of the Bonds outstanding under the Bond Resolution shall have consented to the 2018 Amendment as required by the Bond Resolution. By virtue of their purchase of the Series 2020 Bonds, the beneficial owners of the Series 2020 Bonds shall consent to, and shall be deemed to have consented to, the 2018 Amendment, and shall waive, and shall be deemed to have waived, all requirements of the Bond Resolution for the giving of written consent to the 2018 Amendment or for receipt of any formal notice of the 2018 Amendment. On and as of the date of issuance of the Series 2020 Bonds, the holders of 70.67% of all Bonds outstanding under the Bond Resolution will have consented to the 2018 Amendment, and thereupon, the 2018 Amendment shall become effective for all Bonds outstanding under the Bond Resolution.**

2020 Amendments

The 2020 Supplemental Resolution provides for certain amendments to the Bond Resolution (the "2020 Amendments") to become effective at such time as such 2020 Amendments shall have been consented to by the holders of at least 66 2/3% of outstanding Bonds under the Bond Resolution (the "Effective Date"), except as otherwise set forth in the 2020 Supplemental Resolution. The 2020 Amendments provide for the following amendments to the Bond Resolution to become effective from and after the Effective Date: (1) Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account and funds in the Reserve Account allocable to the debt service on the Series 2020 Bonds may be released at any time on or after the Effective Date at the direction of the County; (2) the definitions of "Operating Revenues" and "Net Operating Revenues" for all purposes of the Bond Resolution at any time on or after the Effective Date, including computation of the rate covenant required by the Bond Resolution, shall be amended to allow the inclusion in the computation of "Operating Revenues" and "Net Operating Revenues" of connection fees and charges and earnings on investments and proceeds of the sale of investments; (3) paragraph (B) of Section 18 of the Bond Resolution shall be amended to provide that Refunding Bonds can be issued upon satisfaction of the conditions set forth in subparagraphs 1, 2 and 3 of paragraph A of Section 18 of the Bond Resolution; and (4) when there shall no longer be outstanding under the Bond Resolution any of the Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds and Series 2019 Bonds, the Bond Resolution shall be amended to provide that amendments to the Bond Resolution requiring consent of the Bondholders may be made with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Bonds, except as otherwise provided in the 2020 Supplemental Resolution. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – SUMMARY OF 2020 AMENDMENTS" herein.

The 2020 Amendments shall be applicable when the holders of the requisite 66 2/3% of outstanding principal amount of the Bonds under the Bond Resolution shall have consented to the 2020 Amendments as required by the Bond Resolution, except as otherwise set forth in the 2020 Supplemental Resolution. By virtue of their purchase of the Series 2020 Bonds, the beneficial owners of the Series 2020 Bonds shall consent to, and shall be deemed to have consented to, the 2020 Amendments, and shall waive, and shall be deemed to have waived, all requirements of the Bond Resolution for the giving of written consent to the 2020 Amendments or for receipt of any formal notice of the 2020 Amendments. On and as of the date of issuance of the Series 2020 Bonds, the holders of 31.92% of all Bonds outstanding under the Bond Resolution will have consented to the 2020 Amendments.

THE COUNTY AND THE SYSTEM

The Bonds are secured by a pledge of the Revenues of the System. For additional information on the System, including information with respect to certain impacts of COVID-19 on the System, see APPENDIX A hereto. Audited financial statements of the County for fiscal year ended June 30, 2019 are included in the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2019 attached hereto as APPENDIX B. For additional demographic, financial and other information with respect to the County, including information with respect to the impacts of COVID-19 on the County, see APPENDIX C hereto.

Proceeds of the Series 2020A Bonds will be applied to finance capital improvements to the System. Proceeds of the Series 2020B Bonds will be used to refund the Refunded Bonds as described herein under the heading "PLAN OF FINANCE AND REFUNDING PROGRAM".

DESCRIPTION OF THE SERIES 2020 BONDS

General

The Series 2020 Bonds of each series are dated as of their date of issuance, bear interest from their date payable on May 1 and November 1 in each year, commencing on May 1, 2021, at the rates and will mature on the dates and in the amounts set forth on the inside cover of this Official Statement.

The record dates for the payment of interest on the Series 2020 Bonds are April 15, 2021 and each April 15 and October 15 thereafter. The record date for the payment of the principal of the Series 2020 Bonds is each April 15 preceding each maturity date of the Series 2020 Bonds. Interest on the Series 2020 Bonds is calculated on the basis of a 360 day year consisting of twelve (12) thirty (30) day months.

U.S. Bank National Association, Richmond, Virginia, will serve as Paying Agent and registrar for the Series 2020 Bonds.

Book-Entry-Only System and Global Clearance Procedures

When delivered, the Series 2020 Bonds will be registered in the name of Cede & Co., the nominee of The Depository Trust Company ("DTC"). DTC will act as the securities depository for the Series 2020 Bonds. Purchases of the Series 2020 Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2020 Bonds will not receive physical delivery of certificated securities. The principal, redemption price or make-whole redemption price, as applicable, of and interest on the Series 2020 Bonds are payable by the paying agent to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the Series 2020 Bonds. In addition, so long as Cede & Co. is the registered owner of the Series 2020 Bonds, the right of any Beneficial Owner to receive payment for any Series 2020 Bond will be based only upon and subject to the procedures and limitations of the DTC book-entry system. Beneficial interests in the Series 2020A Bonds may be held through DTC, and beneficial interests in the Series 2020B Bonds may be held through DTC, Clearstream Banking, S.A. ("Clearstream Banking") or Euroclear Bank S.A./N.V. as operator of the Euroclear System ("Euroclear"), directly as a participant or indirectly through organizations that are participants in such system. See APPENDIX E "DTC BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES" attached hereto.

Redemption of the Series 2020 Bonds

Optional Redemption of the Series 2020A Bonds

The Series 2020A Bonds maturing on or after May 1, 2031 may be redeemed prior to their respective maturity dates on or after May 1, 2030 at the option of the County, as a whole or in part at any time at the price of par together with the interest accrued thereon to the date fixed for redemption.

Optional Redemption of Series 2020B Bonds on and after Par Call Date. The Series 2020B Bonds maturing on or after May 1, 2031 are subject to redemption prior to maturity at the option of the County, on and after May 1, 2030 (the "***Par Call Date***"), in whole or in part, at a redemption price equal to par, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date, without premium.

Make-Whole Optional Redemption of Series 2020B Bonds Prior to Par Call Date. Prior to the Par Call Date, the Series 2020B Bonds are subject to redemption prior to their respective maturity dates, at the option of the County, in whole or in part, at a redemption price equal to the greater of:

(1) 100% of the principal amount of the Series 2020B Bonds to be redeemed; or

(2) The sum of the present value of the remaining scheduled payments of principal and interest to the stated maturity date of such Series 2020B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Bonds are to be redeemed, discounted to the date on which such Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (described below), plus: 5 basis points with respect to the Series 2020B Bonds maturing on May 1 in each of the years 2021 through 2024, inclusive; 10 basis points with respect to the Series 2020B Bonds maturing on May 1 in each of the years 2025 through 2029, inclusive; 15 basis points with respect to the Series 2020B Bonds maturing on May 1 in each of the years 2030 through 2033, inclusive, on May 1, 2040 and on May 1, 2044; and 20 basis points with respect to the Series 2020B Bonds maturing on May 1, 2034 and on May 1, 2035.

In each case described in clause (1) and (2) above, the redemption price shall include accrued interest on such Bonds to be redeemed to but not including the redemption date.

The "Treasury Rate" is, with respect to any redemption date for a particular Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity, excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but no more than 45 calendar days, prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the bond to be redeemed (taking into account any sinking fund installments for such bonds); provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

Mandatory Sinking Fund Redemption of the Series 2020A Bonds

The Series 2020A Bonds maturing on May 1, 2046 and May 1, 2050 shall be redeemed by mandatory sinking fund installments on May 1 in each of the years set forth below, commencing May 1, 2043 and May 1, 2047, respectively, at the price of par, together with the interest accrued thereon to the date fixed for mandatory sinking fund redemption.

Year (May 1)	Principal Amount	Year (May 1)	Principal Amount
2043	$1,285,000	2047	$1,450,000
2044	1,325,000	2048	1,505,000
2045	1,365,000	2049	1,565,000
2046†	1,405,000	2050†	1,630,000

†Maturity

The County, at its option, may credit against such mandatory sinking fund redemption requirements the principal amount of any Series 2020A Bonds maturing on May 1, 2046 or May 1, 2050, as applicable, which have been purchased and cancelled by the County or which have been redeemed and not theretofore applied as a credit against such mandatory sinking fund redemption requirements.

Mandatory Sinking Fund Redemption of the Series 2020B Bonds

The Series 2020B Bonds maturing on May 1, 2040 and May 1, 2044 shall be redeemed on May 1 in each of the years set forth below, commencing May 1, 2036 and May 1, 2041, respectively, at the price of par, together with the interest accrued thereon to the date fixed for mandatory sinking fund redemption.

Year (May 1)	Principal Amount	Year (May 1)	Principal Amount
2036	$7,965,000	2041	$3,505,000
2037	3,195,000	2042	3,590,000
2038	3,270,000	2043	3,675,000
2039	3,345,000	2044†	3,765,000
2040†	3,425,000		

†Maturity

The County, at its option, may credit against such mandatory sinking fund redemption requirements the principal amount of any Series 2020B Bonds maturing on May 1, 2040 or May 1, 2044, as applicable, which have been purchased and cancelled by the County or which have been redeemed and not theretofore applied as a credit against such mandatory sinking fund redemption requirements.

Selection of Series 2020 Bonds for Redemption

If less than all of the Series 2020 Bonds of a Series are to be redeemed, the particular maturities of Series 2020 Bonds of a Series to be redeemed will be determined by the County in its discretion.

If less than all of the Series 2020A Bonds of a maturity are called for redemption, the particular Series 2020A Bonds or portions thereof to be redeemed shall be selected by lot.

If less than all of the Series 2020B Bonds of a maturity are called for prior redemption, the particular Series 2020B Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2020B Bonds are held in book-entry form, the selection for redemption of such Series 2020B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The County intends that redemption allocations of Series 2020B Bonds made by DTC shall be made on a pro rata pass-through distribution of principal basis as described above. However, neither the County nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Series 2020 Bonds on such basis.

In connection with any redemption of the Series 2020B Bonds, including payments of scheduled mandatory sinking fund payments, if any, the Paying Agent will direct DTC to make a pass-through distribution of principal to the holders of the Series 2020B Bonds. A Pro Rata Pass-Through Distribution of Principal Table is included as Appendix H to this Official Statement and reflects the current schedule of mandatory sinking fund redemptions of any Series 2020B Bonds that constitute term bonds and the factors applicable to such sinking fund redemption amounts and remaining bond balances, which is subject to change upon certain optional redemptions. See APPENDIX H "PRINCIPAL PAYDOWN FACTOR TABLE-Pro Rata Pass-Through Distribution of Principal."

For purposes of calculation of the "pro rata pass-through distribution of principal," "pro rata" means, for any amount of principal to be paid, the application of a fraction to each denomination of the respective Series 2020B Bonds where (a) the numerator of which is equal to the amount due to the respective bondholders on a payment date, and (b) the denominator of which is equal to the total original par amount of the respective Series 2020B Bonds.

If the Series 2020 Bonds are no longer registered in book-entry-only form, each owner will receive an amount of Series 2020 Bonds equal to the original face amount then beneficially held by that owner, registered in such investor's name. Thereafter, any redemption of less than all of the Series 2020 Bonds of any maturity will continue to be paid to the registered owners of such Series 2020B Bonds on a pro-rata basis, based on the portion of the original face amount of any such Series 2020B Bonds to be redeemed.

Notice of Redemption. Notice of any redemption specifying the designation, date and maturity of the Series 2020 Bonds to be redeemed and the date and place fixed for redemption shall be given by first-class mail, postage prepaid, not less than 30 days and not more than 45 days prior to the redemption date, to the registered holder of the Series 2020 Bonds at such registered holder's address as shown on the books of registration kept by the registrar therefor; *provided, however,* that any defect in such notice shall not affect the sufficiency of the proceedings for the redemption of such Series 2020 Bonds. If such notice is given and payment of the Series 2020 Bond is duly made or provided for, interest thereon shall cease from and after the date so specified for the redemption thereof. Notice of such redemption shall also state that if less than the entire principal amount of a Series 2020 Bond called for redemption is to be redeemed, such Series 2020 Bond must be surrendered in exchange for payment of the principal amount thereof to be redeemed and the issuance of a new Series 2020 Bond or Series 2020 Bonds of the same series and maturity equaling in principal amount that portion of the principal amount of the surrendered bond not to be redeemed. **During any period that a securities depository, including DTC, is the registered owner of the Series 2020 Bonds, the County will not be responsible for mailing notices of redemption to Beneficial Owners.** See APPENDIX E hereto.

PLAN OF FINANCE AND REFUNDING PROGRAM

Series 2020A

A portion of the proceeds of the sale of the Series 2020A Bonds will be deposited into the Construction Fund established under the Bond Resolution and used to provide funds needed to finance improvements, additions and extensions to the System. See APPENDIX A under the heading "WATER AND SEWER SYSTEM CAPITAL IMPROVEMENT PROGRAM" for more detailed information.

Series 2020B

A portion of the proceeds of sale of the Series 2020B Bonds will be applied, together with other available funds, to refund and defease certain outstanding County of Henrico, Virginia, Water and Sewer System Revenue Bonds, as described in more detail below (the "Refunded Bonds"). Such proceeds, together with other available funds, will be irrevocably deposited in an escrow deposit fund with U.S. Bank National Association, Richmond, Virginia, as Escrow Agent, under an Escrow Deposit Agreement (the "Escrow Deposit Agreement"). Such proceeds, together with other available funds, will be held uninvested or will be invested in Government Securities that mature and bear interest payable at times and in amounts sufficient, together with other funds on deposit in the escrow deposit fund, to pay interest accrued on the Refunded Bonds to the redemption date below and to pay the redemption price of the Refunded Bonds on the applicable redemption dates below. Upon such irrevocable deposit to the escrow deposit fund under the Escrow Deposit Agreement, the Refunded Bonds will be deemed paid and no longer outstanding under the Bond Resolution. The sufficiency of the amounts deposited in the escrow deposit fund to pay the Refunded Bonds up to and on their redemption dates will be independently verified in connection with the issuance of the Series 2020B Bonds. See "VERIFICATION" herein.

The Refunded Bonds are more fully described below:

Water and Sewer System Refunding Revenue Bonds, Series 2013
Dated March 7, 2013

Year of Maturity (May 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Numbers**
2024	5.00%	$2,980,000	May 1, 2023	100%	426170KL9
2025	4.00	2,130,000	May 1, 2023	100	426170KM7
2025	5.00	1,000,000	May 1, 2023	100	426170LD6
2026	4.00	3,260,000	May 1, 2023	100	426170KN5
2027	4.00	2,390,000	May 1, 2023	100	426170KP0
2027	5.00	1,000,000	May 1, 2023	100	426170LE4
2028	4.00	3,540,000	May 1, 2023	100	426170KQ8
2029	4.00	3,680,000	May 1, 2023	100	426170KR6
2030	4.00	3,830,000	May 1, 2023	100	426170KS4
2031	4.00	3,980,000	May 1, 2023	100	426170KT2
2032	4.00	4,140,000	May 1, 2023	100	426170KU9
2033	4.00	4,305,000	May 1, 2023	100	426170KV7
2034	4.00	4,475,000	May 1, 2023	100	426170KX3
2035	3.125	4,655,000	May 1, 2023	100	426170LF1
2036	3.125	4,800,000	May 1, 2023	100	426170KW5

**CUSIP numbers have been assigned by an organization not affiliated with the County and are included solely for the convenience of the holders of the Refunded Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Refunded Bonds or as indicated above.

Water and Sewer System Revenue Bonds, Series 2014
Dated April 10, 2014

Year of Maturity (May 1)	Interest Rate	Principal Amount	Redemption Date	Redemption Price	CUSIP Numbers**
2027	3.000%	$2,120,000	May 1, 2024	100%	426170LU8
2028	4.000	2,185,000	May 1, 2024	100	426170LV6
2029	4.000	2,270,000	May 1, 2024	100	426170LW4
2030	4.000	2,360,000	May 1, 2024	100	426170LX2
2031	4.000	2,455,000	May 1, 2024	100	426170LY0
2032	4.000	2,555,000	May 1, 2024	100	426170LZ7
2033	4.000	2,655,000	May 1, 2024	100	426170MA1
2034	4.000	2,760,000	May 1, 2024	100	426170MB9
2035	4.000	2,875,000	May 1, 2024	100	426170MF0
2039	4.000	12,685,000	May 1, 2024	100	426170MD5
2044	4.125	18,980,000	May 1, 2024	100	426170MC7

**CUSIP numbers have been assigned by an organization not affiliated with the County and are included solely for the convenience of the holders of the Refunded Bonds. The County is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Refunded Bonds or as indicated above.

ESTIMATED SOURCES AND USES OF FUNDS

The following table summarizes the anticipated application of the proceeds of the Series 2020 Bonds and other moneys to the purposes of issuance described above:

	Series 2020A	Series 2020B
Sources:		
Principal Amount	$25,705,000	$118,675,000
Original Issue Premium	4,427,558	-
Total Series 2020 Bond Proceeds	$30,132,558	$118,675,000
Uses:		
Deposit to Construction Fund	$30,000,000	$-
Deposit to Reserve Account(2)	-	-
Deposit to Escrow Deposit Fund	-	118,132,660
Underwriting Compensation(1)	72,461	211,954
Other Issuance Expenses	60,097	330,386
Total Uses	$30,132,558	$118,675,000

(1) See "UNDERWRITING" herein.
(2) On the date of issuance of the Series 2020 Bonds, the balance in the Reserve Account will be at least equal to the Reserve Requirement. No additional funds will be required to be deposited in the Reserve Account upon the issuance of the Series 2020 Bonds.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS

The Series 2020 Bonds and all Bonds issued under the Bond Resolution are payable as to principal and interest from, and secured by a pledge of, income, revenues, fees and moneys derived by the County from the ownership, possession, operation, management or control of the System, including, but not limited to, charges for current services, fees charged for connection to the System and earnings of the investment of certain funds (the "Revenues"), subject to the prior payment from the Revenues of the expenses of operation and maintenance of the System. In accordance with the Bond Resolution, the Series 2020 Bonds will be payable on a parity with the Outstanding Parity Bonds, Additional Bonds and interest on bond anticipation notes hereafter issued pursuant to the Bond Resolution. For a more complete discussion of the County's ability to issue additional debt secured by the Revenues of the System, see APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Issuance of Additional Obligations".

The Series 2020 Bonds are not a debt of the County within the meaning of any constitutional or statutory limitation on the creation of general obligation indebtedness of the County, nor do they impose

any general liability upon the County. The full faith and credit of the County is not pledged to the payment of the Series 2020 Bonds, and the County shall not be liable for the payment thereof out of any funds of the County other than the Revenues pledged therefor, in the manner provided in the Bond Resolution.

Collection and Disposition of Revenues

The Revenues shall be applied and expended for the following purposes and in the following order of priority (except as otherwise permitted by the Bond Resolution) to the following accounts created in the Revenue Fund:

FIRST, To the Operation and Maintenance Account: On the first business day of each month there shall be credited to the Operation and Maintenance Account in the Revenue Fund such moneys as are determined to be necessary to pay the expenses of operating and maintaining the System during such month. Such expenses of operation and maintenance shall include (a) salaries, wages, employee benefits, costs of materials and supplies, costs of water, costs of power, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs of billings and collections, costs of insurance, costs of audits, taxes, if any, a properly allocable share of County administrative and overhead expenses, and any other costs with respect to any services, facilities or commodities which are required for operating and maintaining the System and (b) payments for water, water supply, water treatment and water transmission for water distributed by the System or for the transmission, treatment and disposal of sewage collected by the System (i) made to other governmental bodies or (ii) made for the use, services and facilities of or commodities supplied by plants and properties of the County which are acquired, constructed or operated as separate utility systems. The moneys credited to the Operation and Maintenance Account shall be applied to the payment of the expenses of operating and maintaining the System.

SECOND, To the Interest Account, Principal Account and Sinking Fund Account: For the purpose of providing for the payment of the interest on the Bonds, on or before each May 1 and November 1 there shall be credited to the Interest Account an amount such that, if the same amount were so paid and credited to the Interest Account on each May 1 and November 1 and prior to the next date upon which an installment of interest falls due on the Bonds, the aggregate of the amounts so credited to the Interest Account, would on such date be equal to the installment of interest then falling due on the Bonds. The County has provided or shall provide in the Supplemental Resolutions authorizing the Bonds or Bond Anticipation Notes for such credits to be made in such amounts and at such times sufficient to pay when due each such installment of interest. The Supplemental Resolutions providing for the Series 2020 Bonds provide for such credits in such amounts and at such time sufficient to pay when due each such installment.

For the purpose of providing for the payment of the principal of the Bonds issued as Serial Bonds, on or before May 1 there shall be credited to the Principal Account an amount such that, the aggregate of the amounts so credited to the Principal Account, together with any other moneys theretofore credited to the Principal Account, would on each May 1 be equal to the installment of principal of such Bonds then falling due. For the purpose of providing moneys to retire any Term Bonds, not later than May 1 each the year in which Sinking Fund installments shall be due on any Term Bonds, there shall be credited to the Sinking Fund Account for the purpose of retiring the Term Bonds an amount such that, the aggregate of the amounts so credited to such account would on such date be equal to the Sinking Fund installments coming due on any Term Bonds on such date. The County has provided or shall provide in the Supplemental Resolutions authorizing the Bonds for such credits to be made in such amounts and at such times sufficient to pay when due each such installment of principal or sinking fund payment. The Supplemental Resolutions providing for the Series 2020 Bonds provide for such credits in such amounts and at such time sufficient to pay when due each such installment.

In the event of the issuance of Additional Bonds or Bond Anticipation Notes (as defined herein), the foregoing credits are required to be increased as may be necessary to provide for the payment of principal of and interest on such Additional Bonds and interest on such Bond Anticipation Notes.

The moneys credited to such accounts shall be transferred by the County's Director of Finance to the paying agents in such amounts and at such times as shall be necessary to pay the principal of and premium, if any, and interest on the Bonds and interest on the Bond Anticipation Notes as the same become due and payable.

THIRD, *To the Reserve Account:* In order to provide a reserve for the payment of interest on the Bonds and Bond Anticipation Notes and the principal of and premium, if any, on the Bonds, there shall be maintained on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement (as defined in the Bond Resolution) for the Bonds (such amount is referred to herein as the "Reserve Requirement"). Subject to the provisions of the Bond Resolution with respect to the credits to the Reserve Account upon the issuance of Additional Bonds, the moneys on deposit in the Revenue Fund for credit to the Reserve Account shall always be maintained at an amount at least equal to the maximum annual Debt Service Requirement for any year for all Bonds at the time outstanding and if at any time the moneys in the Revenue Fund credited to the Reserve Account are less than such amount, there shall be credited to this account from the first moneys available therefor in the Revenue Fund, after all credits referred to in paragraphs (1) and (2) above have been met, such amounts as shall be necessary until there is again on credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement. In the event of the issuance of Additional Bonds, unless upon the delivery of such Additional Bonds there shall already be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect after the issuance of such Additional Bonds, (1) there shall be paid into the Revenue Fund for credit to the Reserve Account such amount, if any, of the proceeds of the sale of such Additional Bonds as the County may determine, so that there shall then be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect immediately after the issuance of such Additional Bonds, or (2) if there shall not be paid into the Revenue Fund for credit to the Reserve Account proceeds of such Additional Bonds in an amount so there shall then be on credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect immediately after the issuance of such Additional Bonds, there shall be credited to the Reserve Account from time to time such amounts as the County may determine, of the moneys available therefor after all credits referred to in paragraphs (1) and (2) above have been met, so that no later than five (5) years from the date of such Additional Bonds there shall be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect after the issuance of such Additional Bonds. The moneys in the Revenue Fund to the credit of the Reserve Account shall be applied solely for the purpose of paying the interest on Bonds and Bond Anticipation Notes and the principal of and premium, if any, on the Bonds when due, whether at their maturity or upon the redemption or purchase thereof, and shall be so used and applied whenever there are insufficient moneys in the Revenue Fund on credit to the Interest Account, Principal Account and Sinking Fund Account for such purposes.

From and after the Effective Date of the 2020 Amendments, the Reserve Account shall be required to be maintained at an amount equal to the maximum annual Debt Service Requirement on any outstanding Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds, and Series 2019 Bonds. As described herein, from and after the Effective Date of the 2020 Amendments, Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account, and funds in the Reserve Account allocable to the debt service on the Series 2020 Bonds shall be released at the direction of the County at any time on or after the Effective Date of the 2020 Amendments. From and after any such release from the Reserve Account, the Series 2020 Bonds shall no longer be secured by the Reserve Account. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – SUMMARY OF THE 2020 AMENDMENTS".

FOURTH, *To such other Accounts which may be created:* In the event any payments on hedge agreements, support agreements or other financial agreements, other than payments constituting principal of, premium, if any, and interest on, Bonds, shall be secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds, a separate account shall be established in the Revenue Fund for the payment thereof and payments to such account shall be made from Revenues at the time and after Revenues are disbursed to the Interest, Principal and Sinking Fund Accounts in the Revenue Fund.

FIFTH, To Other purposes*:* Money on deposit in the Revenue Fund not required to make the payments or credits referred to in paragraphs (1), (2), (3) and (4) above shall constitute surplus funds and may be used to make all renovations, replacements, renewals and repairs to the System as are necessary to maintain the System in good condition. Such moneys may, however, also be used for making up insufficiencies in any account in the Revenue Fund; for paying the costs of acquisition or construction of plants and properties to comprise part of the System; for paying the cost of reconstructions, improvements, enlargements or extensions to the System; for redeeming or purchasing Bonds; for accelerating the payments required to be made into the Reserve Account; for the making of advances, in anticipation of repayment from evidences of indebtedness or other moneys, for the purpose of acquiring and constructing plants and properties for the storage, supply and treatment of water or the treatment and disposal of sewage, including associated transmission facilities, which the County has elected to acquire, construct and operate as separate utility systems; for the carrying out of any other provisions of the Bond Resolution; for the payment of the principal of and premium, if any, and interest on Bond Anticipation Notes; for the payment of bonds, notes, certificates of indebtedness or other evidences of indebtedness secured by a lien on and pledge of the Revenues of the System junior to the payment and security of the Bonds; for the payment of taxes, assessments or other governmental charges; or for any other lawful purpose of the County with respect to the System.

Rate Covenant

The County covenants in the Bond Resolution to establish, maintain, revise and collect rates and charges with respect to the System in each year sufficient to provide Net Operating Revenues equal to not less than 1.25 times the aggregate of the Debt Service Requirement during such year on all Bonds outstanding under the Bond Resolution and the interest during such year on outstanding bond anticipation notes, if any, payable on a parity with the Bonds. **From and after the Effective Date of the 2020 Amendments, the definitions of "Operating Revenues" and "Net Operating Revenues" for all purposes under the Bond Resolution, including the calculation of the rate covenant and the tests for incurrence of Additional Bonds and Refunding Bonds, will be amended to provide that connection fees and income from investments and sales of investments shall be included in the computation of "Operating Revenues" and "Net Operating Revenues" for purposes of the Bond Resolution.** See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Covenant as to Rates and Charges" and "– SUMMARY OF THE 2020 AMENDMENTS". See also APPENDIX A – "HISTORICAL DEBT SERVICE COVERAGE – Debt Service Coverage Ratio Under the Resolution".

Reserve Account

Prior to the Effective Date of the 2020 Amendments, the Series 2020 Bonds, together with the Outstanding Parity Bonds, Additional Bonds and interest on bond anticipation notes, will be additionally secured by a Reserve Account established and maintained by the County pursuant to the terms of the Bond Resolution. As described in APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTIONS – Collection and Disposition of Revenues – *Reserve Account*", the Bond Resolution requires the County to maintain on deposit in the Reserve Account an amount, or a surety bond, insurance policy or letter of credit (or any combination of the foregoing), equal to the maximum annual Debt Service Requirement for any year on the outstanding Bonds, in order to provide a reserve for the payment of the principal of and interest and premium, if any, on the Bonds, and for the payment of interest on bond anticipation notes. There is currently no surety bond, insurance policy or letter of credit on deposit in the Reserve Account with respect to the Series 2020 Bonds or any Outstanding Parity Bonds. A portion of the Reserve Account is held under an Investment Agreement with Wells Fargo Bank, National Association ("WFBNA"), expiring on May 1, 2028. WFBNA is also serving as one of the underwriters for the Series 2020 Bonds, and WFBNA is separately compensated with respect to such Investment Agreement.

From and after the Effective Date of the 2020 Amendments, the Reserve Account shall be required to be maintained at an amount equal to the maximum annual Debt Service Requirement on any outstanding Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds, and Series 2019 Bonds. As described herein, from and after the Effective Date of the 2020 Amendments, Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account, and funds

in the Reserve Account allocable to the debt service on the Series 2020 Bonds shall be released at the direction of the County at any time on or after the Effective Date of the 2020 Amendments. From and after any such release from the Reserve Account, the Series 2020 Bonds shall no longer be secured by the Reserve Account. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – SUMMARY OF THE 2020 AMENDMENTS".

Bondholders' Remedies in Event of Default

In case of an Event of Default under the Bond Resolution (see APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTIONS – Events of Default, Bondholder Remedies"), the holders of not less than 25% in aggregate principal amount of the Bonds may proceed to protect and enforce their rights by declaring the entire unpaid principal of and interest on the Bonds due and payable or by instituting a mandamus or other suit, action or proceeding at law or in equity, including an action for specific performance of any agreement contained in the Resolutions. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to enforce payment of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Additional Bonds

The County may issue Additional Bonds for capital projects and improvements, if, among other things, one-half of the Net Operating Revenues during any twenty-four (24) consecutive months (the "Base Period") out of the thirty (30) months immediately preceding the issuance of the Additional Bonds, shall have been not less than 1.25 times the maximum Debt Service Requirement to accrue during any year on the Bonds then outstanding and such Additional Bonds.

The County may issue Refunding Bonds to refund Bonds if, among other things, the Debt Service Requirement on the Refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded are to be outstanding than the Debt Service Requirement would have been in such year if the Bonds to be refunded were not so refunded.

See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – Issuance of Additional Obligations" for additional information regarding the conditions for the issuance of Additional Bonds and Refunding Bonds.

From and after the Effective Date of the 2020 Amendments, the definitions of Operating Revenues and Net Operating Revenues for all purposes of the Bond Resolution will be amended as described herein to include connection fees and income from investments and from the sale of investments, and Refunding Bonds will be permitted to be issued upon satisfaction of any of the conditions for issuance of Additional Bonds under the Bond Resolution. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – SUMMARY OF 2020 AMENDMENTS".

2020 Amendments to Bond Resolution

The 2020 Supplemental Resolution provides for certain amendments to the Bond Resolution (the "2020 Amendments") to become effective at such time as such 2020 Amendments shall have been consented to by the holders of at least 66 2/3% of outstanding Bonds under the Bond Resolution (the "Effective Date"), except as otherwise set forth in the 2020 Supplemental Resolution. The 2020 Amendments provide for the following amendments to the Bond Resolution to become effective from and after the Effective Date: (1) Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account and funds in the Reserve Account allocable to the debt service on the Series 2020 Bonds may be released at any time on or after the Effective Date at the direction of the County; (2) the definitions of "Operating Revenues" and "Net Operating Revenues" for all purposes of the Bond Resolution at any time on or after the Effective Date, including computation of the rate covenant required by the Bond Resolution, shall be amended to allow the inclusion in the computation of "Operating Revenues" and "Net Operating Revenues" of connection fees and charges and earnings on investments and proceeds of the sale of investments; (3) paragraph (B) of Section 18 of the Bond Resolution shall be amended to provide that Refunding Bonds can be issued upon satisfaction of the conditions set forth in subparagraphs 1, 2 and 3 of paragraph A of Section 18 of the Bond Resolution; and (4) when there shall no longer be outstanding under the Bond Resolution any of the Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds and Series 2019 Bonds, the Bond Resolution shall be amended to provide that amendments to the Bond Resolution requiring consent of the Bondholders may be made with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Bonds, except as otherwise provided in the 2020 Supplemental Resolution. See APPENDIX D "SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION – SUMMARY OF 2020 AMENDMENTS" herein.

The 2020 Amendments shall be applicable when the holders of the requisite 66 2/3% of outstanding principal amount of the Bonds under the Bond Resolution shall have consented to the 2020 Amendments as required by the Bond Resolution, except as otherwise set forth in the 2020 Supplemental Resolution. By virtue of their purchase of the Series 2020 Bonds, the beneficial owners of the Series 2020 Bonds shall consent to, and shall be deemed to have consented to, the 2020 Amendments, and shall waive, and shall be deemed to have waived, all requirements of the Bond Resolution for the giving of written consent to the 2020 Amendments or for receipt of any formal notice of the 2020 Amendments. On and as of the date of issuance of the Series 2020 Bonds, the holders of 31.92% of all Bonds outstanding under the Bond Resolution will have consented to the 2020 Amendments.

TAX MATTERS

Series 2020A Bonds

The information under this subsection applies to the Series 2020A Bonds only.

Opinion of Bond Counsel with respect to the Series 2020A Bonds

In the opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County, under existing statutes and court decisions and assuming compliance with certain tax covenants described herein, interest on the Series 2020A Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. In rendering its opinions, Bond Counsel has relied on certain representations, certifications of fact and statements of reasonable expectations made by the County in connection with the Series 2020A Bonds, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2020A Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the County, under existing statutes of the Commonwealth of Virginia, interest on the Series 2020A Bonds is not includable in computing the Virginia income tax.

Bond Counsel expresses no opinion regarding any other federal or state tax consequences with respect to the Series 2020A Bonds. Bond Counsel renders its opinions under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinions to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to its attention, or changes in law or in interpretations thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2020A Bonds or under state and local tax law.

The proposed form of the opinion of Bond Counsel is set forth as Appendix G to this Official Statement.

Certain Ongoing Federal Tax Requirements and Covenants with respect to the Series 2020A Bonds

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Series 2020A Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Series 2020A Bonds, yield and other restrictions on investments of gross proceeds and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Series 2020A Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, without regard to the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Series 2020A Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences with Respect to the Series 2020A Bonds

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2020A Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Series 2020A Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2020A Bonds.

Prospective owners of the Series 2020A Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for federal income tax purposes. Interest on the Series 2020A Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount on the Series 2020A Bonds

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Series 2020A Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the Series 2020A Bonds of that maturity was sold (excluding sales to bond houses, brokers or similar persons acting in the capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of the Series 2020A Bonds is expected to be the initial public offering price set forth on the inside cover page of this Official Statement. Bond Counsel further is of the opinion that, for any Series 2020A Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of OID for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding and disposing of Discount Bonds.

Original Issue Premium on the Series 2020A Bonds

In general, if an owner acquires a Series 2020A Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2020A Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "premium" on that Series 2020A Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that result in the lowest yield on such Series 2020A Bond). An owner of a Premium Bond must amortize the premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the premium allocable to that period. In the case of a tax-exempt Premium Bond, if the premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of premium for federal income tax purposes, including various special rules relating thereto, and State and local tax consequences, in connection with the acquisition, ownership, amortization of premium on, sale, exchange or other disposition of Premium Bonds.

Information Reporting and Backup Withholding with Respect to the Series 2020A Bonds

Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2020A Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2020A Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2020A Bonds under federal or state law or otherwise prevent beneficial owners of the Series 2020A Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Series 2020A Bonds.

Prospective purchasers of the Series 2020A Bonds should consult their own tax advisors regarding the foregoing matters.

Series 2020B Bonds

The information under this subsection applies solely to the Series 2020B Bonds only.

U.S. Holders

Interest on the Series 2020B Bonds is included in gross income for federal income tax purposes pursuant to the Code. The following is a brief summary of the principal United States federal income tax consequences of the acquisition, ownership and disposition of the Series 2020B Bonds by original purchasers of the Series 2020B Bonds who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, United States Treasury Regulations, revenue rulings and court decisions, all as currently in effect, all of which are subject to change at any time, possibly with retroactive effect; (ii) assumes that the Series 2020B Bonds will be held as "capital assets"; and (iii) does not describe all of the United States federal income tax consequences that may be relevant to a U.S. Holder in light of its particular circumstances, or to U.S. Holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the Series 2020B Bonds as a position in a "hedge" or "straddle", U.S. Holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, U.S. Holders who acquire Series 2020B Bonds in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Certain taxpayers that are required to prepare certified financial statements and file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Series 2020B Bonds at the time that such income, gain or loss is taken into account on such financial statements instead of under the rules described below.

U.S. Holders of Series 2020B Bonds should consult with and rely upon their own tax advisors concerning the United States federal income tax and other consequences with respect to the acquisition, ownership and disposition of the Series 2020B Bonds as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

In the opinion of Bond Counsel to the County, under existing statutes of the Commonwealth of Virginia, interest on the Series 2020B Bonds is not includable in computing the Virginia income tax.

The proposed form of the opinion of Bond Counsel is set forth as Appendix G to this Official Statement.

Original Issue Discount

In general, if Original Issue Discount ("OID") is greater than a statutorily defined de minimis amount, a U.S. Holder of a Series 2020B Bond must include in federal gross income (for each day of the taxable year, or portion of the taxable year, in which such U.S. Holder holds such Series 2020B Bond) the daily portion of OID, as it accrues (generally on a constant-yield method) and regardless of the U.S. Holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the Series 2020B Bond is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such Series 2020B Bond; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate; and "de minimis amount" is an amount equal to or less than 0.25 percent of the Series 2020B Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A U.S. Holder may irrevocably elect to include in gross income all interest that accrues on a Series 2020B Bond using the constant-yield method, subject to certain modifications.

Series 2020B Bond Premium

In general, if a Series 2020B Bond is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the Series 2020B Bond other than "qualified stated interest" (a "Premium Series 2020B Bond"), that Premium Series 2020B Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if a U.S. Holder of a Premium Series 2020B Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Premium Series 2020B Bond, determined based on constant-yield principles (in certain cases involving a Premium Series 2020B Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; and the U.S. Holder will make a corresponding adjustment to the U.S. Holder's basis in the Premium Series 2020B Bond. Any such election is generally irrevocable and applies to all debt instruments of the U.S. Holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the U.S. Holder of a Premium Series 2020B Bond may realize a taxable gain upon disposition of the Premium Series 2020B Bond even though it is sold or redeemed for an amount less than or equal to the U.S. Holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a Series 2020B Bond, a U.S. Holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such U.S. Holder's adjusted tax basis in the Series 2020B Bond.

The County may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the Series 2020B Bonds to be deemed to be no longer outstanding under the Bond Resolution relating to the Series 2020B Bonds (a "defeasance"). For federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments on the Series 2020B Bonds subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate U.S. Holders of the Series 2020B Bonds with respect to payments of principal, payments of interest, and the accrual of OID on a Series 2020B Bond and the proceeds of the sale of a Series 2020B Bond before maturity within the United States. Backup withholding may apply to U.S. Holders of Series 2020B Bonds under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a Series 2020B Bond that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could affect the market price or marketability of the Series 2020B Bonds.

Prospective purchasers of the Series 2020B Bonds should consult their own tax advisors regarding the foregoing matters.

Non-U.S. Holders

In General

Non-U.S. Holders of Series 2020B Bonds will have United States federal income tax consequences in connection with such investments. This summary does not address all aspects of federal income taxation as they apply to all potential Non-U.S. Holders of Series 2020B Bonds, including, but not limited to, estates, pass-through entities, "controlled foreign corporations", and "passive foreign investment companies". Accordingly, all Non-U.S. Holders of Series 2020B Bonds should consult with and rely upon their own tax advisors concerning any tax liabilities arising from the ownership of the Series 2020B Bonds.

"Non-U.S. Holders" are holders who are not U.S. Holders.

Interest Income

Income, including interest and OID on the Series 2020B Bonds, received by a Non-U.S. Holder is either:

(1) "effectively connected" to the conduct of a trade or business by the Non-U.S. Holder in the United States, and consequently subject to the same tax treatment as would apply to a U.S. Holder, as described above (in addition to, if applicable, the branch profits tax); or

(2) not "effectively connected" to the conduct of a trade or business by a Non-U.S. Holder in the United States, and consequently taxed at a flat 30 percent rate, unless a tax treaty between the United States and the government of which the Non-U.S. Holder is a resident applies a lower tax rate or eliminates the tax.

The County or the Paying Agent is required to withhold any such tax in respect of any Non-U.S. Holder unless such Non-U.S. Holder has provided a properly executed IRS Form W-8BEN for individuals, IRS Form W-8BEN-E for "entities", or IRS Form W-8ECI in connection with income of Non-U.S. Holders that has been determined to be "effectively connected" to the conduct of a trade or business in the United States of such Non-U.S. Holder, or any successor forms. Alternative methods may be available for satisfying these certification requirements.

Disposition and Defeasance

A Non-U.S. Holder will generally not be subject to a United States federal income tax or withholding tax on gain (exclusive of amounts attributable to accrued but unpaid interest and OID addressed above), recognized on a sale, exchange, redemption or other disposition, including a disposition resulting from a defeasance described above with respect to certain tax consequences applicable to U.S. Holders of a Series 2020B Bond that is a capital asset to the holder. Such gain will, however, be subject to United States federal income tax if:

(1) the gain is "effectively connected" to the conduct of a trade or business conducted by the Non-U.S. Holder in the United States, and consequently subject to the same tax treatment as would apply to a U.S. Holder (in addition to, if applicable, the branch profits tax); or

(2) the Non-U.S. Holder is a non-resident alien individual who was present in the United States for 183 days or more in the taxable year of disposition, and certain other conditions are met under applicable provisions of the Code, the gain to the holder will be subject to the 30 percent tax unless a tax treaty between the United States and the government of which the Non-U.S. Holder is a resident applies a lower tax rate or eliminates the tax.

The County or the Paying Agent is required to withhold any such tax unless the Non-U.S. Holder has provided the appropriate documentation upon which the County or the Paying Agent may rely, as described in the immediately preceding section.

Foreign Account Tax Compliance Act ("FATCA")

United States sourced payments, including interest, OID and gross proceeds received from the sale or other disposition (including defeasance, as described above), in respect of a Series 2020B Bond, paid to a "foreign financial institution" (an "FFI") or a "non-financial foreign entity" (an "NFFE"), each as defined by applicable provisions of the Code, in respect of any U.S. Holder, is subject to a 30 percent withholding tax, unless:

(1) the payment is otherwise considered "effectively connected" to a trade or business conducted by the FFI or NFFE in the United States;

(2) the FFI enters into an agreement with the IRS in respect of any account holders that are U.S. Holders, and complies with the identification and reporting requirements of such agreement; or

(3) the FFI or NFFE is otherwise exempt from the application of the FATCA rules, including, an NFFE, if the entity has no "substantial United States owner(s)".

Proposed United States Treasury Regulations eliminate the application of the FATCA rules entirely in respect of gross proceeds received from the sale or other disposition of a Series 2020B Bond. While such proposed United States Treasury Regulations are not final, the preamble thereto provides that taxpayers may generally rely on such proposed regulations pending the issuance of final regulations.

Summary for General Information Only

The foregoing summary is included herein for general information purposes only and does not address all aspects of United States federal income taxation that may be relevant to a particular beneficial owner of Series 2020B Bonds in light of such owner's particular circumstances and income tax situation. Prospective investors should consult with and rely upon their own tax advisors as to any tax consequences arising from the purchase, ownership and disposition of Series 2020B Bonds, including the application and effect of federal, state, local, foreign and other tax laws.

UNDERWRITING

J.P. Morgan Securities LLC, on behalf of itself and Wells Fargo Securities (collectively, the "Underwriters"), have agreed to purchase the Series 2020A Bonds at a purchase price equal to $30,060,096.70, representing the par amount of the Series 2020A Bonds, plus original issue premium in the amount of $4,427,558.10, less an underwriting discount in the amount of $72,461.40, and to purchase the Series 2020B Bonds at a purchase price equal to $118,463,045.62, representing the par amount of the Series 2020B Bonds, less an underwriting discount in the amount of $211,954.38, pursuant to the terms of a Bond Purchase Agreement, by and between the County and the Underwriters. The Bond Purchase Agreement provides that the obligation of the Underwriters is subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2020 Bonds of a Series if any of the Series 2020 Bonds of such Series are purchased. The Series 2020 Bonds may be offered to certain dealers (including dealers depositing such Series 2020 Bonds into investment trusts, accounts or funds) and others at prices lower than the initial public offering prices. After the initial public offering the public offering prices of the Series 2020 Bonds may be changed from time to time by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the County, for which they received or will receive customary fees and expenses.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), one of the underwriters of the Series 2020 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2020. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation, with respect to the Series 2020 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2020. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

RATINGS

Fitch Ratings, 33 Whitehall Street, New York, New York, Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York, and S&P Global Ratings, 55 Water Street, New York, New York, have assigned ratings of "AAA" , "Aaa" and "AAA" , respectively, to the Series 2020 Bonds. An explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. The County furnished to such rating agencies the information contained in this Official Statement and certain publicly available materials and information about the County. Generally, rating agencies base their ratings on such materials and information, as well as investigations, studies, and assumptions of the rating agencies. Such ratings may be changed at any time, and no assurance can be given that they will not be revised downward or withdrawn entirely by any such rating agencies if, in the judgment of such agency, circumstances so warrant. Such circumstances may include, without limitation, changes in or unavailability of information relating to the County. Any such downward revision or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2020 Bonds.

CONTINUING DISCLOSURE

The County will execute and deliver to the Underwriters a Continuing Disclosure Certificate, the form of which is included as Appendix F to this Official Statement, pursuant to which the County will covenant and agree, for the benefit of the holders of the Series 2020 Bonds, consistent with the Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), to provide to the Municipal Securities Rulemaking Board annual financial information and operating data for the County, including audited financial statements of the County, within nine (9) months after the end of each fiscal year, beginning with the fiscal year ending June 30, 2020, and, in a timely manner not in excess of ten (10) business days after the occurrence thereof, notices of certain events with respect to the Series 2020 Bonds, as set forth in Appendix F and in accordance with the Rule; and, in a timely manner, notice to the Municipal Securities Rulemaking Board of any failure of the County to provide required annual financial information referred to above to the Municipal Securities Rulemaking Board. The continuing obligation of the County to provide annual financial information and notices referred to above will terminate with respect to the Series 2020 Bonds when the Series 2020 Bonds are no longer outstanding. Any failure by the County to comply with the foregoing will not constitute a default with respect to the Series 2020 Bonds.

The County has agreed in certain of its existing continuing disclosure undertakings to provide certain financial and operating data (the "Annual Report"), including certain data relating to taxable retail sales in the County, vehicle and business license receipts of the County, and certain information relating to the County's five-year capital improvement plan (collectively referred to herein as the "Supplemental Information"). For the fiscal years ended June 30, 2012 through June 30, 2016, inclusive, this Supplemental Information was not included in the Annual Reports filed by the County on the MSRB's EMMA website. On April 24, 2017 the County filed a failure to file notice on EMMA relating to the Supplemental Information, together with the Supplemental Information required for the fiscal years ended June 30, 2012 through June 30, 2016.

The County has also agreed in certain disclosure undertakings to provide certain information as to the County's budgeted annual fiscal plan in its Annual Report. Although the Annual Reports filed by the County on the EMMA website for the fiscal years ended June 30, 2015 through June 30, 2018, inclusive, provided the website address of the County where such annual fiscal plan information was posted, the County failed to include such annual fiscal plan information in the Annual Reports filed on EMMA. On February 24, 2020, the County filed a notice on the EMMA website relating to the late filing of such information, together with the required information relating to the County's budgeted annual fiscal plan for the fiscal years ended June 30, 2016 through June 30, 2019, inclusive.

On July 2, 2020, the County defeased certain of its general obligation bonds. Although the County gave timely instructions to the escrow agent to give notice of defeasance of such bonds on EMMA, and the escrow agreement relating to such defeased bonds was also timely posted on EMMA, the escrow agent posted such notice of defeasance on EMMA eight days late.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and validation of the Series 2020 Bonds are subject to approval of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel to the County. The opinion of Bond Counsel relating to the Bonds, the form of which is set forth as Appendix G to this Official Statement, will be furnished at the expense of the County upon delivery of the Bonds and will be appended to the Bonds. Certain legal matters are to be passed upon for the County by J.T. Tokarz, County Attorney. Certain legal matters are to be passed upon for the Underwriters by McGuireWoods LLP, Counsel to the Underwriters.

INDEPENDENT AUDITORS

The financial statements of the County as of and for the fiscal year ended June 30, 2019, included in the Comprehensive Annual Financial Report of the County for the fiscal year ended June 30, 2019, included in this Official Statement as Appendix B, have been audited by KPMG LLP, a firm of independent auditors, as stated in their report appearing herein.

KPMG LLP not been requested to consent, nor have they rendered any consent, to the inclusion of the financial statements in this Official Statement, nor has KPMG LLP been engaged to perform any procedures relating to this Official Statement or the issuance of the Series 2020 Bonds.

FINANCIAL ADVISOR

The County has retained PFM Financial Advisors LLC, Henrico, Virginia, as financial advisor (the "Financial Advisor"), in connection with the issuance of the Series 2020 Bonds. Although the Financial Advisor assisted in the preparation and review of this Official Statement, the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in the Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities.

LITIGATION

There are miscellaneous claims against the County including claims now in litigation. The County Attorney is of the opinion that there is no litigation pending or, to the best knowledge, information and belief of the Count Attorney, threatened, in either Virginia or federal courts which would in any way affect the validity of the Series 2020 Bonds, or the power and authority of the County to fix and collect rates and charges for the services, facilities and commodities sold, furnished or supplied through the System or the power and authority of the County to pledge the Revenues therefrom to the payment of the principal of and interest on the Series 2020 Bonds.

VERIFICATION

Bingham Arbitrage Rebate Services, Richmond, Virginia, will verify certain mathematical computations as to the sufficiency of the moneys and investments, if any, deposited in the escrow deposit fund under the Escrow Deposit Agreement (i) to pay, when due, the interest on the Refunded Bonds accruing to the date fixed for the redemption, and (ii) to pay the redemption price of the Refunded Bonds on the date fixed for the redemption. See "PLAN OF FINANCE AND REFUNDING PROGRAM" above.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Series 2020 Bonds. All quotations from and summaries and explanations of laws contained in this Official Statement do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

The distribution of this Official Statement and its delivery have been duly authorized by the Board of Supervisors.

COUNTY OF HENRICO, VIRGINIA

/s/ John A. Vithoulkas
John A. Vithoulkas
County Manager

/s/ Meghan F. Coates
Meghan F. Coates
Director of Finance

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APPENDIX A

INFORMATION REGARDING THE SYSTEM

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APPENDIX A

THE SYSTEM

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The County of Henrico, Virginia (the "County") is situated in central Virginia and surrounds the City of Richmond (the "City" or "Richmond") on the north side of the James River. Although much of the County's 244 square miles consists of highly developed urban and suburban areas, there is also a considerable amount of undeveloped agricultural and forest land. In Virginia, cities and counties are distinct units of government and do not overlap. Thus, the County is responsible for providing all local government services to its residents. The population of the County was estimated at 339,191 for 2019 (the most recent year for which such data is available from the Henrico County Department of Planning). For a more detailed description of the County, see APPENDIX C to this Official Statement.

The County's Comprehensive Annual Fiscal Report, including audited financial statements (the "CAFR"), for the fiscal year ended June 30, 2019, is included as APPENDIX B to this Official Statement. The CAFR for the fiscal year ended June 30, 2020 is expected to be presented to the County's Board of Supervisors on November 10, 2020, or as soon thereafter as the same shall be available. **This APPENDIX A contains certain forward-looking statements, including, but not limited to, certain estimates and projections relating to financial results for fiscal year 2020. All forward-looking statements, projections and estimates are subject to change. The County has not undertaken to update or revise any such forward-looking information contained herein. Actual results may differ from projections and estimates, and such differences may be material.**

THE SYSTEM

History and Development

Prior to October 1968, water and sewer services in the more densely populated areas of the County were provided by sanitary districts. As the County developed and its population increased, the Board of Supervisors determined that water and sewer services could be provided more economically on a County-wide basis and that extension of and improvements to public water and sewer facilities needed to be made without regard to sanitary district boundaries. In October 1968, the County entered into an agreement with the sanitary districts in the County, which was supplemented in 1975 (together, the "Unification Agreement"), to provide a unified County-wide system. Under the Unification Agreement, the County consolidated the water and sewer facilities of the sanitary districts into a single County-wide system (the "System") and also consolidated the revenues derived from such water and sewer facilities.

Organization and Administration

The County Department of Public Utilities (the "Department") is responsible for the operation and maintenance of the System and for the construction of additions and improvements thereto. The Department is under the direction of Bentley P. Chan, P.E., Director of Public Utilities, who reports through the Deputy County Manager for Community Operations to the County Manager. Mr. Chan has served in various roles in the County's Department of Public Utilities since 2007 and was appointed Director of Public Utilities effective July 18, 2020. Mr. Chan holds a bachelor's degree and a master of business administration from Virginia Commonwealth University, and completed a graduate certificate in local government from Virginia Tech. Mr. Chan is a registered Professional Engineer (P.E.) with the Commonwealth of Virginia.

For resumes of key County officials, see the section "COUNTY GOVERNMENT - Certain County Staff Members" in APPENDIX C. As of June 30, 2019, there were 312 positions in the Department for activities directly relating to providing water and sewer services.

In addition to providing water and sewer service within the County, the Department is responsible for County-operated refuse collection and disposal, the operation of one County-owned transfer station, two public use areas, and the administration of street lighting service provided to six sanitary districts. These services are collectively known as the Solid Waste Operation. As of June 30, 2019, there were 66 positions in the Department for activities directly related to Solid Waste Operation. The Department accounts for the receipts and disbursements related to providing solid waste services separately from revenues and expenses of the Water and Sewer System. Expenses and revenues for the Solid Waste Operation are segregated from funds of the Water and Sewer System. A portion of the administrative costs, which are paid by the Water and Sewer System, are charged to the Solid Waste Operation as an overhead expense.

In providing water and sewer services in the County, the Department receives support from other County departments. The Department (and, therefore, the System) is charged by the County for its share of operating costs for IT services, finance and accounting services, vehicle maintenance services, risk management, office space, purchasing, County attorney assistance, and the use of certain County-owned vehicles. The County has chosen not to charge the Department a payment-in-lieu of taxes for real property assets of the Water and Sewer System.

The Department does not provide any free water or sewer service within the County and all customers, including the County government, are subject to the same schedule of rates and charges.

Properties and Services

The primary functions of the System are water supply, storage and distribution and wastewater collection, transmission, treatment and resource recovery. The System provides service to approximately 65 percent of the geographical area of the County and 95 percent of the population.

The County provides water service to approximately 100,000 residential, commercial, and industrial customers. The County also has service agreements to supply limited amounts of water to Hanover County and Goochland County. Currently, about 36 percent of the County's water supply is purchased from the City of Richmond. The remainder is supplied by the County's 80 MGD Water Treatment Plant, which is supplied by the James River. The plant was completed in April 2004, and the expansion from 55 MGD to 80 MGD was completed in May 2015. The System's water facilities consist of approximately 1,647 miles of water distribution mains, 9 pump stations with 15 ground storage tanks and 2 elevated storage tanks for a total tank storage capacity of approximately 31 million gallons.

The County provides wastewater service to approximately 97,000 residential, commercial, and industrial customers. The County also has service agreements to treat a limited quantity of wastewater from

Hanover County, Goochland County, and the City of Richmond. The County operates a 75 MGD wastewater treatment facility.

Wastewater is transmitted to the County Wastewater Treatment Facility where it is treated pursuant to a Virginia Pollutant Discharge Elimination System Permit. Limited volumes of wastewater from the County continue to be treated at Richmond's wastewater treatment facility, and limited volumes of wastewater from Richmond are treated at the County's Wastewater Treatment Facility under a wastewater agreement that became effective November 1, 1989. Wastewater from Hanover County and Goochland County is treated at the County Wastewater Treatment Facility under agreements between the County and Hanover and Goochland Counties.

Operations and Maintenance Procedures

The County has implemented modern operation and maintenance procedures with respect to the System. The City tests the water it sells to the County, and the County maintains its own laboratory to conduct daily tests of the water quality of the distribution system. The County maintains ongoing educational programs to keep employees of the System aware of new developments in water and wastewater technology. In addition, all treatment plant operators are required to attend technical schools and to obtain proper certification.

Mechanical equipment is maintained in County-owned shops, and operating facilities are regularly inspected and maintained by System employees. The County reads meters bi-monthly using a mobile collection device. This device reads the meters via radio transmissions while the van travels through County neighborhoods and along County roads. Employees of the System throughout the County are linked together by a County-owned radio communication system which is interlinked with the County police and fire departments. Maintenance of County sewer lines is enhanced by the use of trucks equipped with high velocity water jets and vans equipped with closed circuit television cameras which can be maneuvered through the sewer mains to inspect the sewer system. Operation of the water distribution and sewage collection and pumping systems is enhanced by use of a modern supervisory distribution control and data acquisition (SCADA) system. The County is in the engineering stage of a SCADA standardization project for the System. This is a project to replace the existing SCADA systems for all Department collection and distribution system remote sites as well as the SCADA at the Water Treatment Facility and the Water Reclamation Facility. The key objectives of this project are to replace the existing hardware and software with state of the art hardware and software, and to standardize process control philosophies used in the treatment facilities and remote sites. Achieving these objectives will enable further efficiencies through effective automated monitoring and control of the various SCADA processes as well as the consistent, reliable training of all personnel involved with SCADA. It will also simplify and stream line the technical support of the SCADA system taking system reliability to the next level.

The System uses Cityworks as its asset management system (AMS). Cityworks allows for faster flow of information between the Department and its customers as well as between divisions. Cityworks interfaces with the Department's billing system, CIS Infinity, as well as POSM (sewer line CCTV). The GIS-centric nature of Cityworks allows the Department to realize its goal of having GIS as its central asset registry.

Rates and Charges

The most recent rate increase, effective July 1, 2019, was a 5 percent increase in water and sewer rates. Connection fees have not increased since October 1, 2017, when they increased 5 percent. The Department regularly completes comprehensive rate analysis to ensure long-term sufficiency is maintained to meet its cost recovery needs. The Department's last Rate Study was completed in 2016.

Water and sewer rates are based on a forecast model compiled annually by the County. Fiscal year 2021 budgeted revenues were amended in March to reflect a zero percent rate increase due to the COVID-19 pandemic. See Section entitled "IMPACT OF COVID-19 ON THE SYSTEM" herein. Estimates for succeeding years are based on 5 percent annual rate increases and customer base growth rates starting at 0.75% in 2021 and growing to 1.5% by 2024, anticipating continued modest development and growth in the County. A schedule of rates, fees, and charges currently in effect as of the date of this Official Statement is included in the following tables.

WATER AND SEWER RATES
(Effective since July 1, 2019)

SINGLE-FAMILY RESIDENTIAL CUSTOMERS

Water and sewer customers are billed every two months and pay both a *service* charge and a *volume* charge for water and sewer services.

Bi-Monthly Service Charge	**Water**	**Sewer**
Service Charge for Residences (5/8" meter)	$15.65	$31.55
(If water is not metered there is a flat charge of $78.95 for sewer service)		

Volume Charge (3)	**Water**	**Sewer**
The charge for each hundred cubic feet (CCF) of water used (1)	$3.59	$3.81
If 6 CCF or less	2.24	2.33

COMMERCIAL AND INDUSTRIAL CUSTOMERS

Bi-Monthly Service Charge (2)	**Water**	**Sewer**
5/8" Meter	$15.65	$31.55
1" Meter	36.95	52.20
1½" Meter	68.00	76.50
2" Meter	104.40	110.45
3" Meter	172.15	186.90
4" Meter	276.55	295.50
6" Meter	534.55	588.35
8" or 10" Meter	1,069.85	1007.20

Volume Charge Per CCF (2)	**Water**	**Sewer**
First 10,000 CCF	$3.59	3.81
Next 70,000 CCF	2.45	2.72
Over 80,000 CCF	1.76	2.45

(1) One hundred cubic feet is a CCF and is approximately 748 gallons.
(2) Industrial customers are subject to surcharges for discharge of strong wastes in addition to sewer service and volume charges listed above.
(3) The average combined bi-monthly residential water and sewer bill for FY2019-20 is $150.80, based on 14 CCF consumption.

WATER AND SEWER CONNECTION FEES
(Effective since October 1, 2017)

	Water		Sewer	
	Connection Fees	Local Facilities Fees(A)	Connection Fees	Local Facilities Fees(A)
Single Family Residential with existing well and/or septic system	$2,315+	$2,625	$2,805+	$3,990
Single Family Residential including semi-detached dwellings	$4,635+	$2,625	$5,605+	$3,990
Multi-Family Residential Apts., Townhouses, Condos, & Cluster Homes; Duplexes	$4,270 (per unit)	(B)	$5,170 (per unit)	(C)
Motel and Hotel	$2,350 (per room)	(B)	$2,850 (per room)	(C)
Hospital	$5,430 (per bed)	(B)	$6,575 (per bed)	(C)
Nursing Homes	$3,625 (per bed)		$4,380 (per bed)	
Assisted Living	$1,810 (per bed)	(B)	$2,190 (per bed)	(C)
Facilities providing permanent housing for elderly or handicapped persons and operated by charitable, non-stock, non-profit organizations which are exempted by § 501(c)(3) of the Internal Revenue Code	$1,810 (per bed)	(B)	$2,190 (per bed)	(C)
Dormitories	$1,360 (per bed)		$1,645 (per bed)	
All other business, industrial & public buildings based on meter size as follows:				
5/8"	$4,635	(B)	$5,605	(C)
1"	16,570	(B)	20,050	(C)
1½"	33,060	(B)	40,015	(C)
2"	65,615	(B)	79,415	(C)
3"	131,235	(B)	158,830	(C)
4"	205,050	(B)	248,175	(C)
6"	410,105	(B)	496,340	(C)
8"	656,160	(B)	794,145	(C)
10"	943,130	(B)	1,141,585	(C)

(A) Local facilities fee will be due where local facilities are available to connector's property and the costs have not been previously assessed against the property. Local facilities are those portions of the County's water and sewer systems which are used to, respectively, deliver water to or collect wastewater from individual users in local areas, subdivisions and developments. Included are local water distribution mains and valves, local wastewater collection mains, water service lines, meter setters, meter boxes, wastewater lateral lines to the user's premises and fire hydrants.

(B) Local facilities fee is $2,625 for 5/8" meter, $3,360 for 1" meter, $5,460 for 1½" meter and $5,460 for 2" meter. The Director of Public Utilities will determine this fee for meter size in excess of 2".

(C) Local facilities fee is $3,150 for sewer when applicable.

INSTALLATION CHARGES
(Effective since October 1, 2017)

WATER INSTALLATION CHARGE TABLE
(Not including cost of meter)

METER SIZE	SERVICE SIZE	INSTALLATION CHARGE
5/8"	¾"	$2,625
5/8"	1"	2,625
5/8"	1½"	3,360
1"	1"	2,775
1"	1½"	3,360
1"	2"	3,360
1½"	1½"	5,460
1½"	2"	5,460
2"	2"	5,460

SEWER INSTALLATION CHARGE TABLE

1) 4" or 6" sewer lateral installation charge = $3,150

2) County Sewer & Water Main Extension Costs:

Sewer: $50 per foot for vacant lot or $25 per foot for existing single-family residence, plus sewer installation charge for each connection, plus basic connection fee.

Water: $30 per foot for vacant lot or $15 per foot for existing single-family residence, plus water installation charge for each connection, plus basic connection fee.

Billing and Collection Procedures

The County renders a monthly bill to certain industrial accounts for water and sewer services and to Hanover County and Goochland County for water and sewer service. All other customers of the System are billed once every two months. If an account remains unpaid 30 days after the billing date, a notice is mailed to the customer whose account is delinquent and a late payment fee is imposed on the account. Fifteen days thereafter, if the account still has not been paid, service may be discontinued by the County. The County is authorized to enforce the collection of delinquent accounts by judicial proceedings, if necessary.

Largest Accounts

The following table lists the 10 largest accounts of the System (excluding Hanover County and Goochland County, which purchase water and sewer service from the County on a wholesale basis and excluding the County government) during the fiscal year ended June 30, 2019.

Customer	Fiscal Year 2019 billings	System Operating Revenues[1]
CCBCC Operations LLC	$526,024	0.45%
US Residential	525,630	0.45
Fareva Richmond Inc.	485,224	0.41
Parham Road Apartment Association	452,496	0.39
Forest City Development (Short Pump Town Center)	452,079	0.39
St Luke Apartments	393,204	0.34
Crofton Square Association	366,739	0.31
St. Mary's Hospital	339,977	0.29
Henrico Doctor's Hospital	331,421	0.28
Cloister Apartments	289,090	0.25
Total	$4,161,884	3.56%

(1) System operating revenue does not include other revenue.

Fiscal Year 2019-20

The County closely monitors the System's financial performance, with specific focus on operating revenues and expenditures. The fiscal year 2020 budget called for operating resources of approximately $133.7 million, operating expenses of approximately $96.7 million (including debt service), and capital spending of approximately $69.7 million. The final results for fiscal year 2020 are pending completion of the annual audit, including year-end journal entries, accruals and reconciliations. However, as of the date of this Official Statement, the County expects to finish the 2020 fiscal year above budgeted revenues and at or near budgeted expenses and expects amounts available for debt service to be at or near budgeted levels.

Budgeted Fiscal Year 2020-21

The fiscal year 2021 budget originally had operating resources of approximately $140.1 million, but with the outbreak of COVID-19 and elimination of the planned 5% rate increase, the revised resources are estimated at $130.8 million, approximately $4.0 million below the fiscal year 2020 budget. Operating expenses of approximately $104.4 million (including debt service), and capital spending of approximately $30.0 million (to be funded with the proceeds of the Water and Sewer System Revenue Bonds, Series 2020A) are being closely monitored and only essential spending will occur. See information under the headings "WATER AND SEWER SYSTEM CAPITAL IMPROVEMENT PLAN" and "IMPACT OF COVID-19 ON THE SYSTEM" below.

Agreements with the City of Richmond

As mentioned above, the County purchases some of the System's water requirements from the City of Richmond (the "City"). Approximately 64% of the County's demand is met by the County's 80 MGD water treatment facility which opened in April 2004 at 55 MGD and was expanded to 80 MGD in May 2015. In fiscal year 2019, the County purchased 6,320,999 CCF from the City and treated 11,002,233 CCF at the County's plant. The City treats a limited quantity of wastewater originating from the System. Both water supply and wastewater treatment are provided by the City pursuant to agreements with the County described below.

Water Supply

On September 28, 1994 (effective as of September 29, 1994), the Board of Supervisors approved a water supply contract (the "Contract") under which the City supplies the County with treated water, which replaced a contract which was effective July 1, 1985, between the City and the County. The Contract provides that the City will supply the County with water from the City's distribution system at various points around the City, and that the County will distribute the water to the customers of the System. The Contract also provides that the County may resell the water to customers of the System located outside the County (*e.g.,* Hanover County and Goochland

County). The County has exercised its option under the Contract requesting that, after January 1, 2007, the City provide the County with up to 35 MGD of capacity. Pursuant to the Contract, the County must provide the City with an annual projection of its water requirements for the next ten years and the City must advise the County within 90 days of any modifications or improvements to its water system necessary to supply the County's projected requirements. The County must concur in the making of any modifications or improvements if the costs of such modifications or improvements are to be borne by the County. The Contract provides that the County shall be responsible for providing water distribution facilities within the County and that the County will maintain water storage and pumping facilities adequate to provide service in the County under the Contract.

The volume of water supplied by the City to the County is measured by meters and the City renders a monthly bill to the County. Charges payable by the County are determined as set forth in the Contract, based on a mutually agreed upon cost of service study which is updated each year. The Contract is for a term until July 1, 2040 and, thereafter, the Contract will be in effect until cancelled upon five years' notice by either party. See also the section entitled "WATER AND SEWER SYSTEM CAPITAL IMPROVEMENT PLAN" herein. In fiscal year 2019, the County paid $11,934,989 to the City under the Contract.

Wastewater Treatment

Between 1976 and November 1989, the County undertook the development of the Wastewater Treatment Facility in the County which opened in November 1989. Since then, the County and the City have operated under the terms of an agreement effective November 1, 1989. This agreement provides for the City to treat limited flows from the County and for the County to treat limited flows from the City. See also the subsection "Properties and Services" above.

Agreements with the Counties of Goochland and Hanover

The County has water and wastewater agreements with Hanover County to provide water up to 0.775 MGD and to treat wastewater up to 5.4 MGD. The agreements were signed April 10, 1995 and are in full force and shall continue in full force thereafter, until terminated by either County Manager or County Administrator (of the respective localities) by giving the other party ten years written notice. No notice has been given to terminate these agreements. For fiscal year 2019, Hanover County paid the County $1,726,211 under these agreements.

Henrico also has water and wastewater agreements with Goochland County to provide water up to 5.25 MGD and to treat wastewater up to 0.69 MGD. Both agreements with Goochland were signed June 11, 2002 and are in full force until June 30, 2032 and shall continue in full force thereafter, until terminated by either County Manager or County Administrator (of the respective localities) by giving the other party ten years written notice. No notice has been given to terminate these agreements. For fiscal year 2019, Goochland County paid the County $1,254,088 under these agreements.

Agreement with the County of Cumberland

A Memorandum of Understanding (the "MOU"), dated August 10, 2010, between the County and Cumberland County established the terms and conditions for the County to proceed with the construction of the reservoir in Cumberland County. Under these terms and conditions, the County shall pay the full costs of permitting, engineering, and acquiring property for constructing, maintaining and operating the reservoir. The County shall reimburse Cumberland County for all costs previously paid by Cumberland for permitting the reservoir ($2,104,646) and all payments Cumberland previously made for the wetland mitigation bank ($505,383). In accordance with the MOU, these were paid to Cumberland in August and November 2010, respectively.

For 50 years from the date of the MOU, the County shall make an annual contractual payment to Cumberland in the amount of $1,131,900. After this 50-year period, the County shall make a payment-in-lieu of taxes under the methodology set forth in the Code of Virginia for calculating payments-in-lieu of property taxes.

System Statistics

HENRICO COUNTY WATER AND SEWER SYSTEM STATISTICS (unaudited fiscal year)

	2016	2017	2018	2019	2020
Water:					
Number of customers	96,811	97,549	98,527	99,435	100,259
Miles of water mains	1,607.37	1,621.98	1,634.41	1,640.85	1,647.45
Hydrants in service	12,880	13,142	13,329	13,446	13,579
Average daily flow (mgd)[(1)]	29.6	29.7	30.3	28.1	30.6
Wastewater:					
Number of customers	93,839	94,538	95,493	96,383	97,208
Miles of sewer mains	1,491.33	1,503.87	1,514.13	1,522.34	1,528.26
Average daily flow (mgd)[(1)]	23.7	23.5	23.6	23.6	23.0

(1) (mgd) million gallons/day. Average daily flow is based on metered consumption as billed. Wastewater flow is based on metered water consumption and provided by the County ordinance for billing. Calculation of residential sewer billing is based on a fixed charge, plus a volume charge. Additional allowance is made calculated as for increased consumption of water in the summer, which is not related to sewer service.

SUMMARY OF REVENUES AND EXPENSES OF THE SYSTEM

The following schedule sets forth the revenues and expenses (excluding depreciation and interest expenses) of the System for the five fiscal years ended June 30, 2019. The financial data for the fiscal years ended June 30, 2015, through June 30, 2019, has been derived from the audited financial statements of the County. The financial data set forth below should be read in conjunction with the County's financial statements for the fiscal years ended June 30, 2019, and notes thereto and the report on the 2019 financial statements of independent auditors, which are included as APPENDIX B to this Official Statement.

Summary of Revenues and Expenses of the System

	2015	2016	2017	2018	2019
Operating Revenue					
Water System	$ 50,719,860	$ 51,169,761	$ 54,814,946	$ 57,103,532	$ 57,652,688
Sewer System	51,137,470	53,435,352	54,563,383	55,950,051	59,318,228
Other	1,163,227	1,295,292	1,208,146	1,321,683	1,358,980
Total Operating Revenue	$ 103,020,557	$ 105,900,405	$ 110,586,475	$ 114,375,266	$ 118,329,896
Operating Expenses					
Water System					
Source of Supply	$ 12,250,784	$ 12,726,415	$ 11,250,861	$ 14,065,893	$ 12,565,700
Pumping and Treatment	8,205,773	8,804,051	9,042,609	7,833,827	8,896,582
Transmission and Distribution	4,846,808	5,026,633	6,209,969	6,347,872	7,236,970
Customer Billing and Services	1,163,098	1,313,055	1,286,591	1,283,812	1,252,124
General and Adminsitrative	5,088,561	6,468,444	5,290,711	5,253,628	4,780,871
Total Water System	$ 31,555,024	$ 34,338,598	$ 33,080,741	$ 34,785,032	$ 34,732,247
Sewer System					
Treatment and Disposal	$ 11,192,998	$ 12,548,992	$ 11,832,563	$ 11,585,335	$ 12,761,224
Collection	3,473,055	3,354,002	3,590,487	3,528,517	4,422,157
Pumping	7,578,880	8,078,380	7,758,898	8,201,907	7,532,332
Customer Billing and Services	1,127,876	1,272,746	1,246,918	1,244,278	1,213,567
General and Aministrative	5,135,155	6,477,171	5,303,751	5,048,504	4,619,506
Total Sewer System	$ 28,507,964	$ 31,731,291	$ 29,732,617	$ 29,608,541	$ 30,548,786
Total Operating Expenses	$ 60,062,988	$ 66,069,889	$ 62,813,358	$ 64,393,573	$ 65,281,033
Net Operating Revenue	$ 42,957,569	$ 39,830,516	$ 47,773,117	$ 49,981,693	$ 53,048,863
Non-Operating Income					
Investment Income	$ 799,161	$ 1,019,734	$ 975,513	$ 1,122,050	$ 1,037,432
Connection Fee	9,096,093	12,634,472	9,480,779	10,784,103	13,726,955
Add debt service contribution from County GF(1)	1,607,475	1,609,675	1,607,988	1,609,388	1,609,388
Miscellaneous(2)	(3,003,808)	(1,392,014)	671,521	(1,746,890)	295,962
Total Other Income	$ 8,498,921	$ 13,871,867	$ 12,735,801	$ 11,768,651	$ 16,669,737
Total Amounts Available for Debt Service	$ 51,456,490	$ 53,702,383	$ 60,508,918	$ 61,750,344	$ 69,718,600

(1) Represents reimbursement from the County's General Fund to Public Utilities for certain infrastructure and road improvements related to economic development projects at White Oak Technology Park. These transfers from the General Fund are made in connection with financing agreements relating to these particular projects. The County does not routinely transfer amounts from the General Fund to the System for its general operations or to pay debt service on the Bonds issued under the Bond Resolution.

(2) Miscellaneous includes amortization, loss or gain on early retirement of fixed assets, sale of vehicles, sale of equipment, grant funds, VA nutrient credits, and entries from Central Automotive Maintenance (CAM).

HISTORICAL DEBT SERVICE COVERAGE

Debt Service Coverage Ratio under the Resolution

	FY2015	FY2016	FY2017	FY2018	FY2019
Total Operating Revenue	$103,020,557	$105,900,405	$110,586,475	$114,375,266	$ 118,329,896
Total Operating Expenses	(60,062,988)	(66,069,889)	(62,813,358)	(64,393,573)	(65,366,378)
Debt Service Contribution from County General Fund[(1)]	1,607,475	1,609,675	1,607,988	1,609,388	1,609,388
Revenues Available for Debt Service	44,565,044	41,440,191	49,381,105	51,591,081	54,572,906
Debt Service	16,997,118	17,011,726	21,330,889	21,510,278	26,648,585
Debt Service Coverage Ratio Under the Resolution	2.62	2.44	2.32	2.40	2.05

(1) Represents reimbursement from the County's General Fund to Public Utilities for certain infrastructure and road improvements related to economic development projects at White Oak Technology Park. These transfers from the General Fund are made in connection with financing agreements relating to these particular projects. See Note 7 to the System's audited financial statements attached to this Official Statement as APPENDIX B. The County does not routinely transfer amounts from the General Fund to the System for its general operations or to pay debt service on the Bonds issued under the Water and Sewer System Revenue Bond Resolution.

Debt Service Coverage Ratio Using All System Revenues

	FY2015	FY2016	FY2017	FY2018	FY2019
Revenues Available for Debt Service under Resolution	$44,565,044	$41,440,191	$49,381,105	$51,591,081	$54,658,251
Plus:					
Connection Fees	9,096,093	12,634,472	9,480,779	10,784,103	13,726,955
Investment Earnings	799,161	1,019,734	975,513	1,122,050	1,037,432
Miscellaneous [(1)]	(3,003,808)	(1,392,014)	671,521	(1,746,890)	296,962
All System Revenues	51,456,490	53,702,383	60,508,918	61,750,344	69,719,600
Debt Service	16,997,118	17,011,726	21,330,889	21,510,278	26,648,585
Debt Service Coverage Ratio	3.03	3.16	2.84	2.87	2.62

(1) Miscellaneous includes amortization, loss or gain on early retirement of fixed assets, sale of vehicles, sale of equipment, grant funds, VA nutrient credits, and entries from Central Automotive Maintenance (CAM).
Source: County Department of Utilities.

While the County is finalizing audited information for fiscal year 2020, the debt service coverage ratio under the Water and Sewer System Revenue Bond Resolution for fiscal year 2020 is projected to be 2.01 (unaudited) and the debt service coverage ratio using all System Revenues for fiscal year 2020 is projected to be 2.56 (unaudited).

ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth for each fiscal year ending June 30 the approximate amounts payable from the revenues of the System as principal of and interest on its unaudited Outstanding Parity Bonds.

Fiscal Year Ending June 30	Debt Service on Outstanding Parity Bonds[(2)]			Series 2020 Bonds			Total Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2021	$13,470,000	$12,759,119	$26,229,119	$2,140,000	$1,552,186	$3,692,186	$29,921,305
2022	14,060,000	12,180,444	26,240,444	1,295,000	2,817,299	4,112,299	30,352,743
2023	14,735,000	11,492,944	26,227,944	1,300,000	2,813,064	4,113,064	30,341,008
2024	12,475,000	10,778,894	23,253,894	4,285,000	2,807,877	7,092,877	30,346,771
2025	12,990,000	10,264,269	23,254,269	4,305,000	2,785,810	7,090,810	30,345,078
2026	13,625,000	9,634,569	23,259,569	4,330,000	2,758,473	7,088,473	30,348,042
2027	12,140,000	8,994,519	21,134,519	6,485,000	2,722,837	9,207,837	30,342,356
2028	12,755,000	8,387,519	21,142,519	6,555,000	2,661,035	9,216,035	30,358,554
2029	7,690,000	7,782,769	15,472,769	7,915,000	2,586,963	10,501,963	25,974,732
2030	8,015,000	7,455,369	15,470,369	8,040,000	2,460,957	10,500,957	25,971,326
2031	8,355,000	7,113,519	15,468,519	8,175,000	2,324,848	10,499,848	25,968,367
2032	8,715,000	6,757,069	15,472,069	8,320,000	2,176,668	10,496,668	25,968,737
2033	9,080,000	6,385,069	15,465,069	8,480,000	2,017,521	10,497,521	25,962,590
2034	9,400,000	6,059,469	15,459,469	8,645,000	1,846,025	10,491,025	25,950,494
2035	9,745,000	5,717,519	15,462,519	8,825,000	1,672,257	10,497,257	25,959,776
2036	10,090,000	5,371,219	15,461,219	9,010,000	1,490,515	10,500,515	25,961,734
2037	9,180,000	5,002,756	14,182,756	4,275,000	1,274,616	5,549,616	19,732,372
2038	9,525,000	4,656,775	14,181,775	4,380,000	1,168,188	5,548,188	19,729,963
2039	9,885,000	4,297,169	14,182,169	4,490,000	1,059,122	5,549,122	19,731,291
2040	10,270,000	3,914,919	14,184,919	4,600,000	947,268	5,547,268	19,732,187
2041	10,665,000	3,517,119	14,182,119	4,720,000	832,661	5,552,661	19,734,780
2042	11,080,000	3,103,344	14,183,344	4,840,000	711,495	5,551,495	19,734,839
2043	11,515,000	2,672,769	14,187,769	4,960,000	587,225	5,547,225	19,734,994
2044	11,960,000	2,224,469	14,184,469	5,090,000	459,850	5,549,850	19,734,319
2045	12,450,000	1,734,469	14,184,469	1,365,000	329,100	1,694,100	15,878,569
2046	12,960,000	1,223,669	14,183,669	1,405,000	288,150	1,693,150	15,876,819
2047	8,635,000	700,119	9,335,119	1,450,000	246,000	1,696,000	11,031,119
2048	8,930,000	407,819	9,337,819	1,505,000	188,000	1,693,000	11,030,819
2049	3,515,000	105,450	3,620,450	1,565,000	127,800	1,692,800	5,313,250
2050	-	-	-	1,630,000	65,200	1,695,200	1,695,200
Totals[(1)]	$307,910,000	$170,695,119	$478,605,119	$144,380,000	$45,779,011	$190,159,011	$668,764,130

(1) Totals may not add due to rounding.
(2) Excludes the Refunded Bonds as defined in the forepart to this Official Statement.

WATER AND SEWER SYSTEM CAPITAL IMPROVEMENT PROGRAM

The Board of Supervisors annually adopts a Five Year Capital Improvement Program for the System (the "CIP"), approving the first year of the CIP for implementation and the remaining four years for planning purposes. The projects set forth in the CIP provide for extensions of service by the System, system rehabilitation, regulatory upgrades and improvements to the System to upgrade existing service. The CIP for FY 2021 through FY 2025 anticipates the following appropriations, as set forth in the table below.

FY 2021-2025 Capital Improvement Plan

	Approved FY2021	Requested FY2022	Requested FY2023	Requested FY2024	Requested FY2025	Total
Wastewater	$19,650,000	$48,250,000	$65,800,000	$43,950,000	$101,450,000	$279,100,000
Water	7,850,000	7,050,000	11,950,000	9,050,000	16,350,000	52,250,000
Total	$27,500,000	$55,300,000	$77,750,000	$53,000,000	$117,800,000	$331,350,000
Previous Years Appropriations(1)	$266,927,082					$266,927,082
Combined Capital Improvement Plan	$294,427,082	$55,300,000	$77,750,000	$53,000,000	$117,800,000	$598,277,082
Planned Bond Issues(2)	$30,000,000	$0	$30,000,000	$0	$30,000,000	$90,000,000

(1) Planned Bond Issues include funding for projects approved in prior capital budgets.
(2) Represents Series 2020A Bonds in fiscal year 2021 and current estimate of future bond issues for fiscal years 2023 and 2025.

The projects set forth in the CIP can be summarized in the following categories with their projected five-year appropriation estimates:

FY 2021 to FY 2025 Capital Improvement Plan By Project Type

Project	Appropriation
Water Transmission and Distribution	$38,600,000
Water System Rehabilitation	23,000,000
Water Treatment	2,750,000
Sewer Treatment	36,750,000
Sewer Collection and Pumping	124,750,000
Sewer Rehabilitation	105,500,000
Total	$331,350,000

Water Transmission and Distribution projects provide for improvements to water pumping and storage facilities, extension of water distribution mains, and construction of planned water transmission pipelines. Water System Rehabilitation addresses needed replacement of aging infrastructure necessary to ensure reliability of the water supply system. SCADA System Replacement will provide state of the art supervisory control and data acquisition system to manage the water and sewer systems and allow remote operation of water and sewer facilities. Sewer Treatment provides for improvements and upgrades to the Water Reclamation Facility to ensure compliance with federal and state requirements for this facility. Sewer Collection and Pumping includes pumping station upgrades and improvements, construction of flow equalization basins and provision of collector and trunk sewers to provide capacity to serve growth needs of the County. Sewer Rehabilitation implements a Wet Weather Control Plan for rehabilitation and replacement of existing sewers necessary to reduce wet weather overflows and ensure capacity for service to existing and future customers.

The County expects that net revenues and debt proceeds will fund the CIP. Many of the projects and improvements in the CIP are in the planning stages, with construction cost estimates that are preliminary and contracts that have not been awarded. Hence, the overall timing and sizing of the CIP is subject to change. The adopted CIP was revised by the Board of Supervisors of the County on September 22, 2020, to include $30,000,000 in new appropriations for projects to be financed with the proceeds of the Water and Sewer System

Revenue Bonds, Series 2020A (Tax-Exempt). Only the first year of spending in the CIP is appropriated. The County will carefully consider its funding needs and whether debt is needed each year when preparing a new CIP.

Sewer System

In January 1977, the County completed a comprehensive study of the County's wastewater treatment system (the "Wastewater Treatment Study") to evaluate existing facilities and to provide a specific plan of development for wastewater transportation and treatment needs for the County. The study explored various alternatives and recommended that the County design and build a regional wastewater transport and treatment system. In response to that study, the County constructed the County Wastewater Treatment Facility which was placed in service in November 1989. As County wastewater collection and pumping systems were connected to the County Wastewater Treatment Facility, wet-weather flows increased significantly due to infiltration and inflow ("I&I"). The increased I&I resulted in the County entering into a consent agreement in June 1993 with the State Water Control Board that requires the County to take certain actions to identify and mitigate I&I. To meet its obligations under the consent agreement, the County expanded its Wastewater Treatment Facility from 30 MGD to 45 MGD and constructed nutrient removal facilities to meet new permit limits for phosphorus, ammonia and nitrogen. In addition, the County replaced and expanded its effluent filters. The filter replacement and expansion was substantially completed August 19, 1996, and the expansion and nutrient removal project was substantially completed March 14, 1997.

On January 28, 1998, the Board of Supervisors authorized a contract to design improvements and expansion of the Water Reclamation Facility to 75 MGD. The expansion of the facility to 75 MGD was completed in August 2005 at a cost of approximately $101,000,000. The current facility is designed to comply with the nutrient requirements of the 2007 Chesapeake Bay Act.

The County entered into a second consent order in January 2003 with the State Water Control Board that required the County to submit certain manuals and reports relating to the operation of the wastewater collection and treatment systems as well as setting a completion schedule for 30 infiltration and inflow removal projects. All manuals and reports were submitted and all projects in the January 2003 schedule were completed.

In March 2005, the consent order was amended to set the completion of the Water Reclamation Facility expansion to 75 MGD and to set a schedule for the completion of the Fourmile Creek Trunk Sewer Rehabilitation Project. The Water Reclamation Facility expansion to 75 MGD was completed, on time, in the fall of 2015 and the Fourmile Creek Trunk Sewer Rehabilitation Project was continued on a third consent order.

The County entered into a third consent order in December 2010 with the State Water Control Board that required the County to submit a standard operating procedure manual relating to the operation of the Wastewater Reclamation Facility and completion of the Fourmile Creek Trunk Sewer Rehabilitation Project as well as setting a completion schedule for 32 additional infiltration and inflow removal projects. All projects included in the consent order were completed in mid-2018. The State Water Control Board was notified by letter dated June 14, 2018, of completion of all projects.

The County is in current discussions with the State Water Control Board regarding a fourth consent order that will require the completion of the next phase of System renewal projects, estimated to consist of 28 additional infiltration and inflow removal projects to be completed by the end of the 2028 calendar year.

Water System

The County's decision to build the Water Treatment Facility began in August 1987, when a comprehensive study of the County's water system (the "Comprehensive Water Study") was completed by Wiley & Wilson, consulting engineers for the County. The Comprehensive Water Study evaluated existing facilities for water supply, storage and distribution, including an updating of a model for use in evaluating the County's existing facilities and projecting the need for future improvements.

The Comprehensive Water Study recommended that the County construct a water treatment facility to meet the long-term needs of the County. In 1988, the Board of Supervisors approved inclusion of the Water Treatment Facility in the CIP and in June 1988, the County submitted an application for the required permits from the U.S. Army Corps of Engineers (the "Corps of Engineers") and State Water Control Board to construct a water supply intake structure and to withdraw water from the James River for treatment at the Water Treatment Facility. The Corps of Engineers prepared an environmental impact statement and issued the required permit for the water supply intake structure in the James River on October 18, 1996.

The Water Treatment Facility was completed in April 2004. The total approximate cost of the plant and all related infrastructure was $185,000,000. Annual operating and maintenance costs are expected to be around $7,718,000 for fiscal year 2020, and are budgeted at approximately $8,288,000 for fiscal year 2021. Since the plant startup, the facility has met all State and Federal requirements.

The expansion of the Water Treatment Facility to 80 MGD was completed in May 2015 at an approximate cost of $13,800,000.

Cobbs Creek Reservoir

Spurred by a major state-wide drought in 2002, the Cobbs Creek Reservoir project is designed to create an environmentally sensitive way to provide a regional raw water supply that is expected to accommodate the projected growth of the County and some of the water needs of other jurisdictions in the region through the year 2055 and beyond and to decrease potential water usage restrictions.

The Cobbs Creek Reservoir project is a river flow augmentation facility that will discharge up to 100 million gallons per day of raw water into the James River during periods of low flow in the river. Flow augmentation will have a beneficial impact on aquatic and finfish species that might be stressed during a low flow period. In return for augmentation of flow in the river, the Virginia Department of Environmental Quality has increased the water withdrawal permit by 30 MGD (to 75 MGD) from the James River for the County and will issue withdrawal permits for up to 17 MGD more through future permitting to the County and its regional partners. Through the MOU, Cumberland County has first rights of refusal of up to 10 MGD of this future capacity. The County may develop other regional partnerships in the future for allocation of water supply capacity created by the Cobbs Creek Reservoir project.

With an estimated cost of $280,000,000, the reservoir is owned and will be operated by Henrico County while located adjacent to the James River in Cumberland County. The reservoir will be designed to provide 14.8 billion gallons of raw water storage within an 1,117 acre normal pool area. The project consists of several major components: a river intake structure, raw water pump station, transfer pipeline lines, inlet/outlet tower and one major and one saddle dam. With this system, raw water will be pumped from the James River into the reservoir when river flow is adequate. Controlled releases from the reservoir during low flow periods in the James River will benefit aquatic resources and recreation.

The County acquired all of the land necessary for the Cobbs Creek Reservoir project. The first phase of construction was on the utility realignment corridor. Relocation of overhead electric utility and underground gas lines has been completed. Construction on the reservoir and associated facilities began in 2017, with an anticipated completion date in 2021. It is anticipated that it could take up to 2 years to fill the reservoir. Accordingly, the reservoir is expected to be completed and ready for use by 2023.

Through June 2020, approximately $222,100,000 has been expended for engineering, legal assistance, permits, staff time, land acquisitions, relocating the utilities, construction of the communication tower, and construction of the dams and reservoir for the Cobbs Creek project.

IMPACT OF COVID-19 ON THE SYSTEM

Due to COVID-19, the County adopted a revised fiscal year 2021 budget in May, 2020 which eliminated the previously planned 5% rate increase for the System. The County is continuing to closely monitor operating and maintenance spending. The System's customer base is diverse and not dependent on a few large users, which has helped mitigate some of the financial effects of the pandemic on the System. As anticipated, and as reflected throughout the industry, the System has experienced a decline in usage since the outbreak of the pandemic in the United States. The County is limiting capital outlay purchases for the System to essential items only. The County has reduced capital spending levels and delayed some System projects to partially address this anticipated reduction in revenues. The County is monitoring cash receipts from the System and, as expected, has seen a decrease in cash collected by the System since the outbreak of the pandemic in the United States. This trend mirrors an increase in the aging of the System's receivables since the outbreak of the pandemic in the United States. These results were anticipated as the County participated with the region in temporarily ending service shut-offs as a collection tool. However, to assist customers and to encourage them to make timely and safe payments, citizens can pay their utility bills remotely without bank user fees. This has helped to reduce the effects of eliminating non-payment turnoffs. The County is closely monitoring staff vacancies within the Department and holding non-essential Department positions open to realize a savings on salaries and benefits, and cost of living raises for employees were eliminated from the fiscal year 2021 budget. The System has been able to continue to provide all essential utility services during the pandemic, and customers have seen no change in service levels except, in some instances, being unable to make payments and receive assistance in person. The County has reduced the size of its previously planned Water and Sewer Revenue Bond issue for new System projects for fiscal year 2021 based on the revised CIP spending plans. The County will continue to closely monitor the System's financial position and make adjustments to spending levels as the full effects of the pandemic on revenues, expenses and operations are realized. The County has a conservative rate model and continues to make changes and adjustments to assumptions and estimates to maintain the System's financial position in the midst of the pandemic.

For a discussion of the impact of COVID-19 generally on the County, see APPENDIX C to this Official Statement under the heading "COVID-19 PANDEMIC".

APPENDIX B

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE COUNTY OF HENRICO, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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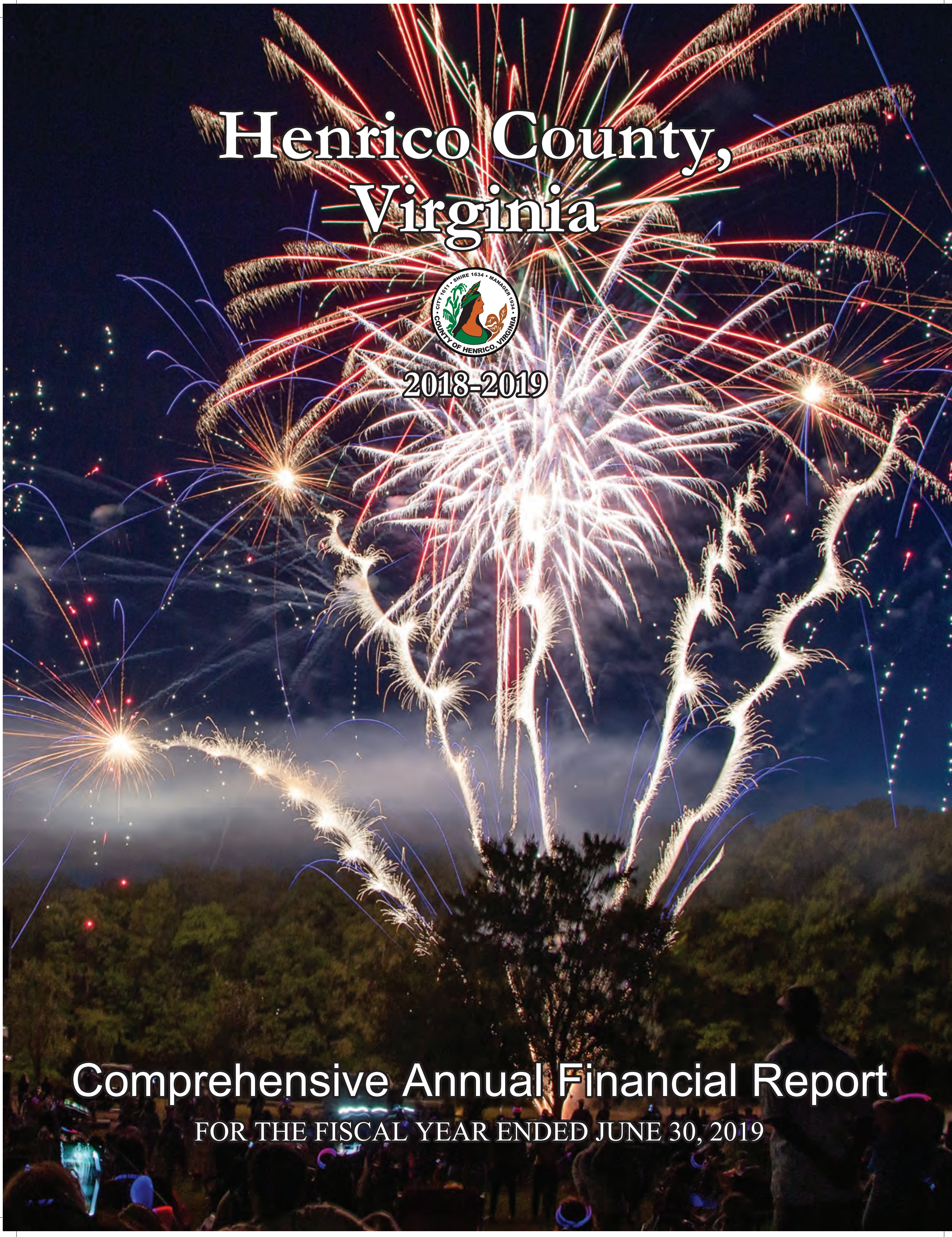

Henrico County, Virginia

2018-2019

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

COUNTY OF HENRICO

VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2019

Prepared By
The Director of Finance

HENRICO COUNTY, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2019

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INTRODUCTORY SECTION

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO

John A. Vithoulkas
County Manager

November 11, 2019

The Honorable Board of Supervisors
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. 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. We believe it includes all financial 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 supplemental narrative overview and analysis of the financial statements included in this CAFR. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.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 financial information for the preparation of the County's financial statements and related notes thereto 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 financial information presented in this CAFR is complete and accurate in all material respects.

KPMG LLP, a certified public accounting firm, audited the County's basic financial statements included in this report. The independent auditors planned and performed the audit to obtain reasonable assurance about whether the financial statements of the County are free of material misstatement. KPMG LLP has expressed unmodified opinions stating that, based on the audit evidence obtained, the County's basic financial statements as of and for the fiscal year ended June

(804) 501-4206 PARHAM & HUNGARY SPRING ROADS/P.O. BOX 90775/HENRICO, VIRGINIA 23273-0775

30, 2019, are fairly presented, in all material respects, in conformity with GAAP. The independent auditors' report on the County's financial statements 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, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This "Single Audit" information is available in a separately issued report, which is available upon request from the County's 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 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 County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 339,191 Henrico County residents (approximately one third of the Richmond Metropolitan area) 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.

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 in Henrico in 1607. 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. 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. In 1934, Henrico County voters approved 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. 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 Commonwealth of Virginia, and an array of recreational and cultural services. The County government also provides most 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 the funds of the County, the primary government, as well as all of its component units. Two discretely presented component units, the County of Henrico School Board (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 this report.

Economic Overview

Henrico County offers a business-friendly environment with competitive tax rates and a cost of living below the national average. The County's triple, triple-A bond rating, diverse economic base, ample land supply, and favorable location within the Richmond metropolitan area contribute to the County's continued development and expansion. Henrico County's local economy is characterized by diversity with a healthy representation of businesses from numerous industries including retail, manufacturing, financial, insurance, health and life services, and more. The local employment base in the County is substantial and diverse and represents approximately one-third of the Richmond metropolitan statistical areas (MSA).

Despite the strong economic climate, Henrico County continues to evaluate our governmental practices, identifying opportunities for greater operational efficiencies and thereby best utilizing taxpayer provided resources. As evidenced by a long history of prudent financial management - and the distinction of being one of only 48 triple AAA rated counties in the country - Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, one certainty that does exist is that Henrico County will continue to do everything within its means to create an environment conducive to positive economic growth.

Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation, and the local economy continues to be well positioned to expand on the growth enjoyed during the past few years of economic recovery. 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, and exploring less burdensome revenue enhancements when necessary. With an emphasis on quality customer service, sound financial management, and sustainable economic development, Henrico County has been and will continue to be a community of choice.

Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area - such as the 22 *Inc. 5000* companies with a significant presence in Henrico County, as well as the small businesses and entrepreneurial endeavors that drive our diverse economy. Combined, the Henrico companies that made the most recent 2019 Inc. 5000 list account for more than $725.6 million in revenue while averaging 473.4 percent growth annually. The County's diverse labor pool, low tax structure, regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for outside companies to relocate to, or for existing companies to expand. The best example of this is Facebook who, in October 2017, announced they would be investing $1.0 billion by building a new data center in Henrico. To follow that up, in September 2018 Facebook announced it would invest an additional $750 million in its new data center complex, making its total investment $1.75 billion. In addition, the County is home to approximately 25,000 businesses and four Fortune 1000 headquarters including Altria, Genworth Financial, Brink's, and Markel Corporation.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. According to the Bureau of Labor Statistics, as of December 2018 the County's unemployment rate (not seasonally adjusted) of 2.6 percent is equal to that of Virginia (2.6 percent) and considerably lower than that of the U.S. (3.7 percent). This low unemployment rate is indicative of the fundamental economic strength of the County, as well as the resiliency and perseverance of state and local employers and the County's educated, talented workforce.

The County's real estate tax base continues to experience growth as the total taxable assessed value of real property as of January 2019 was approximately $40.2 billion, which represents an increase of about $2.3 billion compared to 2018. The increase in existing residential and commercial properties totaled 4.5 percent, while new residential and commercial construction increased $595.8 million. The increase in reassessments is similar to the prior year's 4.7 percent increase. These increases are part of a six-year trend of reassessments coming in at over 2.0 percent, representing a significant improvement from the four years prior.

With the strong economy in Central Virginia, home sales activity has maintained a steady level. Inventory was down 11% in the 2nd quarter of 2019 when compared to the same time last year, leading to an increase in home prices, with a median sales price increase of $12,000. In addition, for the fiscal year ended June 30, 2019, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, is continuing to grow as the total number of permits increased 4.2 percent when compared to FY2017-18. The value of those permits totaled over $600 million.

Henrico County is still one of the Commonwealth's leaders in retail sales as it ranks third in total annual taxable sales, behind only Loudoun and Fairfax. However, Henrico ranks first in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2018 were $5.74 billion, representing a 1.5 percent increase from 2017. These statistics are another indication that the County remains a destination for shoppers locally, regionally and statewide. Henrico was able to establish itself as a destination for shoppers starting with Regency Square, built in the 1970s, and later with Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

Tourism has been another area of economic achievement for Henrico. The County has an 8.0 percent transient occupancy tax used for tourism efforts that brought in $14.0 million for FY19, a 1.1 percent increase from FY18. Also, for 2018, Henrico showed visitor spending at $963.5 million, a 5.2 percent increase over 2017. This continues a trend of strong gains in visitor spending the County has been experiencing and is why tourism, especially sports tourism, will continue to be a focus area for stimulating the economy and bringing in local revenues.

On November 5, 2013, voters in Henrico County approved a referendum that would allow the Board of Supervisors to impose a tax on prepared food and beverages, commonly known as a "meals tax", equal to 4.0 percent of the amount charged. The Board of Supervisors approved an ordinance to levy this tax at the February 25, 2014 Board of Supervisors meeting after a public hearing was held. The collection of this tax began on June 1, 2014. It was anticipated that a 4.0 percent meals tax would generate approximately $18.0 million in additional revenue, all of which would be dedicated to the operational and capital project needs of Henrico County Public Schools. However, in the five-year period from FY2015 to FY2019, the County has received an average of $28.6 million a year, significantly exceeding estimates. Meals tax collections for FY2019 were $30.2 million, the largest since Henrico began levying it. To date, meals tax collections have funded 315 projects at 69 schools throughout Henrico.

The presence of these business and corporate entities would not be possible were it 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 is also the lowest taxing locality among Virginia's ten largest localities. Henrico also approved three tax rate reductions in the past four years: The Aircraft tax rate went from $1.60 per $100 of assessed value to $0.50; the Machinery and Tools tax rate went from $1.00 per $100 of assessed value to $0.30, and the property tax rate for data center equipment went from $3.50 per $100 of assessed value to $0.40. These measures make Henrico more competitive and gives Henrico the lowest effective Aircraft, Data Center, and Machinery and Tools Tax Rates in Central Virginia. In calendar year 2018, Henrico also increased the Business Professional Occupancy License tax exemption from $100,000 to $200,000. This exemption was further increased effective calendar year 2019 from $200,000 to $300,000 and Henrico continued its tax relief efforts from prior years by increasing the full exemption threshold from BPOL taxation to $400,000 for FY20. 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.henrico.us/finance/divisions/office-of-management-and-budget/.

General Guidelines:

The County of Henrico will maintain its (AAA/Aaa/AAA) General Obligation Bond ratings with Standard and Poor's, 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 determined Henrico worthy of the highest financial recognition available and second, the County's high credit rating allows us to obtain the most competitive interest rates when financing long-term capital improvement projects.

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 and businesses 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 approves a "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 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 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 the 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.

The County of Henrico will attempt to maintain a stable but diversified revenue base as a means of protecting it from fluctuations in the economy.

The County will continue to strive to maintain a 70% residential – 30% commercial real estate tax base. Maintaining a healthy residential/commercial ratio will help the County maintain current tax rates while continuing to enhance service delivery efforts – particularly in the areas of education and public safety.

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 unassigned fund balance – as compared to similar sized Virginia localities. As a percentage of actual General Fund expenditures, the County's unassigned fund balance has been:

FY08: 18.0%	FY14: 15.0%
FY09: 18.0%	FY15: 15.0%
FY10: 18.0%	FY16: 15.0%
FY11: 18.0%	FY17: 15.0%
FY12: 15.0%	FY18: 15.0%
FY13: 15.0%	FY19: 15.0%

During the FY12 budget process, the Board of Supervisors (the Board) agreed with a policy recommendation to reduce the percentage of unassigned fund balance to 15.0 percent of General Fund expenditures, effective June 30, 2012. The County will continue to monitor this percentage during the annual budget process for future fiscal years. The County will not use its unassigned fund balance to subsidize current operations.

Major Initiatives and Accomplishments

Henrico County has continued its commitment to delivering the quality and quantity of services that Henrico's citizens expect. Henrico has continued to issue debt and expand its infrastructure to meet the growing needs of the County, and in doing so has saved millions of dollars in debt service costs, taking advantage of low construction prices due in part to the prevailing economic environment and the County's triple-AAA bond rating.

In August 2011, shortly after Standard and Poor's downgraded the U.S.'s long-term credit rating, Henrico County earned a reaffirmation of our AAA ratings from all three bond rating agencies, maintaining our position as one of the best financially managed localities in the nation.

Furthermore, Henrico County was the first municipality in the country to achieve this AAA reaffirmation by all three rating agencies following the historic downgrade of the United States government. As of this writing, 48 counties in the nation enjoy the triple-AAA distinction, which represents just over one percent of all counties nationwide. In addition, Henrico's water and sewer revenue bonds earned an upgraded rating from Moody's Investor Services, making Henrico County one of only 14 public utilities nationwide to receive this highest-possible rating. Henrico County has capitalized on its premier credit rating by taking advantage of historically low interest rates. In fact, Henrico County earned an interest rate of 1.966% on $105.1 million in general obligation bonds that were sold in August 2019. Henrico records show that this is the lowest rate received since 1962, and it may be the lowest rate ever.

On June 14, 2016, the Board of Supervisors passed a resolution asking Henrico County's Circuit Court to order a referendum vote for November 8, 2016. The referendum that Henrico voters overwhelmingly approved was for $419.8 million of capital improvement projects, of which $272.6 million is for school projects. The initial set of projects coming online includes renovations to seven schools plus the new Fairfield Area Library that opened in October 2019. In addition, new construction will begin on two new high schools – J.R. Tucker and Highland Springs.

Henrico County has been proactive in capitalizing on the attractive interest rate environment by refunding existing debt to realize significant cost savings and by simultaneously issuing bonds for new construction projects. In May 2017, Henrico County refunded $53.7 million in Series 2010A and Series 2011 General Obligation Bonds, achieving a true interest cost of 2.2 percent, and a net present value savings of $2.9 million. At the same time, the County issued new General Obligation Bonds to fund capital improvement projects totaling $114.6 million. These proceeds funded projects for schools, libraries, recreation and parks, and fire stations and facilities. The new funding had a true interest cost of 2.63% over a 20-year amortization period. In July 2018, Henrico County issued $99.4 million in new General Obligation bonds for approved capital projects also for schools, libraries, recreation and parks, and a fire station. This issue achieved a true interest cost of 2.92% over a 20-year amortization period.

Henrico County has completed Phase I of the Cobb's Creek Reservoir project, which was acquisition of all the properties. This project secures the County's water needs for at least the next 50 years, and County staff worked with 22 property owners to purchase the needed property. The cost of the acquisitions totaled $9.8 million, about $1.0 million under budget. Phase II of the project consisted of clearing a corridor for the relocation of Colonial Pipeline and Dominion Energy utility lines, constructing roads and staging areas, and erecting a communication tower. A substantial portion of Phase II was completed June 2016, with a final cost of $5.6 million. Between February 2016 and July 2017, Colonial Pipeline and Dominion Energy relocated their utility lines with an estimated final cost of $35.0 million for Colonial Pipeline and $3.1 million for Dominion. Phase III, which began October 2016, includes construction of two earthen dams, a pump station and river intake facilities. The construction contract for Phase III is with MEB/Haymes Joint Venture LLC for $139.6 million with an estimate completion date of May 2022.

The County has also initiated construction on a new Public Safety Emergency Communications project that will replace the current system, which is no longer supported by the manufacturer and operates with outdated technology. The new system will be more advanced and provide manufacturer support for at least twenty years. Henrico County, the City of Richmond, County of Chesterfield, County of Hanover, City of Colonial Heights and the Capital Regional Airport Commission, awarded individual contracts for this project in June of 2016. The public safety system in each locality will be part of a larger regional network that provides a fully integrated land mobile radio system for all emergency incidents and functions in the County and the region. Henrico County and the vendor, Motorola Solutions, Inc., have begun to implement their project plan. The first phase was the deployment of new APCO 25 compliant portable and mobile radios (subscriber units) to all public safety users. Non-public safety subscriber units will be deployed once the new system is tested and operational. The next phase is completion of the Detailed Design Review (DDR), which is the construction and technology deployment plan for the new network. In addition, all new tower sites have been identified, approved and construction drawings are being developed as part of the DDR. Construction of the tower sites is expected to begin by the middle of 2019. Expenditures are tracking with the described deployment progress of the project and are on target with what was originally projected.

Continuing a multi-year effort, the Board of Supervisors approved $144,791 in the operating budget and $300,000 for an additional medic unit for the Basic Life Support (BLS) program with the Division of Fire that will respond to less urgent care calls. This program will run during peak call hours to relieve Advanced Life Support (ALS) units, freeing them to respond to more urgent care calls.

The FY20 Approved Budget provided the largest increase in the Henrico County Public Schools' budget in 13 years. The additional $29,306,825 is being utilized to reduce class sizes, provide additional classroom supports, and extend planning periods for elementary schools. Also, the FY20 budget included funding to alleviate salary compression for teachers and laid the foundation for a career development program to be developed for teachers in future budgets.

Fiscal Year 2019 was the twelfth fiscal year under the healthcare self-insurance program, whereby the County began 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. Since the transition to the self-insurance program, the County's average increases in the cost of healthcare coverage have been well below the growth trend experienced nationally, resulting in significant savings relative to the national average.

Future Challenges

When looking at the national, state and local economies, most economic indicators indicate that fundamental trends for Henrico are continuing to improve on an annual basis. Another indicator Henrico will continue to monitor is retail sales. As more consumers continue to shift toward online sales, brick-and-mortar locations may see decreased volume, which reduces the County's sales tax revenue.

When looking at the economy from a structural level, most signs point to a strong labor market and upbeat consumer and business sentiment. However, there are some events at the national and state level that could cause widespread economic shifts locally. One source of concern for the economy is the growing number of trade disputes and the impact tariffs will have on inflation and business profits. Also, it has been over a decade since the beginning of our last recession, making this one of the longest expansion cycles in U.S. history. All of this could have an impact on Henrico businesses and citizens and require a certain level of contingency planning when looking towards the future.

Because economic indicators having the greatest impact on the County's revenues often lag, Henrico County's leadership is continuing to examine opportunities to redefine the way Henrico does business. The efficiencies and savings identified because of this effort, combined with the conservative fiscal management routinely employed by Henrico County should 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, 2018. This was the thirty-eighth 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.

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 County's 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 their oversight of the financial operations of the County in a responsible and prudent manner.

Respectfully submitted,

John A. Vithoulkas
County Manager

Edward N. Smither, Jr.
Director of Finance

Government Finance Officers Association

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, 2018

Christopher P. Morrill

Executive Director/CEO

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2019

BOARD OF SUPERVISORS

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Daniel J. Schmitt	Brookland District
Frank J. Thornton	Fairfield District
Patricia S. O'Bannon	Tuckahoe District

ADMINISTRATIVE OFFICIALS

John A. Vithoulkas	County Manager
W. Brandon Hinton	Deputy Coounty Manger for Administration
Randall R. Silber	Deputy County Manager forCommunity Development
Vacant	Deputy County Manager for Community Services
Timothy A. Foster	Deputy County Manager for Community Operations
Anthony E. McDowell	Deputy County Manager for Public Safety
Ned Smither	Director of Finance
Joseph P. Rapisarda, Jr.	County Attorney

ELECTED SCHOOL BOARD

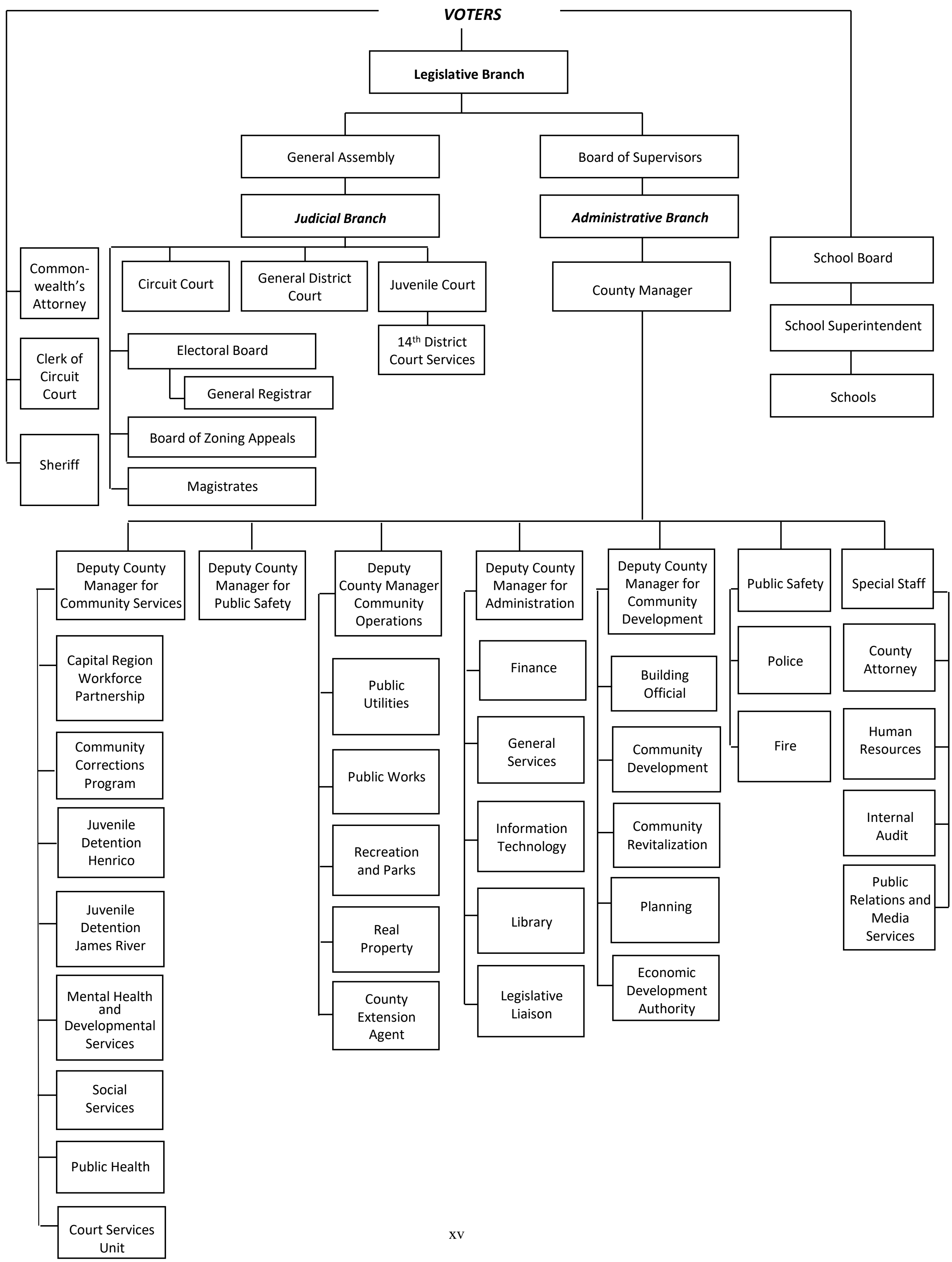
John W. Montgomery, Jr., Chair	Varina District
Roscoe D. Cooper III, Vice Chair	Fairfield District
Beverly L. Cocke	Brookland District
Michelle F. "Micky" Ogburn	Three Chopt District
Bill Pike	Tuckahoe District

ADMINISTRATIVE OFFICIALS - SCHOOLS

Dr. Amy E. Cashwell	Superintendent of Schools
Dr. Beth Teigen	Deputy Superintendent for Instruction
Chris Sorenson	Assistant Superintendent for Finance and Administration
Dr. Lesley Hughes	Assistant Superintendent for Learning
Lenny Pritchard	Assistant Superintendent for Operations
Francine Bouldin	Director of Human Resources
Andy Jenks	Director of Communications and Community Engagement
Dr. Monica Manns	Director of Equity and Community Engagement
Dr. Ingrid Granberry Grant	Director of Middle School Education and Lead Director, Department of School Leadership

Henrico County Profile

Organization Chart



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, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2019, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, budgetary comparison information in Exhibits 13 and 14, the Schedules of Required Supplementary

Information for pensions and OPEB in Exhibits 15 through 35, and the notes thereto as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental and Other Information

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 supplemental information listed as the Other Supplemental Information in the table of contents, and the other information listed as the Introductory Section and the Statistical Section in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplemental Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

KPMG LLP

Richmond, Virginia
November 11, 2019

CITY 1611 · SHIRE 1634 · MANAGER 1934 ·
COUNTY OF HENRICO, VIRGINIA

HENRICO COUNTY, VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(unaudited)

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, 2019 (FY 2019). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements and related notes thereto, which follow this section.

FINANCIAL HIGHLIGHTS FOR FY 2019

On a government-wide basis for governmental activities, the County had expenses net of program revenues of $606.9 million. General revenues of $712.2 million exceeded expenses, net of program revenues, by $105.3 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled $2,538.9 million at June 30, 2019 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues in excess of expenses and other financing sources and uses by $0.1 million (Exhibit 4) after making transfers out of $161.7 million, which include transfers to the Capital Projects Fund for $69.2 million, Special Revenue Fund for $29.0 million and Debt Service Fund for $63.5 million. In addition, the General Fund contributed $228.6 million to the County's component units (Exhibit 12).

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

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 (MD&A), 3) the basic financial statements, and 4) notes to the basic financial statements. This CAFR also contains required supplementary information, other than MD&A, and 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 FINANCIAL STATEMENTS

The government-wide financial 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 Position and the Statement of Activities, which are the government-wide financial statements, report information about the County as a whole and about its activities in a way that helps answer this question. These financial statements include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources 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 financial statements report the County's net position and the changes in net position. One can think of the County's net position – the difference between the total of assets and deferred outflows of resources, less the total of liabilities and deferred inflows of resources – as one way to measure the County's financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial position is improving or deteriorating. Other nonfinancial factors should also be considered; such as, changes in the County's property tax base and the physical condition of the County's infrastructure, to assess the overall financial position of the County.

In the Statement of Net Position 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.

Discretely Presented Component Units – The County includes two separate legal entities in its report – the County of Henrico School Board (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 funds 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 financial 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 financial statements, additional information is provided at the bottom of the governmental funds financial 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 financial 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 financial 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 position and a statement of changes in fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use the assets of these Funds to finance its own operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects a summary of the County's net position (in millions) at June 30, 2018 and 2019:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2018	2019	2018	2019	2018	2019	2018	2019
Current and Other Assets	$668.3	$755.1	$268.3	$277.0	$936.5	$1,032.1	$66.0	$69.0
Capital Assets	1,459.8	1,530.3	1,340.9	1,417.4	2,800.7	2,947.7	291.4	306.0
Total Assets	2,128.0	2,285.3	1,609.2	1,694.4	3,737.2	3,979.8	357.4	375.0
Deferred Outflow of Resources	69.4	57.6	14.0	12.6	83.4	70.2	106.6	90.1
Long-term Liabilities	511.9	573.2	406.0	465.3	917.9	1,038.5	26.3	38.4
Net Pension Liability	163.5	157.3	11.7	11.2	175.1	168.5	430.6	413.2
Net OPEB Liability	56.7	57.2	1.9	1.9	58.6	59.1	77.9	78.2
Other Liabilities	110.2	123.8	41.5	39.9	151.7	163.7	8.6	8.5
Total Liabilities	842.3	911.5	461.1	518.3	1,303.3	1,429.8	543.4	538.3
Deferred Inflow of Resources	106.6	77.6	5.6	3.8	112.2	81.4	134.3	110.1
Net Position:								
Net Investment in Capital Assets	1,169.0	1,174.9	1,040.1	1,059.9	2,208.9	2,234.8	276.6	279.1
Restricted	158.2	245.4	27.2	30.4	185.6	275.8	10.8	12.4
Unrestricted (deficit)	(78.6)	(66.4)	89.2	94.6	10.6	28.3	(501.0)	(474.8)
Total Net Position (deficit)	$1,248.6	$1,353.9	$1,156.5	$1,184.9	$2,405.1	$2,538.9	$(213.7)	$(183.3)

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 (Exhibit 1).

The net position of the County's governmental activities increased by 8.4%, or $105.2 million to $1,353.9 million (Exhibit 2). 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 (Exhibit 1).

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 (Exhibit 2). 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 (Exhibit 1).

The net deficit of the aggregate discretely presented component units improved 14.2%, or $30.4 million from ($213.7) million to ($183.3) million. Net Investment in Capital Assets increased by $2.5 million due to capital assets acquired and debt payments. The unrestricted net deficit improved by $26.2 million to ($474.8) million at June 30, 2019 compared to the prior year (Exhibit 1).

Schedule of Activities

The following chart summarizes the revenues and expenses (in millions) of the County's activities for the fiscal years ended June 30, 2018 and 2019:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2018	2019	2018	2019	2018	2019	2018	2019
Revenues:								
Program Revenues:								
Charges for Services	$45.6	$45.1	$113.8	$117.8	$159.4	$162.9	$12.0	$12.0
Operating Grants and Contributions	148.0	157.8	-	-	148.0	157.8	314.3	325.3
Capital Grants and Contributions	-	-	21.1	6.1	21.1	6.1	0.1	0.1
General Revenues:								
Property Taxes	420.9	446.9	-	-	420.9	446.9	-	-
Other Taxes	186.5	191.4	-	-	186.5	191.4	-	-
Other	57.5	73.9	4.4	18.0	61.9	91.9	3.3	5.2
Payment from Primary Government	-	-	-	-	-	-	223.8	228.6
Total Revenues	$858.5	$915.1	$139.3	$141.9	$997.8	$1,057.0	$553.5	$571.2
Expenses:								
General Government	$90.9	$94.5	-	-	$90.9	$94.5	-	-
Judicial Administration	12.3	12.8	-	-	12.3	12.8	-	-
Public Safety	198.3	205.3	-	-	198.3	205.3	5.4	5.1
Public Works	87.2	91.6	-	-	87.2	91.6	-	-
Health and Welfare	74.9	79.9	-	-	74.9	79.9	-	-
Education	235.2	240.0	-	-	235.2	240.0	525.4	535.8
Parks, Recreation and Cultural	42.1	43.4	-	-	42.1	43.4	-	-
Community Development	30.4	28.7	-	-	30.4	28.7	-	-
Interest on Long-term	12.1	13.6	-	-	12.1	13.6	-	-
Water and Sewer	-	-	108.7	112.5	108.7	112.5	-	-
Golf Course	-	-	0.9	0.9	0.9	0.9	-	-
Total Expenses	$783.4	$809.8	$109.6	$113.4	$893.0	$923.2	$530.7	$540.9
Change in Net Position	75.1	105.3	29.7	28.5	104.8	133.8	22.8	30.3
Net Position (deficit), beginning of year	1,173.5	1,248.6	1,126.8	1,156.5	2,300.3	2,405.1	(236.5)	(213.7)
Net Position (deficit), end of year	$1,248.6	$1,353.9	$1,156.5	$1,184.9	$2,405.1	$2,538.9	($213.7)	($183.3)

REVENUES

For the fiscal year ended June 30, 2019, revenues from governmental activities totaled $915.1 million, an increase of $56.6 million from fiscal year 2018. Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half of calendar year 2018 and the first half of calendar year 2019 real property tax. The Real estate tax revenue collected during fiscal year 2019 was $345.6 million, an increase of $18.5 million or 5.7% from fiscal year 2018 (Exhibit 13). The County Board of Supervisors maintained the real estate tax rate at the current amount of 87 cents per $100 of assessed value for calendar year 2019.

During fiscal year 2019, the County collected $82.7 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 $119.7 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 is based on the total 2004 reimbursement as of December 31, 2005. The County's share of $37.0 million is paid in three installments. At June 30, 2019, the County accrued $18.5 million for the first half of the calendar year.

Business-type activities produced total revenues of $141.9 million, an increase of $2.6 million from fiscal year 2018. The largest business-type source of revenue is the County's Water and Sewer activity, which produced $117.0 million in charges for services and $6.1 million in capital grants and contributions (Exhibit 2).

EXPENSES

For the fiscal year ended June 30, 2019, expenses for governmental activities totaled $809.8 million, an increase of $26.4 million from fiscal year 2018 (Exhibit 2). Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as 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 $228.6 million for School operations (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 $113.4 million, an increase of $3.8 million or 3.5% over fiscal year 2018 (Exhibit 2). The Water and Sewer activity accounts for $112.5 million of the total expenses of $113.4 million.

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2019, the governmental funds reflect a combined fund balance of $597.4 million, an increase of $72.8 million from fiscal year 2018 (Exhibit 4). The General Fund accounts for $267.4 million (Exhibit 4) of the total combined balance. This is an increase of $0.1 million or 0.1% from the General Fund balance of $267.2 million recorded at June 30, 2018. The current General Fund Balance was impacted by General Fund Revenues, which increased by $42.9 million from fiscal year 2018. The largest increases occurred in General property taxes, which increased by $26.7 million and Revenue from use of money and property, which increased by $12.3 million. At the same time, General Fund Expenditures increased by $20.1 million or 3.2% from fiscal year 2018. Other Financing Uses decreased by $46.4 million or 40.3% from fiscal year 2018. Finally, the following items affected the fund balance and should be noted:

- The General Fund transferred $69.2 million to the Capital Projects Fund to finance various capital projects, $29.0 million to the Special Revenue Fund and $63.5 million for debt service.

- The General Fund contributed $228.6 million to fund fiscal year 2019 School Board operations, an increase of $4.8 million or 2.1% from the fiscal year 2018 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of $49.0 million (Exhibit 4) increased by $4.7 million from fiscal year 2018. The increase is due to revenues of $82.0 million and other financing sources of $29.1 million exceeding expenditures of $106.4 million. The major function of the Special Revenue Fund is to account for State and Federal grants received by the County, Social Services programs, and solid waste operations. State and Federal grants are received on a reimbursement basis and accounted for $51.5 million in revenues. The County's Social Services operations accounted for $26.2 million in State and Federal grant revenues (Exhibit 13) and $37.7 million in expenditures during fiscal year 2019 (Exhibit 14).

- The Debt Service Fund Balance decreased to $0.2 million from $1.2 million during fiscal year 2019 (Exhibit 4). The fund received transfers from the General Fund of $63.5 million and expenditures for debt service were $64.4 million.

- The Capital Projects Fund Balance of $280.8 million (Exhibit 4) is an increase of $68.9 million, or 32.5% in comparison to fiscal year 2018. During the fiscal year, expenditures for capital projects were $117.7 million, and revenues were $9.0 million. Other financing sources include transfers from the General Fund of $69.2 million, general obligation bond proceeds of $99.4 million, and bond premium of $9.1 million during fiscal year 2019.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget
(in millions)

	Original	Revised	Actual
Revenues:			
Taxes	$584.4	$588.6	$634.3
Intergovernmental	130.7	134.4	135.3
Other	27.3	27.7	45.6
Total Revenues	$742.4	$750.7	$815.2
Expenditures and Other			
Expenditures	$640.2	$668.2	$653.4
Other Financing Uses	135.1	165.5	161.7
Total Expenditures and Other Financing Uses	775.3	833.7	815.1
Change in Fund Balance	($32.9)	($83.0)	$0.1

Revenues exceeded expenditures and other financing uses by $0.1 million in the General Fund for fiscal year 2019.

Actual General Fund revenues were more than the original budgeted revenues by $72.8 million during fiscal year 2019. Actual revenue collections exceeded the revised budget by $64.5 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes, which exceeded the revised budget by $22.9 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded the revised budget by $22.9 million (Exhibit 13). Actual General Fund expenditures were greater than the original budget by ($39.8) million, and less than the revised budget by

$18.6 million. During fiscal year 2019, the County Board of Supervisors amended the budget five 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, 2019.
- To reappropriate grant revenues authorized in fiscal year 2019 or earlier, but not expended or encumbered as of June 30, 2019.
- To appropriate grants or donations accepted or adjusted in fiscal year 2019.
- To appropriate funds for program enhancements, capital projects or other operational needs that were not anticipated in the original fiscal year budget.

CAPITAL ASSETS

At the end of fiscal year 2019, the County's governmental activities (including Internal Service Funds) had net capital assets totaling $1,530.3 million, which represents a net increase of $70.5 million or 4.8% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets
(in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2018	2019	2018	2019	2018	2019	2018	2019
Non-Depreciable Assets:								
Land	$384.8	$390.4	$19.1	$19.1	$403.8	$409.5	$43.8	$45.3
Construction in Progress	83.6	159.3	169.4	250.6	253.0	409.9	13.8	16.7
Other Capital Assets:								
Building	884.3	896.0	397.5	396.3	1,281.8	1,292.3	365.4	367.7
Infrastructure	704.0	716.5	1,203.9	1,228.8	1,907.9	1,945.3	-	-
Equipment	260.3	266.9	162.3	167.5	422.6	434.4	218.9	244.2
Improvements other than Buildings	89.2	94.5	3.8	3.8	93.0	98.3	37.8	38.4
Accumulated Depreciation On Other Capital Assets	(946.4)	(993.3)	(615.1)	(648.7)	(1,561.5)	(1,642.0)	(388.3)	(406.3)
Total	$1,459.8	$1,530.3	$1,340.9	$1,417.4	$2,800.7	$2,947.7	$291.4	$306.0

The business-type net activities capital assets grew by $76.5 million to $1,417.4 million, an increase of 5.7% 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 Units' capital assets increased by $14.6 million to $306.0 million, an increase of 5.0% from the previous fiscal year. The School Board accounted for the major portion of the net increase. More detailed information about the County's capital assets is presented in Note 6 of the notes to the financial statements.

LONG-TERM DEBT

In November 2016, the County voters authorized the issuance of $419.8 million of General Obligation bonds. To date, the County has issued $201.7 million of the voter approved bonds. The proceeds from the issuance of these bonds are to be used for school capital improvement purpose, library facilities, fire stations and facilities, recreation and parks facilities, and road projects.

In July 2018, the County issued $99.4 million in General Obligation bonds. At the end of fiscal year 2019, the County had $447.7 million in outstanding General Obligation Bonds, an increase of $61.7 million, or 16.0 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

OTHER INFORMATION

The County participates in two defined benefit pension and four OPEB plans, including the following:

Single–employer plans:

- Healthcare (see Note 11 to the financial statements)
- Line of Duty (see Note 12 to the financial statements)

Multiple-employer plans through the Virginia Retirement System (VRS):

- VRS Retirement Plan (see Note 9 to the financial statements)
- Teacher Retirement Plan (see Note 10 to the financial statements)
- Group Life Insurance (see Note 13 to the financial statements)
- Teacher Health Insurance Credit Plan (see Note 14 to the financial statements)

The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund the Healthcare single-employer plan. The County presents a Statement of Fiduciary Net Position (Schedule 9) and Statement of Changes in Fiduciary Net Position (Schedule 10) for its proportionate share of the Virginia Pooled OPEB Trust Fund. The Line of Duty plan is funded on a pay-as-you-go basis and therefore the plan has no fiduciary net position.

Funds of the Primary Government are invested in accordance with the County's Investment Guidelines which were created by the Director of Finance 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, 2019, the County's investment portfolio amounted to $833.4 million, an increase of $134.1 million. This increase was due to rising yields during most of fiscal year 2019, and investing short term funds in the Local Government Investment Pool giving marginally higher yields in highly liquid instruments. The County portfolio contained United States Agency obligations, high quality municipal bonds, prime commercial paper and "AA" rated corporate notes (not more than 20% of the portfolio). This strategy enabled the County to maximize returns without experiencing any significant adverse credit exposure or decline in the fair value of the investments and cash equivalents. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2019, the County had a net increase of 10,092 jobs since 2015, resulting in total employment of 190,968. The County's unemployment rate, which was reported at 2.9 percent as of June 30, 2019, was identical to the State's unemployment rate, and below the federal rate (3.8 percent). As of 2018 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of $65,072 registered significantly higher than the national average of $54,446, and higher than the Commonwealth of Virginia average of $57,799.

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. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.us.

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit 1

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets:				
Cash, cash equivalents, and temporary investments	$ 677,616,286	$ 146,439,690	$ 824,055,976	$ 51,401,102
Receivables, net	34,470,997	25,306,937	59,777,934	-
Due from other governments	36,777,949	-	36,777,949	17,339,757
Internal balances	(1,054,233)	1,054,233	-	-
Due from component unit	683,418	-	683,418	-
Inventories	684,003	753,619	1,437,622	-
Other assets	5,878,162	4,567,778	10,445,940	176,376
Restricted cash and cash equivalents	-	98,945,019	98,945,019	32,730
Capital assets:				
Land and construction in progress	549,694,488	269,738,347	819,432,835	61,995,635
Other capital assets, net	980,590,128	1,147,617,979	2,128,208,107	244,042,829
Capital assets, net	1,530,284,616	1,417,356,326	2,947,640,942	306,038,464
Total Assets	2,285,341,198	1,694,423,602	3,979,764,800	374,988,429
Deferred Outflows of Resources:				
Contributions after measurement date	29,982,229	1,968,121	31,950,350	52,514,721
Change in proportionate share allocation	2,709,331	15,116	2,724,447	2,668,458
Difference between projected and actual earnings	22,309,549	1,552,497	23,862,046	28,909,423
Change of assumptions	1,835,399	126,365	1,961,764	4,838,712
Difference between actual and expected experience	804,711	54,182	858,893	1,167,157
Deferred loss on debt refunding, net	-	8,834,165	8,834,165	-
Total Deferred Outflows of Resources	57,641,219	12,550,446	70,191,665	90,098,471
Total Assets and Deferred Outflows of Resources	2,342,982,417	1,706,974,048	4,049,956,465	465,086,900
Liabilities:				
Accounts payable	68,116,103	19,636,838	87,752,941	5,260,436
Deposits payable	-	1,080,746	1,080,746	-
Accrued liabilities	47,375,954	2,939,083	50,315,037	2,532,986
Amounts held for others	8,236,348	-	8,236,348	83,866
Unearned revenues	-	16,202,885	16,202,885	1,001
Due to Primary Government	-	-	-	683,418
Net pension liability	157,290,316	11,245,408	168,535,724	413,219,531
Net OPEB liability	57,246,394	1,865,645	59,112,039	78,162,854
Long-term liabilities due within one year	89,701,829	14,524,683	104,226,512	19,605,795
Long-term liabilities due in more than one year	483,536,310	450,760,170	934,296,480	18,776,440
Total Liabilities	911,503,254	518,255,458	1,429,758,712	538,326,327
Deferred Inflows of Resources:				
Change in proportionate share allocation	204,204	141,933	346,137	5,934,684
Difference between actual and expected experience	21,120,944	1,296,355	22,417,299	44,358,621
Difference between projected and actual earnings	31,777,696	2,175,728	33,953,424	39,152,638
Change of assumptions	2,721,978	155,573	2,877,551	3,272,235
Deferred revenue	21,746,607	-	21,746,607	17,383,295
Total Deferred Inflows of Resources	77,571,429	3,769,589	81,341,018	110,101,473
Total Liabilities and Deferred Inflows of Resources	989,074,683	522,025,047	1,511,099,730	648,427,800
Net Position:				
Net investment in capital assets	1,208,373,466	1,059,884,185	2,268,257,651	279,061,567
Restricted for:				
Highways, streets and buildings	120,047,702	-	120,047,702	-
Debt service	42,912,103	30,420,992	73,333,095	-
Grants	49,044,320	-	49,044,320	12,386,253
Unrestricted net position (deficit)	(66,469,857)	94,643,824	28,173,967	(474,788,720)
Total Net Position	$ 1,353,907,734	$ 1,184,949,001	$ 2,538,856,735	$ (183,340,900)

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental Activities:				
General government	$ 94,496,526	$ 14,224,863	$ 4,171,197	$ -
Judicial administration	12,845,060	1,015,085	6,053,672	-
Public safety	205,318,505	3,791,044	29,380,487	-
Public works	91,602,690	2,693,279	66,741,022	-
Health and welfare	79,862,302	12,231,354	40,990,689	-
Education	239,957,283	-	-	-
Parks, recreation and culture	43,428,750	1,236,585	3,114,896	-
Community development	28,681,340	9,871,585	7,383,239	-
Interest on long-term debt	13,622,662	-	-	-
Total Governmental Activities	809,815,118	45,063,795	157,835,202	-
Business-type activities:				
Water and Sewer	112,548,445	116,970,916	-	6,086,325
Belmont Park Golf Course	895,872	782,252	-	-
Total Business-type Activities	113,444,317	117,753,168	-	6,086,325
Total Primary Government	$ 923,259,435	$ 162,816,963	$ 157,835,202	$ 6,086,325
Component Units:				
School Board	$ 535,799,890	$ 6,606,647	$ 325,296,663	$ -
James River Juvenile Detention Commission	5,067,872	5,372,905	-	69,415
Total Component Units	$ 540,867,762	$ 11,979,552	$ 325,296,663	$ 69,415

General Revenues:
Taxes:
Property
Local sales and use
Business licenses
Hotel and motel
Bank franchise
Other
Interest and investment earnings
Grants and contributions not restricted to specific programs
Recovered costs
Miscellaneous
Payment from Primary Government
Total general revenues

Change in net position

Total Net Position at June 30, 2018

Total Net Position at June 30, 2019

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

Exhibit 2

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	**Business-Type Activities**	**Total**	**Component Units**
$ (76,100,466)	$ -	$ (76,100,466)	$ -
(5,776,303)	-	(5,776,303)	-
(172,146,974)	-	(172,146,974)	-
(22,168,389)	-	(22,168,389)	-
(26,640,259)	-	(26,640,259)	-
(239,957,283)	-	(239,957,283)	-
(39,077,269)	-	(39,077,269)	-
(11,426,516)	-	(11,426,516)	-
(13,622,662)	-	(13,622,662)	-
(606,916,121)	-	(606,916,121)	-
-	10,508,796	10,508,796	-
-	(113,620)	(113,620)	-
-	10,395,176	10,395,176	-
$ (606,916,121)	$ 10,395,176	$ (596,520,945)	$ -
$ -	$ -	$ -	$ (203,896,580)
-	-	-	374,448
$ -	$ -	$ -	$ (203,522,132)
$ 446,943,970	$ -	$ 446,943,970	$ -
68,774,566	-	68,774,566	-
38,307,817	-	38,307,817	-
14,044,854	-	14,044,854	-
18,241,405	-	18,241,405	-
52,026,102	-	52,026,102	-
18,052,470	1,037,432	19,089,902	112,225
50,983,432	15,336,343	66,319,775	-
1,484,851	-	1,484,851	319,772
3,355,211	1,695,026	5,050,237	4,764,355
-	-	-	228,647,872
712,214,678	18,068,801	730,283,479	233,844,224
105,298,557	28,463,977	133,762,534	30,322,092
1,248,609,177	1,156,485,024	2,405,094,201	(213,662,992)
$ 1,353,907,734	$ 1,184,949,001	$ 2,538,856,735	$ (183,340,900)

HENRICO COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit 3

		General Fund		Special Revenue		Debt Service		Capital Projects		Total Governmental Funds
Assets:										
Cash and temporary investments	$	306,500,272	$	49,764,836	$	242,103	$	300,117,538	$	656,624,749
Receivables, net		28,014,741		2,818,637		-		900,000		31,733,378
Due from other governmental units		32,673,244		3,491,417		-		613,288		36,777,949
Due from component unit		566,728		-		-		-		566,728
Due from other funds		1,719,400		-		-		-		1,719,400
Other assets		90,197		-		-		-		90,197
Advance to other fund		112,500		-		-		-		112,500
Total assets	$	369,677,082	$	56,074,890	$	242,103	$	301,630,826	$	727,624,901
Liabilities:										
Accounts payable	$	59,265,092		1,974,667	$	-	$	6,380,204	$	67,619,963
Accrued liabilities		11,535,417		2,677,757		-		11,034,841		25,248,015
Amounts held for others		8,236,323		-		-		25		8,236,348
Unearned revenues		4,154,484		-		-		-		4,154,484
Due to other funds		557,534		117,315		-		2,565,064		3,239,913
Total liabilities		83,748,850		4,769,739		-		19,980,134		108,498,723
Deferred Inflow of Resources:										
Unavailable revenue		18,585,776		2,260,831		-		900,000		21,746,607
Fund Balances:										
Nonspendable		112,500		-		-		-		112,500
Restricted		1,691,688		25,136,690		-		-		26,828,378
Committed		56,630,441		-		-		280,750,692		337,381,133
Assigned		75,745,117		23,907,630		242,103		-		99,894,850
Unassigned		133,162,710		-		-		-		133,162,710
Total fund balances		267,342,456		49,044,320		242,103		280,750,692		597,379,571
Total Liabilities, Deferred Inflow and Fund Balances	$	369,677,082	$	56,074,890	$	242,103	$	301,630,826		

Adjustments for the Statement of Net Position:

Capital assets used in government activities are not current financial resources and therefore are not reported as assets in the governmental funds. (Note 6)	$	1,513,554,109
Unearned revenue that has not been recognized as revenue in the current period and therefore is reported as liabilities in the governmental funds. (Note 3)		4,154,484
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)		(572,989,436)
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the in the governmental funds.		(154,908,588)
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.		(8,539,560)
Deferred outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.		2,190,417
Net OPEB liability is not due and payable in the current period and therefore is not reported as a liability in the in the governmental funds.		(56,452,727)
Internal service funds are used to charge the costs of equipment maintenance and, therefore, the assets and liabilities are included in the government activities in the Statement of Net Position.		23,731,499
Internal service fund net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.		5,787,965
Total Net Position of Governmental Activities	$	1,353,907,734

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	$ 447,469,395	$ -	$ -	$ -	$ 447,469,395
Other local taxes	186,843,818	-	-	-	186,843,818
Licenses and permits	7,368,426	-	-	-	7,368,426
Fines and forfeitures	2,146,622	-	-	-	2,146,622
Revenue from use of money and property	16,054,752	176,708	-	2,791,435	19,022,895
Charges for services	4,151,126	26,299,952	-	-	30,451,078
Miscellaneous	10,364,855	2,828,597	-	3,355,238	16,548,690
Recovered costs	5,467,617	1,201,973	-		6,669,590
Intergovernmental	135,342,707	51,454,521	-	2,828,528	189,625,756
Total Revenues	815,209,318	81,961,751	-	8,975,201	906,146,270
Expenditures:					
Current operating:					
General government	71,186,977	4,846,460	-	-	76,033,437
Judicial administration	11,325,715	1,428,991	-	-	12,754,706
Public safety	196,062,839	5,933,167	-	-	201,996,006
Public works	55,966,276	14,351,555	-	-	70,317,831
Health and social services	2,432,912	77,165,754	-	-	79,598,666
Parks, recreation, and culture	37,029,570	64,306	-	-	37,093,876
Community development	25,943,567	2,573,223	-	-	28,516,790
Education	228,647,872	-	-	-	228,647,872
Miscellaneous	23,993,211	-	997,625	-	24,990,836
Debt service:					
Principal	685,746	32,409	43,775,000	-	44,493,155
Interest and other charges	88,620	7,416	19,632,381	-	19,728,417
Capital outlay	-	-	-	117,730,152	117,730,152
Total Expenditures	653,363,305	106,403,281	64,405,006	117,730,152	941,901,744
Excess (deficiency) of revenues over (under) expenditures	161,846,013	(24,441,530)	(64,405,006)	(108,754,951)	(35,755,474)
OTHER FINANCING (USES) SOURCES:					
Transfers in	-	29,039,697	63,468,451	69,235,668	161,743,816
Transfers out	(161,743,816)	-	-	-	(161,743,816)
Issuance of bonds	-	-	-	99,395,000	99,395,000
Issuance of bond premium				9,065,378	9,065,378
Capital lease obligations incurred	13,389	66,231	-	-	79,620
Total other financing (uses) sources, net	(161,730,427)	29,105,928	63,468,451	177,696,046	108,539,998
Net change in fund balance	115,586	4,664,398	(936,555)	68,941,095	72,784,524
Total Fund Balances - June 30, 2018	267,226,870	44,379,922	1,178,658	211,809,597	524,595,047
Total Fund Balances - June 30, 2019	$ 267,342,456	$ 49,044,320	$ 242,103	280,750,692	$ 597,379,571

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	$ 72,784,524
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 Position.	44,493,155
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	(525,425)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	124,593,581
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.	(4,455,713)
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(54,531,206)
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)	6,105,755
Debt proceeds are recorded as revenues in governmental funds, but are not reported as revenue or expenses in the Statement of Activities	(108,539,998)
Pension/OPEB expense is recorded as an expenditure in the Statement of Activities, but is not reported as an expense in the governmental funds.	20,671,891
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	3,994,140
Internal service fund revenues and expenses not recorded in the governmental funds.	707,853
Change in Net Position of Governmental Activities	$ 105,298,557

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

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	$ 146,439,690	$ -	$ 146,439,690	$ 20,991,537
Receivables, net	25,306,937		25,306,937	2,737,619
Due from other funds	2,565,064	-	2,565,064	736,789
Due from component unit	-	-	-	116,690
Inventories	753,619	-	753,619	684,003
Prepaids	-	-	-	-
Restricted cash and cash equivalents	98,945,019	-	98,945,019	-
Total current assets	274,010,329	-	274,010,329	25,266,638
Noncurrent assets:				
Other assets	4,567,778	-	4,567,778	-
Restricted cash - unspent bond proceeds		-	-	-
Capital assets:				
Land and construction in progress	269,487,856	250,491	269,738,347	-
Other capital assets, net	1,146,484,040	1,133,939	1,147,617,979	16,730,507
Capital assets, net	1,415,971,896	1,384,430	1,417,356,326	16,730,507
Total non-current assets	1,420,539,674	1,384,430	1,421,924,104	16,730,507
Total assets	1,694,550,003	1,384,430	1,695,934,433	41,997,145
Deferred Outflows of Resources:				
Contributions after measurement date	$ 1,930,107	38,014	1,968,121	409,151
Change in proportionate share allocation	8,325	6,791	15,116	31,430
Difference between projected and actual earnings	1,521,802	30,695	1,552,497	317,028
Change of assumptions	123,757	2,608	126,365	25,196
Difference between actual and expected experience	53,064	1,118	54,182	11,089
Deferred loss on debt refunding, net	8,834,165	-	8,834,165	-
Total Deferred Outflows of Resources	12,471,220	79,226	12,550,446	793,894
Total assets and deferred outflows of resources	1,707,021,223	1,463,656	1,708,484,879	42,791,039
Liabilities:				
Current liabilities:				
Accounts payable	$ 19,620,614	16,224	19,636,838	496,140
Deposits payable	1,068,030	12,716	1,080,746	-
Due to other funds	48,039	1,350,292	1,398,331	383,009
Accrued liabilities	2,924,045	15,038	2,939,083	13,588,379
Unearned revenues	16,202,885	-	16,202,885	-
Long-term liabilities due within one year	14,506,790	17,893	14,524,683	229,016
Total current liabilities	54,370,403	1,412,163	55,782,566	14,696,544
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Net pension liability	10,968,797	276,611	11,245,408	2,381,728
Net OPEB liability	1,826,026	39,619	1,865,645	793,667
Long-term liabilities due in more than one year	450,752,170	8,000	450,760,170	19,687
Total non-current liabilities	463,546,993	436,730	463,983,723	3,195,082
Total liabilities	517,917,396	1,848,893	519,766,289	17,891,626
Deferred Inflows of Resources:				
Change in proportionate share allocation	138,941	2,992	141,933	44,016
Difference between actual and expected experience	1,268,760	27,595	1,296,355	579,576
Difference between projected and actual earnings	2,130,802	44,926	2,175,728	448,953
Change of assumptions	152,163	3,410	155,573	95,369
Total Deferred Inflows of Resources	3,690,666	78,923	3,769,589	1,167,914
Total liabilities and deferred inflows of resources	521,608,062	1,927,816	523,535,878	19,059,540
Net Position (deficit):				
Net investment in capital assets	1,058,499,755	1,384,430	1,059,884,185	16,730,507
Restricted for debt service	30,420,992	-	30,420,992	-
Unrestricted net position (deficit)	96,492,414	(1,848,590)	94,643,824	7,000,992
Total net position (deficit)	$ 1,185,413,161	$ (464,160)	$ 1,184,949,001	$ 23,731,499

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit 6

	Business Type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmond Park Golf Course	Total	
Operating Revenues:				
Charges for services:				
Water system	$ 57,652,688	$ -	$ 57,652,688	$ -
Sewer system	59,318,228	-	59,318,228	-
Golf course fees	-	782,252	782,252	-
Interdepartmental charges	-	-	-	20,870,984
Contributions	-	-	-	119,620,867
Other	1,358,980	35,734	1,394,714	5,955,736
Total operating revenues	118,329,896	817,986	119,147,882	146,447,587
Operating Expenses:				
Purchased services	13,594,849	-	13,594,849	-
Utility charges	6,241,966	42,515	6,284,481	145,788
Personnel services and benefits	16,647,433	506,858	17,154,291	121,483,493
Professional services	12,449,426	-	12,449,426	112,727
Materials and supplies	7,832,581	157,960	7,990,541	12,780,991
Maintenance and repairs	3,591,860	98,051	3,689,911	4,856,719
Other expenses	4,922,918	9,697	4,932,615	1,542,053
Depreciation	36,425,016	80,791	36,505,807	2,399,584
Total operating expenses	101,706,049	895,872	102,601,921	143,321,355
Operating income (loss)	16,623,847	(77,886)	16,545,961	3,126,231
Nonoperating Revenues (Expenses):				
Investment income	1,037,432	-	1,037,432	302,677
Connection fees	13,726,955	-	13,726,955	-
Contributions	1,609,388	-	1,609,388	-
Interest expense	(10,842,396)	-	(10,842,396)	-
Gain on sale of equipment	-	-	-	240,495
Other	295,962	4,350	300,312	-
Total nonoperating revenues, net	5,827,341	4,350	5,831,691	543,172
Income (loss) before capital contributions	22,451,188	(73,536)	22,377,652	3,669,404
Capital contributions - donated assets	6,086,325	-	6,086,325	164,681
Change in net position	28,537,513	(73,536)	28,463,977	3,834,085
Total net position (deficit) - June 30, 2018,	1,156,875,648	(390,624)	1,156,485,024	19,897,414
Total net position (deficit) - June 30, 2019	$ 1,185,413,161	$ (464,160)	$ 1,184,949,001	$ 23,731,499

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	$ 116,280,722	$ 817,986	$ 117,098,708	$ 146,047,931
Payments to suppliers	(54,822,038)	(283,317)	(55,105,355)	(134,878,606)
Payments to employees	(16,293,117)	(517,856)	(16,810,973)	(4,037,140)
Net cash provided by operating activities	45,165,567	16,813	45,182,380	7,132,185
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(98,818,974)	(21,164)	(98,840,138)	(2,835,479)
Proceeds from sale of capital assets	74,692	4,351	79,043	293,229
Connection fees paid by contractors	12,874,961	-	12,874,961	-
DEQ grant received	1,930,020	-	1,930,020	-
Insurance proceeds received	-	-	-	-
Contributions	243,745	-	243,745	-
Issuance of bonds	73,024,218	-	73,024,218	-
Interest paid on bonds	(15,609,044)	-	(15,609,044)	-
Principal paid on debt	(11,630,000)	-	(11,630,000)	(1,230)
Net cash used in capital and related financing activities	(37,910,382)	(16,813)	(37,927,195)	(2,543,480)
Cash Flows From Investing Activities:				
Investment income received	1,037,432	-	1,037,432	302,677
Net increase in cash and cash equivalents	8,292,617	-	8,292,617	4,891,382
Total Cash and Cash Equivalents - June 30, 2018	237,092,092	-	237,092,092	16,100,155
Total Cash and Cash Equivalents - June 30, 2019	$ 245,384,709	$ -	$ 245,384,709	$ 20,991,537
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating income (loss)	$ 16,623,847	$ (77,886)	$ 16,545,961	$ 3,126,232
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	36,425,016	80,791	36,505,807	2,399,584
Increase in accounts receivable	(1,383,685)	-	(1,383,685)	(313,728)
Decrease in inventories	192,518	-	192,518	56,990
Increase in due from other funds	-	-	-	(75,727)
Increase in due from component unit	-	-	-	(10,201)
Decrease in deferred outflows of resources	809,080	22,438	831,518	148,452
(Decrease) increase in accounts payable	(4,685,461)	5,054	(4,680,407)	1,903,889
(Decrease) increase in accrued liabilities	-	(10,745)	(10,745)	97,156
Decrease in deposits payable	(4,123)	(3,037)	(7,160)	-
Increase in accrued compensated absences	10,667	-	10,667	-
Increase in due to other fund	-	64,081	64,081	371,608
Decrease in net pension liability	(407,650)	(8,565)	(416,215)	(85,528)
Increase (decrease) in net OPEB liability	7,468	(45)	7,423	(3,662)
Decrease in deferred inflows of resources	(1,767,233)	(55,273)	(1,822,506)	(482,880)
Decrease in unearned revenues	(654,877)	-	(654,877)	-
Net cash provided by operating activities	$ 45,165,567	$ 16,813	$ 45,182,380	$ 7,132,185
Reconciliation to Cash and Cash Equivalents on the Statement of Net Position:				
Cash and cash equivalents	$ 146,439,690	$ -	$ 146,439,690	$ 20,991,537
Restricted cash and cash equivalents	98,945,019	-	98,945,019	-
Total Cash and Cash Equivalents - June 30, 2019	$ 245,384,709	$ -	$ 245,384,709	$ 20,991,537

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 $6,086,325. Interest costs capitalized during the fiscal year ended June 30,2019 was $5,324,497.

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY
NET POSITION
FOR FISCAL YEAR ENDED JUNE 30, 2019

Exhibit 8

		Agency Funds
Assets:		
Cash and cash equivalents	$	1,344,163
Accounts receivable		84
Due from other governments		282,960
Deferred outflows		239,705
Equipment		32,248
Total Assets	$	1,899,160
Liabilities:		
Amounts held for others	$	1,683,791
Accounts payable		215,369
Total Liabilities	$	1,899,160

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION **Exhibit 9**
HEALTHCARE OPEB TRUST FUND
JUNE 30, 2019

		2019
Assets:		
Investments:		
Pooled funds	$	66,878,885
Total investments		66,878,885
Total assets	$	66,878,885
Liabilities:		
Total liabilities		-
Fiduciary net position:		
Restricted for postemployment benefits other than pensions	$	66,878,885

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

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION **Exhibit 10**
HEALTHCARE OPEB TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		2019
Additions:		
Contributions		
Employer	$	7,172,947
Total contributions		7,172,947
Investment Income		2,849,783
Total additions	$	10,022,730
Deductions:		
Benefit payments/refunds	$	4,478,725
Administrative Expenses		500
Total deductions		4,479,225
Net increase in fiduciary net position		5,543,505
Net fiduciary net position restricted for postemployment benefits other than pensions:		
Total Fiduciary Net Position at June 30, 2018		61,335,380
Total Fiduciary Net Position at June 30, 2019	$	66,878,885

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2019

Exhibit 11

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	$ 47,775,096	$ 3,626,006	$ 51,401,102
Restricted cash	-	32,730	32,730
Due from other governmental units	17,268,135	71,622	17,339,757
Other assets	174,887	1,489	176,376
Total current assets	65,218,118	3,731,847	68,949,965
Capital assets:			
Land and construction in progress	61,943,135	52,500	61,995,635
Other capital assets, net	238,700,507	5,342,322	244,042,829
Capital assets, net	300,643,642	5,394,822	306,038,464
Total assets	365,861,760	9,126,669	374,988,429
Deferred Outflows of Resources:			
Change in proportionate share allocation	2,528,959	139,499	2,668,458
Difference between projected and actual investment earnings	28,574,836	334,587	28,909,423
Contributions after measurement date	52,082,898	431,823	52,514,721
Change in assumptions	4,812,364	26,348	4,838,712
Difference between expected and actual experience	1,154,815	12,342	1,167,157
Total deferred outflows of resources	89,153,872	944,599	90,098,471
Total Assets and Deferred Outflows of Resources	455,015,632	10,071,268	465,086,900
Liabilities:			
Accounts payable	5,162,025	98,411	5,260,436
Accrued liabilities	2,448,007	84,979	2,532,986
Amounts held for others	83,866	-	83,866
Unearned revenues	-	1,001	1,001
Due to other funds	106,022	10,668	116,690
Due to Primary Government	-	566,728	566,728
Long-term liabilities due within one year	19,394,990	210,805	19,605,795
Total current liabilities	27,194,910	972,592	28,167,502
Net pension liability	410,797,960	2,421,571	413,219,531
Net OPEB liability	77,787,584	375,270	78,162,854
Long-term liabilities due in more than one year	18,776,440	-	18,776,440
Total liabilities	534,556,894	3,769,433	538,326,327
Deferred Inflows of Resources:			
Change in proportionate share allocation	5,874,239	60,445	5,934,684
Difference between expected and actual experience	44,095,514	263,107	44,358,621
Difference between projected and actual pension earnings	38,695,105	457,533	39,152,638
Change in assumptions	3,241,952	30,283	3,272,235
Unavailable revenue	17,383,295	-	17,383,295
Total deferred inflows of resources	109,290,105	811,368	110,101,473
Total Liabilities and Deferred Inflows of Resources	643,846,999	4,580,801	648,427,800
Net Position (deficit):			
Net investment in capital assets	273,666,745	5,394,822	279,061,567
Restricted grants	12,342,197	44,056	12,386,253
Unrestricted (deficit)	(474,840,309)	51,589	(474,788,720)
Total net position (deficit)	$ (188,831,367)	$ 5,490,467	$ (183,340,900)

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Exhibit 12

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
	Expenses	**Charges for Services**	**Grants and Contributions**	**Grants and Contributions**	**School Board**	**JRJDC**	**Total**
Governmental Activities:							
School Board:							
Instructional	$ 535,799,890	$ 6,606,647	$ 325,296,663	$ -	$ (203,896,580)	$ -	$ (203,896,580)
Total School Board	535,799,890	6,606,647	325,296,663	-	(203,896,580)	-	(203,896,580)
Business-Type Activities:							
James River Juvenile Detention Commissior	5,067,872	5,372,905	-	69,415	-	374,448	374,448
Total Component Units	$ 540,867,762	$ 11,979,552	$ 325,296,663	$ 69,415	$ (203,896,580)	$ 374,448	$ (203,522,132)

	School Board	JRJDC	Total
General revenues:			
Interest and investment earnings	$ -	$ 112,225	$ 112,225
Recovered costs	319,772	-	319,772
Miscellaneous	4,764,355	-	4,764,355
Payment from Primary Government	228,647,872	-	228,647,872
Total general revenues	233,731,999	112,225	233,844,224
Change in net position	29,835,419	486,673	30,322,092
Total Net Position (deficit) at June 30, 2018,	(218,666,786)	5,003,794	(213,662,992)
Total Net Position (deficit) at June 30, 2019	$ (188,831,367)	$ 5,490,467	$ (183,340,900)

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

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

As required by GAAP, the County's 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 units has a June 30 fiscal year-end.

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 public 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.

Joint Ventures:

Capital Region Airport Commission

The Capital Region Airport Commission is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 21.

Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 21.

B. Government-wide and Fund Financial Statements

In accordance with GAAP, the County's financial statements are comprised of the following components:

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 Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities) and its discretely presented component units. The *statement of net position* presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the resulting difference reported as *net position*. The County reports all capital assets, including infrastructure, net of accumulated depreciation, in the government-wide Statement of Net Position and reports depreciation expense – the cost of "using up" capital assets – in the Statement of Activities. The net position of the County is broken down into three categories: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position. Primarily as a result of adopting GASB Statement No. 68 in 2015, and GASB Statement No .75 in 2018, the County School Board, a component unit, has a deficit net position of $188,831,734. The County expects this deficit to be reduced in future fiscal years due to required contributions to the Virginia Retirement System and OPEB Trust, and reductions in the net pension and OPEB liabilities and deferred inflows for the proportionate share allocation, differences between expected and actual experience and the net difference between projected and actual pension earnings.

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).

Fund Financial Statements - The Fund financial statements organize and report the financial transactions and balances of the County on the basis of fund categories. Separate financial statements for each of the County's three fund categories – Governmental (General, Special Revenue, Debt Service and Capital Projects), Proprietary (Water and Sewer Revenue and Belmont Park Golf Course) and Fiduciary are presented. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.

For the proprietary funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

Reconciliation of Government-wide and Fund Financial Statements - Since the Governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds' balance sheet and total governmental activities statement of net position as shown on the Government-wide Statement of Net Position is presented in Exhibit 3. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of Governmental activities as shown on the Government-wide Statement of Activities is presented in Exhibit 4.

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 Position, 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 Position presents the County's net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets, consists of net capital assets less related long-term liabilities, including deferred loss on debt refunding, net. Restricted net position consists 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.

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 grants while the capital grants column reflects capital-specific grants.

The governmental funds' financial statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting, which 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.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists mainly of state and federal grants that have specific grant restrictions imposed. 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 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 and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, and payments relating to the government's business activities are accounted for through these funds. The measurement focus is on determination of change in net position, 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. Belmont Park Golf Course had a net deficit position of $464,160 at June 30, 2019. The County is considering several options to help improve the operations at Belmont Golf Course.

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 (loss) 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.

Fiduciary Funds:

Agency Funds account for fiduciary funds administered by the County and are custodial in nature (assets equal liabilities) and have no measurement focus. The County Agency Funds consist of Long-Term Disability, Special Welfare, Mental Health and Developmental Services (MHDS), Non-Judicial Sales Tax Funds and Code RVA. The Long-Term Disability Fund accounts for receipt of contributions and disbursement of disability payments for County employees. The Special Welfare Fund accounts for receipts and disbursements of monies maintained in individual accounts for certain County welfare recipients. The MHDS Fund accounts for receipts and disbursements of monies maintained for individual clients and the Non-Judicial Tax Sales Fund accounts for receipts and disbursements of monies received from delinquent tax sales. The Healthcare OPEB Plan Trust Fund accumulates assets to pay future healthcare postretirement benefits other than pension.

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 Position 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.).

All Proprietary Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Each of their reported net position is segregated into net investment in capital assets, restricted and unrestricted net position. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

C. Capital Assets and Long-Term Liabilities

Capital outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds. Capital assets are recorded in the government-wide financial statements to the extent the County's capitalization threshold of $5,000 for equipment and $25,000 for buildings, improvements infrastructure and software are met. All land is capitalized. 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 acquisition 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 the statement of activities.

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 school capital assets financed with debt.

Proprietary Funds

Capital assets for the Proprietary Funds are stated at cost, net of accumulated depreciation. Gifts, donations or contributions of capital assets are recorded at their fair value at date of receipt and are recorded as contribution revenue. 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' statement of net position. 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 position.

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 deferred outflows of resources and liabilities and deferred inflows of resources 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 position 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. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these activities are included on the Statement of Net Position.

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 uncollectible amounts. As required by Virginia statute, property taxes not collected within 60 days after year end are reflected as unearned revenues. 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 (i.e., fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied) or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. 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 they are incurred.

Fiduciary Funds

Fiduciary Funds utilize the accrual basis of accounting.

F. Budgets and Budgetary Accounting

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. In accordance with GASB reporting requirements, 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 (see Exhibits 13 and 14).

The County adheres to the following procedures in establishing the budgetary data reflected in the supplementary financial information and schedules:

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.

H. Inventories and Prepaid Expenses

Proprietary Funds

Inventories consist 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 Sewer Revenue Fund 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, 2019, the Water and Sewer Revenue Fund incurred interest costs of $16,166,893, of which $5,324,497 was capitalized.

J. 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 25 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 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 in VRS Plan 1 or 2, 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 $4.00 for every hour of sick leave earned with a maximum payment of $8,000. County and School Board employees in the VRS Hybrid Plan can earn sick leave at the rate of 3 hours for every 80 hours, not to exceed 78 hours at any time. In accordance with GAAP, the sick leave liability has been recorded using the termination payment method.

Compensated absences are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund and Belmont Golf Course for Business-Type Activities and the Schools and JRJDC Funds for Component Unit Activities.

K. Deferred Outflows/Inflows of Resources

The County reports deferred outflows of resources and deferred inflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until a future period.

Employer contributions made after the measurement date of the net pension liability and net OPEB liability of June 30, 2018 for the Virginia Retirement System (VRS) pension and other postemployment benefit (OPEB) plans and prior to the reporting date of June 30, 2019, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2019. Deferred outflows of resources of $29,982,229, $1,968,121 and $52,514,721 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2019, respectively, for such contributions made after the measurement date. Employer contributions made to the Virginia Retirement System (VRS) are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund and Belmont Golf Course for Business-Type Activities and the Schools and JRJDC Funds for Component Unit Activities.

Changes in the proportionate share allocation between the beginning of the year measurement date of the net pension liability and net OPEB liability and the end of the year measurement date have been reported as either a deferred outflow of resources or deferred inflow of resources in the Statement of Net Position as of June 30, 2019. The County has reported deferred outflows of resources of $2,709,331, $15,116 and $2,668,458 and deferred inflows of resources of $204,204, $141,933 and $5,934,684 in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2019, respectively for such changes in proportionate share allocation.

Differences between actual and expected experience as of the measurement date have been reported as either a deferred outflow of resources or deferred inflow of resources. The County has reported deferred outflows of $804,711, $54,182 and $1,167,157 and deferred inflows of resources of $21,120,944, $1,296,355 and $44,358,621 in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2019, respectively, for such differences between actual and projected experience.

Differences between the projected and actual earnings on pension and OPEB plan investments during the measurement years have been reported as deferred outflows and inflows of resources. Deferred outflows of resources of $22,309,549, $1,552,497 and $28,909,423 and deferred inflows of resources of $31,777,696, $2,175,726 and $39,152,638 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2019, respectively, for such differences between projected and actual earnings.

Change of assumptions as of the measurement dates have been reported as deferred outflows and inflows of resources. Deferred outflows of resources of $1,835,399, $126,365 and $4,838,712 and deferred inflows of resources of $2,721,978, $155,573 and $3,272,235 have been reported in Governmental Activities, Business-Type Activities and Component Units Statement of Net Position as of June 30, 2019, respectively, for such changes in assumptions.

The Water and Sewer Revenue Fund reports a deferred loss on debt refunding, net as a deferred outflow of resources presented on the Business-Type Activities and Proprietary Funds Statements of Net Position. The deferred loss on refunding results from the net difference in the carrying value of refunded debt and its reacquisition price of the refunding debt. This net difference amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The County has reported a deferred loss on the refunding of debt of $8,834,165 as a deferred outflow of resources on both the Business-Type Activities and Proprietary Funds Statements of Net Position as of June 30, 2019.

The County has reported unavailable revenue of $21,746,607 as a deferred inflow of resources on the Governmental Funds Balance Sheet as of June 30, 2019. Unavailable revenue consists of $18,392,311 in tax collections received in advance (due December 5th, 2019), $2,260,831 in grant funds received in advance that will fund expenditures in fiscal year 2020, $9,800 in other deferred revenue, $183,665 in lease funds received in advance that will be recognized in fiscal year 2020 and $900,000 in uncollected lease payments. The County has classified unavailable revenue of $17,383,295 as a deferred inflow of resources on the Component Units Statement of Net Position as of June 30, 2019. These funds were received in advance and will fund expenditures in fiscal year 2020.

L. <u>Nonspendable, Restricted, Committed Assigned and Unassigned Fund Balance</u>

The County's governmental fund balance classifications are categorized as nonspendable, restricted, committed assigned and unassigned based on the constraints placed on those resources by various levels of authority both within and external to the County. The County spends restricted fund balance amounts first, then committed fund balance amounts, then assigned fund balance amounts and then unassigned fund balance amounts.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, long-term loans and notes receivable. The County has nonspendable fund balance of $112,500, which is a long-term loan to Belmont Park Golf Course.

Restricted fund balances are amounts that are restricted for specific purposes by external parties such as creditors, grantors, constitutional provisions or through enabling legislation. Enabling legislation authorizes the government to levy, assess, or charge external resource providers and includes a legally enforceable requirement that the resources be used for a particular purpose specified in the legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority (i.e., the County's Board of Supervisors). Committed amounts cannot be used for any other purpose unless the commitment is changed by similar action of the Board of Supervisors and the committing action must be taken prior to year-end although the exact dollar amount may be determined in a subsequent period. The highest level of formal action approved by the County's Board of Supervisors to establish, modify, or rescind a fund balance commitment can be either a resolution or ordinance. Both an ordinance and resolution are equally binding, and a majority vote is required by the County's Board of Supervisors to change an ordinance or amend a resolution.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by the governing body itself, or subordinate high-level body, or official possessing such authority in accordance with government's policy. The expression of intent does not have to be made prior to year-end. Intent is stipulated by actions taken by a majority vote of the County's Board of Supervisors where those actions provide the County Manager and the Director of Finance the authority to assign fund balances.

Unassigned fund balance is the residual fund balance amount for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. Unassigned fund balance is only shown in the County's and School's General Fund balances. Effective with the implementation of GAAP relating to unassigned fund balances, the County's previous policy related to "unreserved fund balance" was redefined to be a policy for "unassigned fund balance." Unassigned fund balance is maintained at a level of 15.0 percent of General Fund expenditures. The policy of maintaining this reserve is examined annually during the budget process.

The County's fund balance consists of the following balances:

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Fund balances:				
Non-spendable				
Advance to other Fund	$ 112,500	$ -	$ -	$ -
Restricted for:				
Road Construction	1,532,678	-	-	-
Imaging System Upgrades	159,010	-	-	-
Community Development	-	-	-	-
Drug Enforcement	-	1,562,867	-	-
Mental Health Programs	-	14,054,048	-	-
Social Service Programs	-	9,519,775	-	-
Total Restricted	1,691,688	25,136,690	-	-
Committed				
Public Works	9,505,000	-	-	29,462,220
Technology Improvements	1,650,000	-	-	5,821,725
Building and Grounds	3,650,000	-	-	14,719,396
Road Maintenance	-	-	-	88,986,831
Landfill Expansion	-	-	-	2,590,385
Public Safety Projects	7,000,000	-	-	52,145,154
Parks and Recreation	2,750,000	-	-	37,397,792
Libraries	-	-	-	17,623,667
Education Projects	32,075,441	-	-	32,003,522
Total Committed	56,630,441	-	-	280,750,692
Assigned to:				
Public Works	-	23,907,630	-	-
General Government	53,905,409	-	-	-
Capital projects	21,839,708	-	-	-
Debt Service	-	-	242,103	-
Total Assigned	75,745,117	23,907,630	242,103	-
Unassigned	133,162,710	-	-	-

In the General Fund, the County has $56,630,441 committed for various projects which include $9,505,000 for public works road extension, road and sidewalk improvements, $1,650,000 for technology improvements which include a data center upgrade and installment of geographic information system, $3,650,000 committed for rehabilitation, improvements and renovations which include mechanical improvements, roof replacement, pavement rehabilitation and renovations to various buildings and grounds locations within the County. The County also has $7,000,000 committed for public safety projects which include a police range classroom addition, construction of an evidence storage facility and the replacement of fire apparatus equipment. The County has $2,750,000 committed for various parks and recreation projects which include the construction of an aquatics center and facility rehabilitation. The County has $32,075,441 committed for various high school, middle school and elementary projects which include roof replacements, mechanical improvements and the construction of a new high school.

In the Capital Projects Fund, the County has $280,750,692 committed for various projects to include $29,462,220 for public works, $5,821,725 for computer and technology improvements, $14,719,396 for rehabilitation and renovations to various buildings and grounds, $88,986,831 for road maintenance and drainage, $2,590,385 for landfill expansion and development, $52,145,154 for public safety, $37,397,792 for parks and recreation additions and improvements, $17,623,667 for library renovations and additions and $32,003,522 for various high school, middle school and elementary projects.

In the General Fund, the County has $53,905,409 assigned for general government operations which include a $7,500,000 self-insurance reserve, a $3,800,000 reserve to state aid for teacher compression, a $1,461,631 sports tourism reserve, a $12,243,892 reserve for future operating costs of new facilities and a $28,899,886 reserve for various operational costs in future years. The County also has $21,839,708 assigned for capital projects which includes $7,000,000 for a radio communication system and $11,606,889 for future capital projects. In the Special Revenue Fund, the County has $23,907,630 assigned to public works for the County's solid waste operations and $242,103 for future debt service payments in the Debt Service Fund.

Schools have $12,078,059 in assigned and $2,475,752 in unassigned fund balance in the Schools General Fund. Schools also have restricted fund balance for various education program grants of $12,342,197 in the Schools Special Revenue Fund. Schools also have committed fund balance in the Schools Capital Projects Fund of $17,337,634 for various high school, middle school and elementary school construction and renovation projects.

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. Pension Plans

In accordance with GAAP, the County recognizes a net pension liability (asset) on the statement of net position for the net funded status of pension plans as employees earn their pension benefits and recognizes annual pension cost under an "earnings" approach rather than a "funding" approach. Accordingly, the County's Governmental Activities, Business-Type Activities, and Component Units have recorded the impact of the related net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying financial statements in accordance with GAAP. For further information regarding the reporting entity's defined benefit pension plans, refer to notes 9 and 10 of the accompanying notes to the financial statements.

O. Other Postemployment Benefit Plans

The County participates in four other postemployment benefit (OPEB) plans, for which GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, was implemented in the prior year.

Single –employer defined benefit OPEB plans:

- Healthcare (see Note 11 to the financial statements)

- Line of Duty (see Note 12 to the financial statements)

Multiple-employer defined benefit cost-sharing plans through the Virginia Retirement System (VRS):

- Group Life Insurance (see Note 13 to the financial statements)
- Teacher Health Insurance Credit Plan (see Note 14 to the financial statements)

The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund the Healthcare single-employer plan. The County presents a Statement of Fiduciary Net Position (Exhibit 9) and Statement of Changes in Fiduciary Net Position (Exhibit 10) for its proportionate share of the Virginia Pooled OPEB Trust Fund. The Line of Duty plan is not administered through a trust or equivalent arrangement and is funded on a pay-as-you-go basis and therefore the plan has no fiduciary net position and the County reports the total OPEB liability on its Statement of Net Position as of the measurement date.

P. New Accounting Pronouncements

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. This statement did not impact the County's financial statements or note disclosure as of and for the year ended June 30, 2019.

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement did not impact the County's financial statements or note disclosure as of and for the year ended June 30, 2019.

Q. Future Accounting Pronouncements

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2020.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2021.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2020.

In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2022.

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 JRJDC checking account and the School Student Activity Fund, which are not under County control. The County's pooled portfolio also excludes pension and OPEB plans, maintained by the Virginia Retirement System ("VRS"), and unspent bond proceeds maintained in the State Non-Arbitrage Pool (SNAP), a local government investment pool (LGIP) and participating localities investments in LGIP.

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 and investments in SNAP and LGIP 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, 2019, 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, 2019. The net increase in fair value of investments during the year ended June 30, 2019, was $967,854. This amount considers all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2019, the carrying value of the County's deposits with banks was $53,515,478 and the bank balance was $61,943,528. 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 $3,756,199 and the bank balance was $4,347,877. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act. The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was $625,902, and the bank balance was $625,902. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act.

Deposits – Fiscal Agent

At June 30, 2019, the County had deposits of $37,285,362 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 exclusively in securities specifically permitted under the State Code, and the State Treasurer's Local Government Investment Pool (LGIP). 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	75%
Municipal Bonds	70%
Corporate Notes	20%

The County further limits a maximum 5 percent of the portfolio for any single Banker's Acceptance or Commercial Paper issuer. The County maintains bond proceeds in the State Non-Arbitrage Pool ("SNAP"), an SEC-registered money market and investment fund. The County's total investment percentages in comparison to the investment guidelines are as follows:

Primary Government

	Fair Value	Policy	Percent of Portfolio
Municipal Bonds	$ 50,921,973	70%	6.11%
U.S. Government Agencies	178,410,385	70%	21.41%
Commercial Paper	94,024,243	35%	11.28%
Corporate Notes	32,485,935	20%	3.90%
U.S. Government Money Market Funds	210,085,561	40%	25.21%
Local Government Investment Pool	267,455,932	75%	32.09%
Total Investments	$ 833,384,029		100.00%

Component Units

	Fair Value	Policy	Percent of Portfolio
Municipal Bonds	$ 3,574,263	70%	8.12%
U.S. Government Agencies	12,522,800	70%	28.45%
Commercial Paper	6,599,654	35%	14.99%
Corporate Notes	2,280,220	20%	5.18%
U.S. Government Money Market Funds	267,965	40%	0.61%
Local Government Investment Pool	18,772,995	75%	42.65%
Total Investments	$ 44,017,897		100.00%

Fair Value Hierarchy Disclosures

The County categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are inputs (other than quoted market prices included within Level 1) that are observable for the asset either directly or indirectly. Level 2 observable inputs can be either prices for similar assets in active markets or prices for identical assets in non-active markets. Level 3 inputs are significant unobservable inputs (the County does not value any of its investments using level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the County reporting entity as of June 30, 2019:

Primary Government

		Fair Value Measurement Using		
	Total June 30, 2019	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	$ 50,921,973	$ -	$ 50,921,973	$ -
U.S. Government Agencies	178,410,385	-	178,410,385	-
Commercial Paper	94,024,243	-	94,024,243	-
Corporate Notes	32,485,935	-	32,485,935	
U.S. Government Money Market Funds	210,085,561	210,085,561	-	-
Local Government Investment Pool	267,455,932	-	267,455,932	-
Total Investments	$ 833,384,029	$ 210,085,561	$ 623,298,468	$ -

School Board

		Fair Value Measurement Using		
	Total June 30, 2019	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Municipal Bonds	$ 3,574,263	$ -	$ 3,574,263	$ -
U.S. Government Agencies	12,522,800	-	12,522,800	-
Commercial Paper	6,599,654	-	6,599,654	-
Corporate Notes	2,280,220	-	2,280,220	-
U.S. Government Money Market Funds	267,965	267,965	-	-
Local Government Investment Pool	18,772,995	-	18,772,995	-
Total Investments	$ 44,017,897	$ 267,965	$ 43,749,932	$ -

James River Juvenile Detention Center

		Fair Value Measurement Using		
	Total June 30, 2019	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
U.S. Treasury Bills	$ 1,346,235	$ 1,346,235	$ -	$ -
U.S. Government Agencies	699,743	-	699,743	-
Local Government Investment Pool	975,077	-	975,077	-
U.S. Government Money Market Funds	11,279	11,279	-	-
Total Investments	$ 3,032,334	$ 1,357,514	$ 1,674,820	$ -

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Fair value in an active market is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our investment manager, Sterling Capital. Fair value is described as the exit price that assumes a transaction takes place in the County's most advantageous market in the absence of a principle market.

Investments classified in Level 3 of the fair value hierarchy are valued using significant unobservable inputs to the extent that observable inputs are not available. The County does not have any investments classified as Level 3.

Investment Risk Disclosures

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2019. 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 limits on the County's investment portfolio for maturities of less than one year and limit investments longer than one year. Per the investment guidelines, the maximum permissible maturity for any individual security is five years.

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 and AA+ ratings from Standard & Poor. The credit quality of the municipal bonds held in the portfolio received ratings from Moody's and Standard & Poor's ranged from Aa2 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 one money market mutual fund during the fiscal year, the State Non-Arbitrage Pool is rated AAA by Standard and Poor's, and BB&T Collateralized Deposit Program for Virginia Public Depositors.

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, thereby minimizing custodial risk.

Investment Maturities

As of June 30, 2019, the County reporting entity had the following investments and maturities:

Primary Government

	Investment Maturities (in years)		
	Fair Value	**Less than 1 year**	**1-5 years**
Municipal Bonds	$ 50,921,973	$ 15,295,455	$ 35,626,518
U.S. Government Agencies	178,410,385	93,560,134	84,850,251
Commercial Paper	94,024,243	94,024,243	-
Corporate Notes	32,485,935	15,861,041	16,624,894
U.S. Government Money Market Funds	210,085,561	210,085,561	-
Local Government Investment Pool	267,455,932	267,455,932	-
Total Investments	$ 833,384,029	$ 696,282,366	$ 137,101,663
Total Deposits - Bank	53,515,478		
Total Deposits - Fiscal Agent	37,285,362		
Total Cash on Hand	97,911		
Total Deposits and Investments	$ 924,282,780		

Component Units:

School Board

	Investment Maturities (in years)		
	Fair Value	**Less than 1 year**	**1-5 years**
Municipal Bonds	$ 3,574,263	$ 1,073,603	$ 2,500,660
U.S. Government Agencies	12,522,800	-	12,522,800
Commercial Paper	6,599,654	6,599,654	-
Corporate Notes	2,280,220	1,113,302	1,166,918
U.S. Government Money Market Funds	267,965	267,965	-
Local Government Investment Pool	18,772,995	18,772,995	-
Total Investments	$ 44,017,897	$ 27,827,519	$ 16,190,378
Total Deposits - Bank	3,756,199		
Total Cash on Hand	1,000		
Total Deposits and Investments	$ 47,775,096		

James River Juvenile Detention Commission

	Investment Maturities (in years)		
	Fair Value	**Less than 1 year**	**1-5 years**
U.S. Treasury Bills	$ 1,346,236	$ 1,346,236	$ -
U.S. Government Agencies	699,743	699,743	-
Local Government Investment Pool	975,077	975,077	-
U.S. Government Money Market Funds	11,278	11,278	-
	$ 3,032,334	$ 3,032,334	$ -
Total Deposits	625,902		
Total Cash on Hand	500		
Total Deposits and Investments	$ 3,658,736		
Total Deposit and Investments-Reporting Entity	$ 975,716,612		

The School Activity Funds' cash of $6,395,844 and Mental Health and Developmental Services Fund cash of $62,378 are not under the control of the Director of Finance, are not pooled with the Reporting Entity cash and investments, and therefore, are 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.

Healthcare OPEB Plan Investments

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the Virginia Pooled OPEB Trust Fund (Trust Fund). The Trust Fund is an irrevocable trust offered to local governments. 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. The County has included its proportionate share of the Trust Fund in its Fiduciary Funds financial statements (exhibits 9 and 10).

The Trust Fund is governed by a Board of Trustees composed of nine members. Trustees are elected by participants of the Trust Fund, whose votes are weighted according to each participating employer's share of the total Trust Fund assets. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5 percent after inflation, in a manner consistent with prudent risk-taking. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor and evaluate the performance of the investments and the Trust Fund's investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance.

As of June 30, 2019, the fair value of the Healthcare OPEB Plan's interest in the Trust Fund was $68,550,770. There were no other deposits or investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire balance of the Healthcare OPEB investments is unsecured and uncollateralized.

A government is permitted in certain circumstances to establish the fair value of investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investments. Investments in the Trust Fund are valued using NAV per share which is determined by dividing the total value of the Trust Fund by the number of outstanding shares. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice.

NOTE 3. RECEIVABLES

Receivables at June 30, 2019 consist of the following:

Primary Government

	Governmental Activities		Business-Type Activities	
Receivables:	General	Special Revenue	Enterprise Funds	Total
Interest	$ 4,972,366	$ -	$ -	$ 4,972,366
Taxes	30,931,677	-	-	30,931,677
Accounts	1,116,219	4,109,247	25,590,837	30,816,303
Gross Receivables	37,020,262	4,109,247	25,590,837	66,720,346
Less: Allowances for Doubtful Accounts	9,005,521	1,290,610	283,900	10,580,031
Receivables, net	$ 28,014,741	$ 2,818,637	$ 25,306,937	$ 56,140,315

The County's Capital Project Fund has a receivable of $900,000 as of June 30, 2019. Central Automotive Maintenance has a receivable of $11,676 as of June 30, 2019, which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of $4,154,484 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax revenue reported in the government-wide statements includes $525,425 of revenue that does not provide current financial resources, and therefore, is not included in the governmental funds.

Component Units

Receivables:	School Board	JRJDC	Total
Intergovernmental	$ 17,268,135	$ 71,622	$ 17,339,757

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 the Component Units' receivables are considered collectible.

NOTE 4. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes on real estate are levied in April and are payable in two installments on June 5th and December 5th. Real estate taxes reported as revenue are the second installment (December 5^{th}) of the levy on assessed value at January 1, 2018 and the first installment (June 5^{th}) of the levy on assessed value at January 1, 2019. The County bills and collects its own property 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 is 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 2019, 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, 2019 include:

	General	Special Revenue	Capital Projects
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	$ 5,928,012	$ -	$ -
PPTRA	18,460,463	-	-
Rolling Stock Tax	21,251	-	-
State Recordation Fees	378,984	-	-
Richmond Center	3,513,227	-	-
Categorical aid for:			
Public Works	50	-	129,754
Public Safety	1,793,717	4,322	-
Social Services	-	557,933	-
Treasurer	2,145,955	-	-
Correction & Detention	1,684	70,997	-
Finance	67,639	-	-
Mental Health & Development Services	-	1,578	-
Circuit Court	175,108	-	-
Library	2,163	-	-
Commonwealth's Attorney	184,991	11,284	-
Total due from the Commonwealth of Virginia	32,673,244	646,114	129,754
Federal Government Categorical Aid:			
Work Training Grants (CRWP)	-	1,037,315	-
Public Safety	-	251,156	483,534
Correction & Detention	-	3,925	-
Public Works	-	-	
Social Services	-	977,806	-
Commonwealth Attorney	-	-	-
Community Development Block Grant	-	575,101	-
Total due from the Federal government	-	2,845,303	483,534
Total due from other governmental units	$ 32,673,244	$ 3,491,417	$ 613,288

JRJDC has $60,096 due from other localities and $11,526 due from the Federal government for federal grants. Amounts due from other governmental units for the School Board Component Unit at June 30, 2019 include:

	School Board
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	$ 4,742,898
Categorical aid for:	
Education	2,888,391
Total due from the Commonwealth of Virginia	7,631,289
Federal Government Categorical Aid:	
Education	9,636,846
Total due from the Federal government	9,636,846
Total due from other governmental units	$ 17,268,135

NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2019 follows:

Governmental Activities	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital Assets Not Being Depreciated:				
Land	$ 384,752,905	$ 5,634,734	$ -	$ 390,387,639
Construction in progress	83,596,921	88,895,132	13,185,204	159,306,849
Not Being Depreciated	468,349,826	94,529,866	13,185,204	549,694,488
Other Capital Assets:				
Buildings	884,308,153	11,813,081	152,821	895,968,413
Infrastructure	703,993,650	12,477,054	-	716,470,704
Equipment	260,290,990	15,743,137	9,094,667	266,939,460
Improvements	89,230,447	6,782,251	1,539,548	94,473,150
Total Other Capital Assets	1,937,823,240	46,815,523	10,787,036	1,973,851,727
Less Accumulated Depreciation for:				
A/D - Buildings	(236,564,545)	(17,677,171)	(62,068)	(254,179,648)
A/D - Infrastructure	(496,106,883)	(18,572,384)	-	(514,679,267)
A/D - Equipment	(172,785,861)	(16,794,701)	(8,489,134)	(181,091,428)
A/D - Improvements	(40,964,270)	(3,886,534)	(1,539,548)	(43,311,256)
Total Accumulated Depreciation	(946,421,559)	(56,930,790)	(10,090,750)	(993,261,599)
Total Net of Depreciation	$ 1,459,751,507	$ 84,414,599	$ 13,881,490	$ 1,530,284,616

The adjustment from modified to full accrual for capital assets net of accumulated depreciation at June 30, 2019 are comprised of the following:

General Capital Assets, Net	$1,530,284,616
Internal Service Fund Capital Assets, Net	(16,730,507)
Combined Adjustment	$1,513,554,109

The adjustment from modified to full accrual for depreciation for the fiscal year ended June 30, 2019 is comprised of the following:

General Government Administration	$ 7,411,703
Judicial Administration	88,662
Public Safety	9,329,781
Public Works	21,752,230
Education	11,309,411
Health and Welfare	275,292
Parks and Recreation	6,540,265
Community Development	223,446
Total Depreciation	$ 56,930,790
Internal Service Fund Depreciation	(2,399,584)
Combined Adjustment	$ 54,531,206

Business Type Activities	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Water and Sewer:				
Capital Assets Not Being Depreciated:				
Land	$ 18,838,931	$ -	$ -	$ 18,838,931
Construction in progress	169,411,783	107,772,025	26,534,883	250,648,925
Total Capital Assets Not Being Depreciated	188,250,714	107,772,025	26,534,883	269,487,856
Other Capital Assets:				
Buildings	395,563,768	359,394	1,560,829	394,362,333
Equipment	161,326,786	6,872,411	1,697,028	166,502,169
Improvements	1,410,152	-	-	1,410,152
Infrastructure	1,203,932,014	25,630,229	740,097	1,228,822,146
Total Other Capital Assets	1,762,232,720	32,862,034	3,997,954	1,791,096,800
Less Accumulated Depreciation for:				
Buildings	(131,561,944)	(7,834,476)	(1,170,348)	(138,226,072)
Equipment	(114,467,137)	(10,263,388)	(1,127,721)	(123,602,804)
Improvements	(1,180,023)	(39,671)	-	(1,219,694)
Infrastructure	(363,773,553)	(18,287,481)	(496,844)	(381,564,190)
Total Accummulated Depreciation	(610,982,657)	(36,425,016)	(2,794,913)	(644,612,760)
Total Net of Depreciation	$ 1,339,500,777	$ 104,209,043	$ 27,737,924	$ 1,415,971,896
Belmont Park Golf Course:				
Capital Assets Not Being Depreciated:				
Land	$ 250,491	$ -	$ -	$ 250,491
Total Capital Assets Not Being Depreciated	250,491	-	-	250,491
Other Capital Assets:				
Buildings	1,940,937	-	-	1,940,937
Equipment	945,022	21,164	14,490	951,696
Improvements	2,341,902	-	-	2,341,902
Total Other Capital Assets	5,227,861	21,164	14,490	5,234,535
Less Accumulated Depreciation for:				
Buildings	(1,079,022)	(31,032)	-	(1,110,054)
Equipment	(668,316)	(40,176)	(14,490)	(694,002)
Improvements	(2,286,957)	(9,583)	-	(2,296,540)
Total Accummulated Depreciation	(4,034,295)	(80,791)	(14,490)	(4,100,596)
Total Net of Depreciation	$ 1,444,057	$ (59,627)	$ -	$ 1,384,430

Business Type Activities	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Combined Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 19,089,422	$ -	$ -	$ 19,089,422
Construction in Progress	169,411,783	107,772,025	26,534,883	250,648,925
Total Capital Assets Not Being Depreciated	188,501,205	107,772,025	26,534,883	269,738,347
Other Capital Assets:				
Buildings	397,504,705	359,394	1,560,829	396,303,270
Equipment	162,271,808	6,893,575	1,711,518	167,453,865
Improvements	3,752,054	-	-	3,752,054
Infrastructure	1,203,932,014	25,630,229	740,097	1,228,822,146
Total Other Capital Assets	1,767,460,581	32,883,198	4,012,444	1,796,331,335
Less Accumulated Depreciation for:				
Buildings	(132,640,966)	(7,865,508)	(1,170,348)	(139,336,126)
Equipment	(115,135,453)	(10,303,564)	(1,142,211)	(124,296,806)
Improvements	(3,466,980)	(49,254)	-	(3,516,234)
Infrastructure	(363,773,553)	(18,287,481)	(496,844)	(381,564,190)
Total Accumulated Depreciation	(615,016,952)	(36,505,807)	(2,809,403)	(648,713,356)
Total Net of Depreciation	$ 1,340,944,834	$ 104,149,416	$ 27,737,924	$ 1,417,356,326

Component Units

School Board:				
Capital Assets Not Being Depreciated:				
Land	$ 43,771,025	$ 1,460,460	$ -	$ 45,231,485
Construction in Progress	13,811,553	4,156,212	1,256,115	16,711,650
Total Capital Assets Not Being Depreciated	57,582,578	5,616,672	1,256,115	61,943,135
Other Capital Assets:				
Buildings	356,151,381	2,328,603	-	358,479,984
Equipment	218,392,259	29,023,616	3,975,913	243,439,962
Improvements	37,326,956	1,074,971	312,409	38,089,518
Total Other Capital Assets	611,870,596	32,427,190	4,288,322	640,009,464
Less Accumulated Depreciation for:				
Buildings	(192,092,103)	(5,955,934)	-	(198,048,037)
Equipment	(168,476,005)	(14,816,111)	(3,952,633)	(179,339,483)
Improvements	(23,141,937)	(1,091,909)	(312,409)	(23,921,437)
Total Accumulated Depreciation	(383,710,045)	(21,863,954)	(4,265,042)	(401,308,957)
Total Net of Depreciation	$ 285,743,129	$ 16,179,908	$ 1,279,395	$ 300,643,642

Component Units	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
James River Juvenile Detention Center:				
Capital Assets Not Being Depreciated:				
Land	$ 30,000	$ -	$ -	$ 30,000
Construction in progress	-	22,500	-	22,500
Total Capital Assets Not Being Depreciated	30,000	22,500	-	52,500
Other Capital Assets:				
Buildings	9,243,433	-	-	9,243,433
Improvements	237,874	49,902	-	287,776
Equipment	762,840	31,673	26,380	768,133
Total Other Capital Assets	10,244,147	81,575	26,380	10,299,342
Less Accumulated Depreciation for:				
Buildings	(3,968,577)	(231,086)	-	(4,199,663)
Improvements	(200,051)	(93,075)	-	(293,126)
Equipment	(478,717)	(11,894)	(26,380)	(464,231)
Total Accummulated Depreciation	(4,647,345)	(336,055)	(26,380)	(4,957,020)
Total Net of Depreciation	$ 5,626,802	$ (231,980)	$ -	$ 5,394,822
Combined Component Units:				
Capital Assets Not Being Depreciated:				
Land	$ 43,801,025	$ 1,460,460	$ -	$ 45,261,485
Construction in progress	13,811,553	4,178,712	1,256,115	16,734,150
Total Capital Assets Not Being Depreciated	57,612,578	5,639,172	1,256,115	61,995,635
Other Capital Assets:				
Buildings	365,394,814	2,328,603	-	367,723,417
Equipment	219,155,099	29,055,289	4,002,293	244,208,095
Improvements	37,564,830	1,124,873	312,409	38,377,294
Total Other Capital Assets	622,114,743	32,508,765	4,314,702	650,308,806
Less Accumulated Depreciation for:				
Buildings	(196,060,680)	(6,187,020)	-	(202,247,700)
Equipment	(168,954,722)	(14,828,005)	(3,979,013)	(179,803,714)
Improvements	(23,341,988)	(1,184,984)	(312,409)	(24,214,563)
Accummulated Depreciation	(388,357,390)	(22,200,009)	(4,291,422)	(406,265,977)
Total Net of Depreciation	$ 291,369,931	$ 15,947,928	$ 1,279,395	$ 306,038,464

NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the County's total long-term liabilities, including net pension and opeb liabilities, for the year ended June 30, 2019:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
General obligation (GO) bonds	$385,990,000	$ 99,395,000	$ 37,710,000	$ 447,675,000
Capital lease obligations	41,643,906	79,620	6,784,386	34,939,140
Accrued claims payable	22,860,830	17,771,626	14,271,790	26,360,666
Accrued compensated absences	22,142,843	22,465,227	21,669,089	22,938,981
Net pension liability	163,472,868	105,746,710	111,929,262	157,290,316
Line of Duty OPEB liability	26,601,470	2,166,675	799,406	27,968,739
Net Group Life Insurance OPEB liability	16,472,124	4,051,795	4,074,607	16,449,312
Net Healthcare OPEB liability	13,646,757	4,625,629	5,444,043	12,828,343
Landfill post-closure costs	3,334,371	247,439	93,996	3,487,814
Total	$696,165,169	$256,549,721	$202,776,579	$ 749,938,311
Premium on bonds	35,929,118	9,065,378	7,157,958	37,836,538
Total long-term liabilities	732,094,287			787,774,849
Current Maturities	(81,539,580)			(89,701,829)
Net long-term liabilities	$650,554,707			$ 698,073,020

The current maturity of long-term liabilities at June 30, 2019 consists of the following:

General obligation bonds	$ 42,670,000
Capital lease obligations	6,917,183
Accrued claims payable	17,666,453
Accrued compensated absences	22,448,193
Total current maturities	$ 89,701,829

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 Position. The adjustment from modified accrual to full accrual at June 30, 2019 is as follows:

Long-term liabilities (detail above)	$ 787,774,849
Net pension liability (detail above)	(157,290,316)
Net OPEB liabilities (detail above)	(57,246,394)
Internal Service Fund long-term liabilities	(248,703)
Combined adjustment	$ 572,989,436

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 $6,105,755 which represents the increase in accrued interest on bonds payable of $1,052,203 and amortization of bond premium of $7,157,958 for the year ended June 30, 2019.

In November 2000, March 2005 and November 2016, 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, 2019. In 2005, voters authorized an additional $349,300,000 in bonds, of which $339,700,000 has been issued as of June 30, 2019. In 2016, voters authorized $419,800,000, of which $201,650,000 has been issued as of June 30, 2019.

On November 13, 2008, the County issued 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 3, 2010, the County advanced refunded serial maturities from December 1, 2019 through December 1, 2025. On March 31, 2015, the County advanced refunded serial maturities from December 1, 2026 through December 1, 2028. The remaining Series 2008A Bonds mature on December 1st in each of the years 2016 through 2018.

On May 13, 2009, the County issued $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 (which is fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On May 3, 2010, the County issued $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 (which is fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 20, 2010, the County issued 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 interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1st in each of the years 2011 through 2030.

On September 1, 2011, the County issued General Obligation Public Improvement Bonds, Series 2011 in the aggregate principal amount of $66,075,000. 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 interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1st in each of the years 2012 through 2031.

On September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012 in the aggregate principal amount of $37,500,000. The proceeds of the Bonds will be applied (i) to advance refund and defease $19,450,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2005, dated August 17, 2005 and maturing on July 15th in each of the years 2021 through 2025, which are subject to redemption and are to be redeemed on July 15, 2015, (ii) to advance refund and defease $17,975,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2006, dated November 15, 2006, and maturing on December 1st in each of the years 2022 through 2026, which are subject to redemption and are to be redeemed on December 1, 2016, and (iii) to advance refund and defease $2,155,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated August 10, 2010, and maturing on August 1, 2013, which were paid at their stated maturity on August 1, 2013. The Bonds mature on February 1, 2013, and on August 1st in each of the years 2014 through 2026. The County reduced its aggregate debt service payments by approximately $2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of $2.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which was fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On March 31, 2015, the County issued General Obligation Public Improvement Refunding Bonds, Series 2015 in the aggregate principal amount of $50,485,000. The proceeds of the Bonds will be applied (i) to advance refund and defease $8,950,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008, dated January 31, 2008, and maturing on December 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on December 1, 2017, (ii) to advance refund and defease $13,955,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008A, dated November 14, 2008, and maturing on December 1st in each of the years 2026 through 2028, which are subject to redemption and are to be redeemed on December 1, 2018, and (iii) to advance refund and defease $31,090,000 outstanding principal amount of the County's Virginia Public School Authority (VPSA) Special Obligation School Financing Bonds, Series 2008, dated July 2, 2008, and maturing on July 15th in each of the years 2015 through 2028. The County reduced its aggregate debt service payments by approximately $2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of $3.3 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which was fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

In April 2016, the Economic Development Authority (EDA) of Henrico County, Virginia entered into a Note Purchase and Lease Acquisition Agreement, leasing to the County a $34,000,000 emergency communications system. The Notes were purchased by Banc of America Capital Corp. at a fixed interest rate of 1.699%, with equal principal payments of $3,400,000 due April 1, 2017 through April 1, 2026. Interest payments are due semi-annually October 1 and April 1, beginning October 1, 2016.

On May 31, 2017, the County issued General Obligation Public Improvement Bonds, Series 2017A in the aggregate principal amount of $102,255,000. The proceeds of the Bonds will be used to finance capital school improvement projects, fire facilities, and recreation and park facilities improvements in the County, pursuant to the voter authorizations at elections held in the County on November 8, 2016. The interest rates on these bonds range from 3 percent to 5 percent. The Bonds mature on August 1st in each of the years 2018 through 2037.

On May 31, 2017, the County issued General Obligation Public Improvement Refunding Bonds, Series 2017B in the aggregate principal amount of $53,755,000. The proceeds of the Bonds will be applied (i) to advance refund and defease $36,100,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated July 20, 2010, and maturing on August 1st in each of the years 2021 through 2030, which are subject to redemption and are to be redeemed on August 1, 2020, and (ii) to advance refund and defease $19,830,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011, dated September 1, 2011 and maturing on August 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on August 1, 2021. The County reduced its aggregate debt service payments by approximately $2.8 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of $3.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which $55,930,000 remained outstanding at June 30, 2019) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 31, 2018, the County issued General Obligation Public Improvement Bonds, Series 2018 in the aggregate principal amount of $99,395,000. The proceeds of the Bonds will be used to finance capital school improvement projects, fire stations and facilities, and recreation and parks facilities in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1st in each of the years 2019 through 2038. The interest ranges from 3 percent to 5 percent.

As of June 30, 2019, 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 $22,833 at June 30, 2019.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2019 are as follows:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance
VPSA 1999A Bonds	4.35-5.23	05/01/99	07/15/19	$ 35,740,000	$ 1,785,000
VPSA 2000 Bonds	5.00-6.25	05/01/00	07/15/20	15,215,000	1,520,000
2009 GO. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	7,710,000
2010 GO. Bonds	3.00-5.00	05/03/10	07/15/25	119,735,000	77,235,000
2010A GO. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	7,220,000
2011 GO. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	23,125,000
2012 GO. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,075,000
2015 GO. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	42,195,000
2017A GO. Bonds	3.00-5.00	05/31/17	08/01/37	102,255,000	97,140,000
2017B GO. Bonds	2.00-5.00	05/31/17	08/01/30	53,755,000	53,275,000
2018 GO. Bonds	3.00-5.00	07/31/18	08/01/38	99,395,000	99,395,000
TOTAL					$ 447,675,000

Debt service for the County on the foregoing bonds is payable during future fiscal years ending June 30 as follows:

Years	Principal	Interest
2020	42,670,000	18,924,563
2021	40,930,000	16,902,608
2022	38,095,000	14,948,228
2023	36,715,000	13,221,378
2024	34,065,000	11,654,903
2025-2029	142,960,000	35,821,625
2030-2034	66,960,000	12,502,678
2035-2039	45,280,000	3,439,681
TOTAL	$ 447,675,000	$ 127,415,662

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 (Virginia Public School Authority) 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 changes in the Water and Sewer Fund ("Fund") and the Belmont Park Golf Course long-term liabilities, including net pension liability, for the year ended June 30, 2019 are as follows:

Water and Sewer Revenue Bonds:	**Balance June 30, 2018**	**Additions**	**Deletions**	**Balance June 30, 2019**
2009 Refunding Bonds - $70,360,000, 2.25% to 5.00%	$ 3,115,000	$ -	$ 3,115,000	$ -
2009A Refunding Bonds - $22,915,000, 2.00% to 5.00%	1,370,000	-	1,370,000	-
2009B Build America Bonds - $9,800,000, 5.85% to 6.15%	9,800,000	-	9,800,000	-
2013 Refunding Bonds - $68,410,000, 2.00% to 5.00%	63,215,000	-	2,410,000	60,805,000
2014 Revenue Bonds - $74,165,000, 1.00% to 5.00%	68,255,000	-	1,595,000	66,660,000
2016 Revenue and Refunding Bonds - $123,625,000, 1.50% to 5.00%	120,540,000	-	1,300,000	119,240,000
2018 Revenue Bonds - $102,410,000, 3.125% to 5.00%	102,410,000	-	1,840,000	100,570,000
2019 Revenue and Refunding Bonds - $78,085,000, 3.125% to 5.00%	-	78,085,000	-	78,085,000
Total bonds payable	$ 368,705,000	$ 78,085,000	$ 21,430,000	$ 425,360,000

Other Liabilities:	**Balance June 30, 2018**	**Additions**	**Deletions**	**Balance June 30, 2019**
Capital lease obligations	$ 13,303	$ 13,724	$ 11,742	$ 15,285
Accrued compensated absences	1,291,127	1,131,285	1,131,836	1,290,576
Net Healthcare OPEB liability	729,926	496,687	487,728	738,885
Net Group Life Insurance OPEB liability	1,128,296	272,814	274,350	1,126,760
Net pension liability	11,661,623	7,118,959	7,535,174	11,245,408
Total	$ 383,529,275	$ 87,118,469	$ 30,870,830	$ 439,776,914
Premium on bonds payable	35,951,626	4,843,869	2,176,503	38,618,992
Total long-term liabilities	$ 419,480,901	91,962,338	33,047,333	$ 478,395,906
Current maturities	(12,777,267)			(14,524,683)
Net long-term liabilities	$ 406,703,634			$ 463,871,223

Current maturities of long-term liabilities at June 30, 2019 consist of the following:

Revenue bonds	$ 13,385,000
Capital lease obligations	6,189
Accrued compensated absences	1,133,494
Total current maturities	$ 14,524,683

The Water and Sewer Revenue Fund (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.

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 position has 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% and the final maturity will occur on May 1, 2028. The principal payments range from $1,175,000 to $2,050,000. The Water and Sewer Revenue 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.

On February 20, 2013, the County issued $68,410,000 of Water and Sewer Refunding Revenue Bonds to refund $65,945,000 outstanding principal amount of the 2006A Series Water and Sewer System Revenue Bonds. The interest rate on these bonds is between 2% and 5% and the final maturity will occur on May 1, 2036. The principal payments range from $100,000 to $4,800,000. The Water and Sewer Revenue Fund reduced its aggregate debt service payments by $44,418,268 over the next 20 years.

On March 20, 2014, the County issued $74,165,000 of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 1% and 5% and the final maturity will occur on May 1, 2044. The principal payments range from $370,000 to $2,875,000.

On May 17, 2016, the County issued $123,625,000 of Water and Sewer Revenue Refunding Bonds to refund outstanding principal amounts of $35,985,000 of the 2009A and $15,310,000 of the 2009 Series Water and Sewer System Revenue Bonds, finance improvements, additions and extensions to the County's water and sewer system and to fund the Cobbs Creek Reservoir project. The interest rate on these bonds is between 1.75% and 5% and the final maturity will occur on May 1, 2046. The principal payments range from $480,000 to $7,875,000.

On May 9, 2018, the County issued $102,410,000 of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 3% and 5% and the final maturity will occur on May 1, 2048. The principal payments range from $1,840,000 to $5,515,000.

On June 26, 2019, the County issued $78,085,000 of Water and Sewer Revenue and Refunding Bonds to refund outstanding principal amount of $9,800,000 of the 2009B of the 2009 Series Water and Sewer System Revenue Bonds, finance improvements, additions and extensions to the County's water and sewer system and to fund the Cobbs Creek Reservoir project. The interest rate on these bonds is between 2.75% and 5% and the final maturity will occur on May 1, 2049. The principal payments range from $1,250,000 to $3,645,000.

In fiscal year 2016 and 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, 2018, $51,295,000 of Water and Sewer System Revenue Bonds are considered fully defeased.

In fiscal year 2019 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, 2019, $9,800,000 of Water and Sewer System Revenue Bonds, which are considered defeased, remained outstanding.

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2019, and thereafter follows:

Years	Principal	Interest
2020	13,385,000	17,035,992
2021	13,470,000	16,891,312
2022	14,060,000	16,312,638
2023	14,735,000	15,625,138
2024	15,455,000	14,911,088
2025-2029	82,775,000	63,400,213
2030-2034	77,080,000	46,400,863
2035-2039	73,440,000	31,321,131
2040-2044	74,470,000	17,844,713
2045-2049	46,490,000	4,171,525
Total	$ 425,360,000	$ 243,914,613

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, 2019.

A summary of the changes in the School Board's long-term liabilities, including net pension liability, for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital lease obligations	$ 14,835,498	$ 21,552,124	$ 9,410,725	$ 26,976,897
Accrued claims payable	5,028,617	3,782,057	4,189,991	4,620,683
Net pension liability	428,111,529	143,309,665	160,623,234	410,797,960
Net Healthcare OPEB liability	12,400,407	7,046,177	7,118,411	12,328,173
Net Group Life Insurance OPEB liability	23,519,379	5,812,352	5,696,953	23,634,778
Net Teacher Health Insurance Credit OPEB liability	41,657,000	3,751,567	3,583,567	41,825,000
Accrued compensated absences	6,260,890	5,264,608	4,951,648	6,573,850
Total School Board	$ 531,813,320	$ 190,518,550	$ 195,574,529	$ 526,757,341
Current Maturities	(14,517,679)			(19,394,990)
Net long-term liabilities	$ 517,295,641			$ 507,362,351

Current maturities of long-term liabilities at June 30, 2019, consist of the following:

Capital lease obligations	$ 10,345,738
Accrued claims payable	3,850,088
Accrued compensated absences	5,199,164
Total current maturities	$ 19,394,990

James River Juvenile Detention Commission:

A summary of the changes in JRJDC's long-term liabilities, including net pension liability, for the year ended June 30, 2019, is as follows:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital lease obligations	$ 1,610	$ -	$ 1,610	$ -
Net pension liability	2,516,229	1,619,054	1,713,712	2,421,571
Net Healthcare OPEB liability	138,012	100,389	97,650	140,751
Net Group Life Insurance OPEB liability	234,869	62,140	62,490	234,519
Accrued compensated absences	198,594	237,891	225,680	210,805
Total JRJDC	$ 3,089,314	$ 2,019,474	$ 2,101,142	$ 3,007,646
Current Maturities	(200,204)			(210,805)
Net long-term liabilities	$ 2,889,110			$ 2,796,841

Current maturities of long-term liabilities at June 30, 2019, consist of the following:

Accrued compensated absences	$ 210,805
Total current maturities	$ 210,805

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 GAAP, which states a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, $63,810,028 of equipment and $32,250,286 of buildings have been capitalized as of June 30, 2019. 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. Capital assets capitalized under these lease agreements are pledged as collateral on the obligations.

On August 27, 2009, the EDA 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 ranged 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 August 1, 2021.

On April 1, 2016, the County entered into a $34,000,000 financing agreement with the Economic Development Authority (EDA) of Henrico County, Virginia whereby the EDA intends to issue its $34,000,000 Economic Development Authority of Henrico County, Virginia 2016 Lease Revenue Bonds to assist the County in financing the acquisition and installation of various communication equipment to replace the County's public safety radio system. The interest rate is 1.699% and principal payments are $3,400,000 which mature on April 1st in each of the years 2017 through 2026.

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. As such, $21,552,124 of equipment has been capitalized as of June 30, 2019.

Future minimum lease payments under these capital leases for fiscal years ending after June 30, 2019, are as follows:

Years	Equipment Lease Obligations	EDA Lease Obligations	Schools	Total Future Minimum Lease Payments
2020	$ 789,830	$ 6,945,712	$ 11,030,588	$ 18,766,130
2021	499,164	6,886,909	10,151,622	17,537,695
2022	444,435	6,830,255	7,152,431	14,427,121
2023	428,791	3,631,064	1,416	4,061,271
2024	310,532	3,573,298	-	3,883,830
2025-2027	-	6,973,298	-	6,973,298
Total minimum lease payments	$ 2,472,752	$ 34,840,536	$ 28,336,057	$ 65,649,345
Less amount representing interest	163,612	2,210,536	1,359,160	3,733,308
Present value of future minimum lease payments	$ 2,309,140	$ 32,630,000	$ 26,976,897	$ 61,916,037

The Water and Sewer Revenue Fund entered into capital lease agreements for equipment for $20,163 and $14,772 during fiscal years 2015 and 2014, respectively. Future minimum lease payments under this capital lease for fiscal years ending after June 30, 2019, are as follows:

Years	Equipment Lease Obligations
2020	7,811
2021	7,375
2022	1,723
2023	1,081
Total minimum lease payments	17,989
Less amount representing interest	2,704
Present value of future minimum lease payments	$ 15,285

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 approximately $178,000 for cases and potential counter claims where the County is the plaintiff. 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, 2019, will not be material to the County's financial statements.

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. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. 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, would not have a material effect on the County's financial statements.

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 $1,000,000 per occurrence. Virginia Association of Counties Group Self-Insurance Risk Pool (VaCOR), through the Travelers Insurance Company, covers property claims in excess of $1,000,000 per occurrence. VaCOR, through 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, 2019, 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 $1,470,291 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, 2019, 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 $500,000 per individual per year. Individual claims that exceed $500,000 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 $11,825,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2019.

In addition, the County has recorded $14,535,666 for the County and $4,620,683 for the School Board in the Government-wide Statement of Net Position to reflect the liability for the estimated settlement value of workers' compensation and property and casualty claims covered by the Program at June 30, 2019, that are not expected to be liquidated with current resources. Also, the County has assigned $7,500,000 of the June 30, 2019 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2019, the County and Schools had accrued claims payable in long-term liabilities as follows:

	FY 2019		FY 2018	
	County	**Schools**	**County**	**Schools**
Balance, July 1	$ 22,860,830	$ 5,028,617	$ 21,684,344	$ 6,015,493
Current year claims and changes in estimates	17,771,626	3,782,057	15,492,816	3,885,722
Claim payments	(14,271,790)	(4,189,991)	(14,316,330)	(4,872,598)
Balance, June 30	$ 26,360,666	$ 4,620,683	$ 22,860,830	$ 5,028,617

D. Commitments

At June 30, 2019, 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	$ 2,453,419	$ -
Buildings and Grounds	8,907,183	-
Road Maintenance	12,644,084	-
Landfill Expansion and Development	193,220	-
Public Safety Projects	37,504,330	-
Public Works	4,155,664	-
Parks and Recreation	5,244,001	-
Libraries	12,809,778	
Education Projects	17,441,951	7,860,850
Total	$ 101,353,630	$ 7,860,850
Enterprise Funds:		
Wastewater Treatment Projects	$ 47,131,207	
Water Plant Projects	71,318,598	
Computer and Information Systems	2,002,419	
Total	$ 120,452,224	

Encumbrances

As discussed in Note 1.G, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2019, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	6,154,137
Special Revenue Fund	4,401,950
Capital Projects Fund	99,348,372
Total	$109,904,459

E. Operating Leases

The County and School Board leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated $2,401,951 and $589,752, respectively, for the fiscal year 2019.

At June 30, 2019, the approximate future annual long-term commitments for these operating leases were as follows:

Years	County Real Property	School Board Real Property	Total
2020	$ 2,129,286	$ 593,296	$ 2,722,582
2021	1,964,524	563,256	2,527,780
2022	1,709,230	574,441	2,283,671
2023	1,335,318	270,650	1,605,968
2024	1,190,105	123,385	1,313,490
2025-2029	4,198,737	630,690	4,829,427
2029 & After	2,480,119	-	2,480,119
Total	$ 15,007,319	$ 2,755,718	$ 17,763,037

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

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2019, was $24,811,691 and $1,784,676, respectively.

At June 30, 2019, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2020	$ 716,324
2021	422,109
2022	400,848
2023	212,187
2024	153,164
2025-2029	439,772
2030-2034	210,857
2035-After	574,544
Total	$ 3,129,805

The Water and Sewer Revenue Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to nine years. The cost and accumulated depreciation on leased property at June 30, 2019, was $4,388,282 and $1,205,622, respectively.

At June 30, 2019, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2020	$ 42,669
2021	21,424
2022	26,629
2023	27,102
2024	27,102
2025-2029	56,463
Total	$ 201,389

The School Board is the lessor of real estate under an operating lease agreement for a period of twenty-five years. The cost of the leased property at June 30, 2019, was $3,040,177.

At June 30, 2019, the future minimum rentals receivable for these existing leases were as follows:

Years	Total
2020	$ 60,531
2021	63,964
2022	69,203
2023	71,279
2024	73,418
2025-2029	397,716
2030-2034	461,062
2035-After	489,449
Total	$ 1,686,622

G. Contingent Liabilities

Capital Region Airport Commission

See Note 21, "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.

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. VRS administers three different benefit plans for local government employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members 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 (Plan 1 members) and 1.65% (Plan 2 members) 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 (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual 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 Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

Employees Covered by Benefit Terms

As of the June 30, 2018 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	County*	School Board Non-Professional Group
Inactive members or their beneficiaries currently receiving benefits	3,093	102
Inactive members:		
Vested	711	14
Non-vested	1,328	67
Active elsewhere in VRS	1,126	89
Total inactive members	3,165	170
Active members	5,108	39
Total	11,366	311

*includes School Board Construction and Maintenance (C&M) Group – See note 9B for further information

VRS 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/publications/index.asp or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

VRS Plan 1 and 2 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. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The County has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a

50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

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 2019 were 13.29 percent and 26.89 percent, respectively, of annual covered employee compensation. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

C. Net Pension Liability and Pension Expense

At June 30, 2019, the County and School Board Non-Professional Group reported a net pension liability of $192,224,250 and $2,661,005, respectively. The County's net pension liability was allocated based on respective contribution proportionate shares to the employees in the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course and Central Automotive Maintenance (CAM), which are reported as part of the County's Primary Government, and JRJDC and School Board Construction and Maintenance (School Board C&M), which are reported as part of the County's Component Units.

The net pension liability for the County General Government, Water and Sewer Revenue Fund, Belmont Park Golf Course, JRJDC, CAM and the School Board C&M employees was $154,908,588, $10,968,797, $276,611, $2,421,571, $2,381,728 and $21,266,955 respectively. The net pension liability was measured as of June 30, 2017. The total pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

Change in the Net Pension Liability

Governmental Activities	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$1,119,905,128	$956,432,260	$163,472,868
Changes for the year:			
Service cost	26,412,598	-	26,412,598
Interest	78,641,385	-	78,641,385
Difference between expected and actual experience	(2,495,542)	-	(2,495,542)
Contributions-employer	-	26,807,419	(26,807,419)
Contributions-employee	-	10,318,099	(10,318,099)
Net investment income	-	72,308,202	(72,308,202)
Benefit payments, including refunds of employee contributions	(57,951,397)	(57,951,397)	-
Administrative expense	-	(628,498)	628,498
Other changes	-	(64,229)	64,229
Net changes	44,607,044	50,789,596	(6,182,552)
Balances at June 30, 2019	$1,164,512,172	$1,007,221,856	$157,290,316

Business-Type Activities			
Balances at June 30, 2018	$79,697,011	$68,035,388	$11,661,623
Changes for the year:			
Service cost	1,778,119	-	1,778,119
Interest	5,294,205	-	5,294,205
Difference between expected and actual experience	(168,002)	-	(168,002)
Contributions-employer	-	1,804,698	(1,804,698)
Contributions-employee	-	694,623	(694,623)
Net investment income	-	4,867,851	(4,867,851)
Benefit payments, including refunds of employee contributions	(3,901,338)	(3,901,338)	-
Administrative expense	-	(42,311)	42,311
Other changes	-	(4,324)	4,324
Net changes	3,002,984	3,419,199	(416,215)
Balances at June 30, 2019	$82,699,995	$71,454,587	$11,245,408

Change in the Net Pension Liability

School Board C&M	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$149,155,810	$127,254,834	$21,900,976
Changes for the year:			
Service cost	2,708,614	-	2,708,614
Difference between expected and actual experience	(255,918)	-	(255,918)
Interest	8,064,680	-	8,064,680
Contributions-employer	-	2,749,103	(2,749,103)
Contributions-employee	-	1,058,122	(1,058,122)
Net investment income	-	7,415,212	(7,415,212)
Benefit payments, including refunds of employee contributions	(5,942,920)	(5,942,920)	-
Administrative expense	-	(64,453)	64,453
Other changes	-	(6,587)	6,587
Net changes	4,574,456	5,208,477	(634,021)
Balances at June 30, 2019	$153,730,266	$132,463,311	$21,266,955

Change in the Net Pension Liability

School Board Non-Professional Group	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2018	$8,276,698	$5,468,145	$2,808,553
Changes for the year:			
Service cost	56,131	-	56,131
Difference between expected and actual experience	(134,067)	-	(134,067)
Interest	554,959	-	554,959
Contributions-employer	-	209,478	(209,478)
Contributions-employee	-	31,431	(31,431)
Net investment income	-	387,642	(387,642)
Benefit payments, including refunds of employee contributions	(697,423)	(697,423)	-
Administrative expense	-	(3,645)	3,645
Other changes	-	(335)	335
Net changes	(220,400)	(72,852)	(147,548)
Balances at June 30, 2019	$8,056,298	$5,395,293	2,661,005

D. Actuarial Assumptions

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 total pension liability, total fiduciary net position, net pension liability and annual pension expense 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 total pension liability at the June 30, 2018 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	3.0%
Projected Salary Increases	3.50% to 5.35% per year for general government employees

	3.50% to 4.75% per year for public safety employees
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020. The mortality tables are adjusted forward and/or back depending on the plan and the group covered.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 26,20,19,18 and 17 years and the asset valuation method used was the 5-year smoothed market.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the VRS for use in the last actuarial experience study for the four-year period ending June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined contribution rate from June 30, 2015, actuarial valuations, whichever was greater.

From July 1, 2018 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the County's Governmental Activities, Business-Type Activities, School Board C&M's proportionate share and the School Board Non-Professional Group's net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Governmental Activities proportionate share of the net pension liability	$309,921,734	$157,290,317	$38,549,312
Business-Type Activities proportionate share of the net pension liability	$20,864,197	$11,245,408	$2,595,173
School Board C&M proportionate share of the net pension liability	$31,782,499	$21,266,955	$3,953,235
School Board Non-Professional Group	$3,454,395	$2,661,005	$1,987,942
James River Juvenile Detention Center proportionate share of the net pension liability	$4,745,111	$2,421,571	$590,216

H. Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2019, the County's Governmental Activities, Business-Type Activities, School Board and JRJDC employee allocation, reported a net pension liability of $157,290,316, $11,245,408, $21,266,955 and $2,421,571 respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of $2,661,005. At June 30, 2019, the Governmental Activities, Business-Type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 84.38 percent, 5.68 percent, 1.29 percent and 8.65 percent, respectively. The County's Governmental Activities, Business-Type Activities, Schools C&M and JRJDC recognized pension expense of $10,422,318, $690,124, $595,259 and $13,537 respectively. The total pension expense for the County's Primary Government is $11,112,442. The School Board Non-Professional Group recognized pension expense of $25,998.

The County's Governmental Activities, Business-Type Activities, School Board and JRJDC reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

		Deferred Outflow of Resources		Deferred Inflow of Resources
Primary Government				
Governmental Activities				
Change in pension proportionate share allocation	$	2,585,225	$	41,778
Difference between expected and actual experience		-		10,607,855
Changes of assumptions		1,835,399		-
Difference between projected and actual earnings on pension plan investments		22,309,549		30,802,977
Pension contributions after the measurement date		28,477,541		-
Total	$	55,207,714	$	41,452,610
Business-Type Activities				
Change in pension proportionate share allocation	$	6,616	$	130,996
Difference between expected and actual experience		-		729,567
Changes of assumptions		126,365		-
Difference between projected and actual earnings on pension plan investments		1,552,497		2,115,636
Pension contributions after the measurement date		1,894,281		-
Total	$	3,579,759	$	2,976,199
Total Primary Government				
Change in pension proportionate share allocation	$	2,591,841	$	172,774
Difference between expected and actual experience		-		11,337,422
Changes of assumptions		1,961,764		-
Difference between projected and actual earnings on pension plan investments		23,862,046		32,918,613
Pension contributions after the measurement date		30,371,822		-
	$	58,787,473	$	44,428,809
Component Unit				
Schools C&M				
Change in pension proportionate share allocation	$	-	$	2,498,843
Difference between expected and actual experience		-		1,209,183
Changes of assumptions		207,868		-
Difference between projected and actual earnings on pension plan investments		2,772,387		3,452,813
Pension contributions after the measurement date		2,957,198		-
Total	$	5,937,453	$	7,160,839
Schools Non-Professional Group				
Difference between projected and actual earnings on pension plan investments	$	145,824	$	172,069
Pension contributions after the measurement date		156,828		-
Total	$	302,652	$	172,069
James River Juvenile Detention Center				
Change in pension proportionate share allocation	$	137,730	$	57,954
Difference between expected and actual experience		-		155,552
Changes of assumptions		26,348		-
Difference between projected and actual earnings on pension plan investments		334,587		445,379
Pension contributions after the measurement date		415,583		-
Total	$	914,248	$	658,885

The change in the proportionate share allocation, difference between expected and actual experience, changes of assumptions and difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

Year Ending June 30:	Governmental Activities	Business-Type Activities	Schools C&M	Schools Non-Professional Group	JRJDC
2020	$ (261,247)	$ (147,613)	$ (1,265,219)	$ 31,015	(3,067)
2021	(3,222,519)	(308,539)	(1,216,494)	2,893	(33,843)
2022	(10,403,125)	(778,319)	(1,613,185)	(55,956)	(110,520)
2023	(835,546)	(56,250)	(85,686)	(4,197)	(12,790)
	$ (14,722,437)	$ (1,290,721)	$ (4,180,584)	$ (26,245)	(160,220)

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

A. Plan Description

The School Board Teachers contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (the "VRS"), known as the Teacher Retirement Plan. All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local school employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members 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 (Plan 1 members) and 1.65% (Plan 2 members) 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 (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual 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 Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

VRS 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/publications/index.asp or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

VRS Plan 1 and VRS Plan 2 members are required by Title 51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The School Board Teachers Plan has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the School Board Teachers 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 (1950) and approved by the VRS Board of Trustees. Each school division's contractually required employer contribution rate for the year ended June 30, 2019, was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. The School Board Teacher's contributions to VRS for the years ending 2019, 2018, and 2017 were $44,057,330, $44,126,503 and $38,766,250, respectively, and are equal to the required contributions for each year.

C. Net Pension Liabilities and Pension Expense

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense and the fiduciary net position of the Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2019, the County's Component Unit, the School Board and JRJDC reported a net pension liability of $410,797,960 and $2,421,571, respectively. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018. The School Board's proportion of the net pension liability and pension expense related to the Teacher Retirement Plan was based on a projection of the School Board's long-term share of contributions to the Teacher Retirement Plan relative to the projected contributions of all participating employers. JRJDC's proportion of the net pension liability and pension expense related to the County's retirement plan was based on a projection of JRJDC's long-term share of contributions to the County's retirement plan relative to the projected contributions in the future.

The School Board net pension liability of $410,797,960 is made up of three groups of employees. The Teacher's net pension liability of $386,870,000, the School Board Non-Professional Group net pension liability of $2,661,005 and the School C&M net pension liability of $21,266,955. For the year ended June 30, 2019, the Teacher Retirement Plan, School Board Non-Professional Group and Schools C&M Group reported pension expense of $23,736,295, $25,998 and $595,259, respectively. The School Board's participation in the VRS cost-sharing plan was 3.29% as of June 30, 2019.

As of June 30, 2019, the School Board's net pension liability for the Teacher Retirement Plan is as follows:

Teachers	
Total pension liability	$1,531,316,408
Fiduciary net position	1,144,446,408
Net pension liability	$ 386,870,000
Schools Non-Professional Group	
Total pension liability	$ 8,056,298
Fiduciary net position	5,395,293
Net pension liability	$ 2,661,005
Schools C&M	
Total pension liability	$ 153,730,266
Fiduciary net position	132,463,311
Net pension liability	$ 21,266,955
Total Schools	
Total pension liability	$1,693,102,972
Fiduciary net position	1,282,305,012
Net pension liability	$ 410,797,960
Plan fiduciary net position as a percentage of the total pension liability	76%

D. Actuarial Assumptions

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 total pension liability, total fiduciary net position, net pension liability and annual pension expense 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 total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately .06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension liabilities.

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020. Mortality rates for pre-retirement are RP-2014 white collar employee rates to age 80, white collar healthy annuitant rates at ages 81 and older projected with scale BB to 2020. Mortality rates for post-retirement are RP-2014 white collar employee rates to age 49, white collar health annuitant rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65-70 and 2.0% increase compounded from ages 75 to 90. Mortality rates for post-disablement are RP-2014 disability mortality rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation, were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an update to a more current mortality table (RP-2014 projected to 2020), lowered retirement rates at older ages and change final retirement from 70 to 75, adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service, adjusted disability rates to better match experience and no changes to the salary scale.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for the four-year period ending June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2018 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the County's School Board's proportionate share of the net pension liability to changes in the discount rate.

The following presents the School Board's proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
School Board			
Teacher's proportionate share of the net pension liability	$ 590,953,000	$ 386,870,000	$ 217,945,000
School Board Non-Professional Group net pension liability	3,454,395	2,661,005	1,987,942
School Board C&M's proportionate share of the net pension liability	31,782,499	21,266,955	3,953,235
Total all Schools	$ 626,189,894	$ 410,797,960	$ 223,886,177

H. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board has recognized deferred outflows of resources of $47,171,356 resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. The School Board has recognized deferred outflows of resources of $28,549,586 resulting from the difference between projected and actual earnings on pension plan investments. The School Board has recognized deferred outflows of resources of $1,343,000 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2018. The School Board has recognized deferred outflows of resources resulting from changes of assumptions.

The School Board has recognized deferred inflows of resources of $37,468,237 resulting from the difference between projected and actual earnings on pension plan investments. The School Board has recognized deferred inflows of resources of $5,607,843 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2018. The School Board has recognized deferred inflows of resources of $34,183,489 resulting from the difference between expected and actual experience.

As of June 30, 2019, the School Board's deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources	
Teachers – employer contributions	$ 44,057,330
Teachers – difference in earnings	25,631,375
Teachers – proportionate share	2,382,000
Teachers – changes of assumptions	4,604,496
Schools Non-Professional Group – employer contributions	156,828
Schools Non-Professional Group – difference in earnings	145,824
Schools C&M – employer contributions	2,957,198
Schools C&M – changes of assumptions	207,868
Schools C&M – difference in earnings	2,772,387
Total Deferred Outflows of Resources	$82,915,306

Deferred Inflows of Resources	
Teachers – difference in earnings	$ 33,843,355
Teachers – proportionate share	3,109,000
Teachers – difference in experience	32,974,306
Schools Non-Professional Group – difference in earnings	172,069
Schools C&M – difference in earnings	3,452,813
Schools C&M – proportionate share	2,498,843
Schools C&M – difference in experience	1,209,183
Total Deferred Inflows of Resources	$77,259,569

These deferred outflows and deferred inflows resulting from the difference between projected and actual earnings, changes in the proportionate share allocation and the difference between expected and actual experience will be recognized in pension expense as follows:

School Board

Year Ending June 30:	Teachers	School Board Non-Professional Group	School Board C&M	Total
2020	$ (5,621,369)	$ 31,015	$ (1,265,219)	$ (6,855,573)
2021	(8,775,369)	2,893	(1,216,494)	(9,988,970)
2022	(16,597,670)	(55,956)	(1,613,185)	(18,266,811)
2023	(4,902,517)	(4,197)	(85,686)	(4,992,400)
Thereafter	(1,411,865)	-	-	(1,411,865)
	$ (37,308,790)	$ (26,245)	$ (4,180,584)	$ (41,515,619)

I. Employer Contributions

The County's Component Unit proportionate shares were calculated on the basis of historical employer contributions. Although GASB Statement No. 68 encourages the use of the projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions.

The employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations was based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2018. The County's Teacher portion was $42,535,000. The employer contributions of $42,535,000 are reported in the VRS Teacher Employee's Retirement Plan's Statement of Changes in Net Position per the System's separately issued financial statements.

NOTE 11. HEALTHCARE OPEB PLAN – SINGLE EMPLOYER

A. Plan Description

The County provides other postemployment healthcare benefits for retired employees through the County of Henrico Post Retirement Benefits Plan, a single-employer defined benefit OPEB plan ("Plan"). The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

As described in Note 2, 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 healthcare benefits other than pensions.

Healthcare Benefits

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. Benefits are provided through a third-party insurer.

Eligible retirees under the age of 65 and their dependents, can remain in the County' 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 former cap of 30 years of service has been removed. Therefore, all VRS service will be recognized for the supplement. Upon the death of a retiree, surviving spouses may elect to remain in the County's plan.

Membership

At June 30, 2019, membership for the postemployment healthcare benefits consisted of:

Retirees and beneficiaries	1,317
Active employees	10,523
Total participants	11,840

B. Funding Policy

The County currently contributes amounts to the Virginia Pooled OPEB Trust Fund for the postemployment healthcare benefits. The Board of the Trust Fund establishes rates based on an actuarially determined rate. Contributions are irrevocable and shall be dedicated to providing other post-employment benefits or to defray reasonable expenses of the Trust Fund. For the year ended June 30, 2019, the County's contribution to the OPEB Trust Fund was $2,750,000 and the average contribution rate was 1.32 percent of covered employee payroll.

C. Net OPEB Liability and OPEB Expense

For purposes of measuring the net postemployment healthcare OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense and the additions to/deductions from net fiduciary position have been determined on the same basis as they were reported as of June 30, 2019. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2019, the County's Governmental Activities, Business-Type Activities, School Board and JRJDC's employee allocation, reported a net postemployment healthcare OPEB liability of $12,828,343, $738,885, $12,328,175 and $140,751 respectively, for its proportionate share of the net pension liability. At June 30, 2019, the Governmental Activities, Business-Type Activities, School Board and JRJDC proportion of the County of Henrico was 49.27 percent, 2.84 percent, 47.35 percent and .54 percent, respectively.

For the year ended June 30, 2019, the County's Governmental Activities, Business-Type Activities, School Board and JRJDC recognized healthcare OPEB expense of ($201,431) $64,584, $1,419,133 and $13,108, respectively. For the year ended June 30, 2019, the County's Governmental Activities recognized line of duty OPEB expense of $2,166,675. The total OPEB expense for the County's Primary Government is $2,029,828.

As of June 30, 2019, the County's Primary Government net Healthcare OPEB liability is as follows:

Governmental Activities	
Total Healthcare OPEB liability	$ 46,604,175
Fiduciary net position	33,775,832
Net Healthcare OPEB liability	$ 12,828,343
Business-Type Activities	
Total Healthcare OPEB liability	$ 2,684,305
Fiduciary net position	1,945,420
Net Healthcare OPEB liability	$ 738,885
Total Primary Government	
Total Healthcare OPEB liability	$ 49,288,480
Fiduciary net position	35,721,252
Net Healthcare OPEB liability	$ 13,567,228
Plan fiduciary net position as a percentage of the total Healthcare OPEB liability	72%

As of June 30, 2019, the County's Component Unit net Healthcare OPEB liability is as follows:

Schools	
Total Healthcare OPEB liability	$ 44,787,110
Fiduciary net position	32,458,935
Net Healthcare OPEB liability	$ 12,328,175
JRJDC	
Total Healthcare OPEB liability	$ 511,334
Fiduciary net position	370,583
Net Healthcare OPEB liability	$ 140,751
Total Component Unit	
Total Healthcare OPEB liability	$ 45,298,444
Fiduciary net position	32,829,518
Net Healthcare OPEB liability	$ 12,468,926
Plan fiduciary net position as a percentage of the total net Group Life Insurance OPEB liability	72%

Change in the Net Healthcare OPEB Liability

Governmental Activities	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	$44,745,616	$31,098,859	$13,646,757
Changes for the year:			
Service cost	1,487,911	-	1,487,911
Interest	3,137,464	-	3,137,464
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	3,217,843	(3,217,843)
Contributions-employee	-	-	-
Net investment income	-	2,226,200	(2,226,200)
Benefit payments, including refunds of employee contributions	(1,313,667)	(1,313,667)	-
Administrative expense	-	(254)	254
Other changes	-	-	-
Net changes	3,311,708	4,130,122	(818,414)
Balances at June 30, 2019	48,057,324	35,228,981	12,828,343
Business-Type Activities			
Balances at June 30, 2018	2,393,315	1,663,389	729,926
Changes for the year:			
Service cost	154,943	-	154,943
Interest	167,814	-	167,814
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	194,738	(194,738)
Contributions-employee	-	-	-
Net investment income	-	119,073	(119,073)
Benefit payments, including refunds of employee contributions	(205,678)	(205,678)	-
Administrative expense	-	(13)	13
Other changes	-	-	-
Net changes	117,079	108,120	8,959
Balances at June 30, 2019	2,510,394	1,771,509	738,885
Total Primary Government			
Balances at June 30, 2018	47,138,931	$32,762,248	14,376,683
Changes for the year:			
Service cost	1,642,854	-	1,642,854
Interest	3,305,278	-	3,305,278
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	3,412,581	(3,412,581)
Contributions-employee	-	-	-
Net investment income	-	2,345,273	(2,345,273)
Benefit payments, including refunds of employee contributions	(1,519,345)	(1,519,345)	-
Administrative expense	-	(267)	267
Other changes	-	-	-
Net changes	3,428,787	4,238,242	(809,455)
Balances at June 30, 2019	50,567,718	37,000,490	13,567,228

Change in the Net Healthcare OPEB Liability

School Board	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2018	40,659,031	28,258,624	12,400,407
Changes for the year:			
Service cost	2,954,189	-	2,954,189
Interest	2,850,922	-	2,850,922
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	3,854,690	(3,854,690)
Contributions-employee	-	-	-
Net investment income	-	2,022,883	(2,022,883)
Benefit payments, including refunds of employee contributions	(2,917,809)	(2,917,809)	-
Administrative expense	-	(230)	230
Other changes	-	-	-
Net changes	2,887,302	2,959,534	(72,232)
Balances at June 30, 2019	43,546,333	31,218,158	12,328,175
James River Juvenile Detention Center			
Balances at June 30, 2018	452,520	314,508	138,012
Changes for the year:			
Service cost	30,192	-	30,192
Interest	31,730	-	31,730
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	36,672	(36,672)
Contributions-employee	-	-	-
Net investment income	-	22,514	(22,514)
Benefit payments, including refunds of employee contributions	(41,571)	(41,571)	-
Administrative expense	-	(3)	3
Other changes	-	-	-
Net changes	20,351	17,612	2,739
Balances at June 30, 2019	472,871	332,120	140,751
Total Component Unit			
Balances at June 30, 2018	41,111,551	28,573,132	12,538,419
Changes for the year:			
Service cost	2,984,381	-	2,984,381
Interest	2,882,652	-	2,882,652
Changes of assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions-employer	-	3,891,362	(3,891,362)
Contributions-employee	-	-	-
Net investment income	-	2,045,397	(2,045,397)
Benefit payments, including refunds of employee	(2,959,380)	(2,959,380)	-
Administrative expense	-	(233)	233
Other changes	-	-	-
	2,907,653	2,977,146	(69,493)
Balances at June 30, 2019	44,019,204	31,550,278	12,468,926

D. 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, 2018 actuarial valuation, which was used for the June 30, 2018 measurement date for postemployment healthcare benefits, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7 percent discount rate of return, salary increases of 2.5 percent annually and an annual healthcare cost trend rate of 8 percent trending down over the next twelve years to a rate of 5 percent for future years. The remaining closed amortization period at June 30, 2018, for the calculation of contributions, was 20 years. Experience gains or losses are amortized over the average working lifetime of all participants, which is 7 years for the current period. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5-year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. The County plans to continue to fund the OPEB Trust annually and has no plans to currently pay any benefits out of the OPEB Trust.

Mortality Rates

Mortality rates for the postemployment healthcare benefits are as follows:

Mortality rates – pre-commencement

County:
- RP-2014 Employee Mortality Table projected with Scale BB to 2020; then set back for 1 year for males and set back 1 year for females.

Schools:
- RP-2014 White Collar Employee Mortality Table projected with Scale BB to 2020.

Mortality rates – post-commencement

County:
- RP-2014 Healthy Annuitant Mortality Table projected with Scale BB to 2020; then set forward 1 year for males and set back 1 year for females. Females have 1.5% increase compounded from ages 70 to 85.

Schools:
- RP-2014 White Collar Healthy Annuitant Mortality Table projected with Scale BB to 2020; then set back 3 years for females. Males have 1% increase compounded from ages 70 to 90. Females have 1.5% increase compounded from ages 65 to 75 and 2% increase compounded from ages 75 to 90.

Mortality rates – post – disablement

County:
- RP-2014 Disabled Mortality Table projected with Scale BB to 2020; males 115% of rates, females 130% of rates.

Schools:
- RP-2014 Disabled Mortality Table projected with Scale BB to 2020; males and females 115% of rates.

E. Long-Term Expected Rate of Return

Investment policy

The Board of the Trust Fund has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board monitors and evaluates the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as of June 30, 2018:

Asset Class	Target Allocation
Domestic equity	36%
Fixed Income	21%
Foreign equity	18%
Diversified hedge funds	10%
Real assets	10%
Private equity	5%
Total	100%

For the year ended June 30, 2019, the long-term expected rate of return on postemployment Healthcare plan investments was determined using the annual money-weighted rate of return on investments, net of investment expenses which was 9.52 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The capital market assumptions use the building block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic and are used as inputs for the mode to arrive at the median returns for the portfolio, which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. The County's best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Domestic Equity	36.00%	8.16%	2.94%
Fixed Income	21.00%	2.92%	0.61%
Foreign Equity	18.00%	9.16%	1.65%
Diversified hedge funds	10.00%	5.29%	0.53%
Real Assets	10.00%	5.04%	0.50%
Private Equity	5.00%	10.16%	0.51%
Total	100.00%		6.74%
	Inflation		3.00%
	* Expected arithmetic nominal return		9.74%

F. Discount Rate

The discount rate used to measure the total Healthcare OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made equal to the actuarially determined contribution rates. Based on those assumptions, the Healthcare OPEB plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

G. Sensitivity of the net Healthcare OPEB liability to changes in the discount rate

The following presents the County's Governmental Activities, Business-Type Activities and School Board proportionate share and JRJDC's net Healthcare OPEB liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net Healthcare OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Healthcare OPEB			
Governmental Activities proportionate share of the net OPEB liabilty	$ 17,969,939	$ 12,828,343	$ 8,418,213
Business-Type Activities proportionate share of the net OPEB liability	$ 1,017,164	$ 738,885	$ 497,224
School Board proportionate share of the net OPEB liability	$ 17,231,388	$ 12,328,175	$ 8,059,212
James River Juvenile Detention Center proportionate share of the net OPEB liabilty	$ 196,603	$ 140,751	$ 92,151

H. Sensitivity of the net Healthcare OPEB liability to changes in the healthcare cost trend rate

The following presents the County's Governmental Activities, Business-Type Activities and School Board proportionate share and JRJDC's net Healthcare OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease 7% deceasing to 4% over 12 years	Current Rate 8% decreasing to 5% over 12 years	1% Increase 9% decreasnig to 6% over 12 years
Healthcare OPEB			
Governmental Activities proportionate share of the net OPEB liabilty	$ 9,425,159	$ 12,828,343	$ 16,829,037
Business-Type Activities proportionate share of the net OPEB liability	$ 546,681	$ 738,885	$ 961,189
School Board proportionate share of the net OPEB liability	$ 7,162,171	$ 12,328,175	$ 18,484,072
James River Juvenile Detention Center proportionate share of the net OPEB liabilty	$ 99,667	$ 140,751	$ 187,956

I. Deferred Outflows and Inflows of Resources Related to Healthcare OPEB

The County's Governmental Activities, Business-Type Activities, School Board and JRJDC reported deferred outflow of resources and deferred inflow of resources related to healthcare OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Primary Government		
Governmental Activities		
Difference between expected and actual experience	$ -	$ 10,215,143
Changes of assumptions	-	2,057,085
Difference between projected and actual earnings on opeb plan investments		439,244
Total	$ -	$ 12,711,472
Business-Type Activities		
Difference between expected and actual experience	$ -	$ 546,379
Changes of assumptions	-	110,027
Difference between projected and actual earnings on opeb plan investments	-	23,495
Total	$ -	$ 679,901
Total Primary Government		
Difference between expected and actual experience	$ -	$ 10,761,522
Changes of assumptions	-	2,167,112
Difference between projected and actual earnings on opeb plan investments	-	462,739
Total	$ -	$ 13,391,373
Component Units		
School Board		
Difference between expected and actual experience	$ -	$ 9,282,201
Changes of assumptions	-	1,869,213
Difference between projected and actual earnings on opeb plan investments	-	399,127
Total	$ -	$ 11,550,541
JRJDC		
Difference between expected and actual experience	$ -	$ 103,307
Changes of assumptions	-	20,803
Difference between projected and actual earnings on opeb plan investments	-	4,443
Total	$ -	$ 128,553
Total Component Unit		
Difference between expected and actual experience	$ -	$ 9,385,508
Changes of assumptions	-	1,890,016
Difference between projected and actual earnings on opeb plan investments	-	403,570
Total	$ -	$ 11,679,094

The change in the difference between expected and actual experience, changes of assumptions and difference between projected and actual earnings on OPEB plan investments will be recognized in healthcare OPEB expense as follows:

Year Ending June 30	Governmental Activities	Business-Type Activities	School Board	JRJDC
2020	$ (2,600,860)	$ (139,113)	$ (2,363,325)	$ (26,303)
2021	(2,600,860)	(139,113)	(2,363,325)	(26,303)
2022	(2,600,860)	(139,113)	(2,363,325)	(26,303)
2023	(2,454,446)	(131,281)	(2,230,283)	(24,822)
Thereafter	(2,454,446)	(131,281)	(2,230,283)	(24,822)
	$ (12,711,472)	$ (679,901)	$ (11,550,541)	$ (128,553)

NOTE 12. LINE OF DUTY OPEB PLAN – SINGLE EMPLOYER

A. Line of Duty OPEB Plan Benefits

The County provides death and disability benefits for public safety officers or their beneficiaries due to death or disability resulting from the performance of duties. The County provides a one-time death benefit to a beneficiary in the amount of $100,000 for death due to unnatural causes and $25,000 for death due to specified work-related illnesses. The County provides health insurance coverage for a permanently disabled officer, spouse and dependent children.

At June 30, 2018, membership for the postemployment line of duty benefits consisted of:

Active employees	1,686
Disabled and surviving spouses	51
Total participants	1,737

B. Funding Policy

The Line of Duty plan is not administered through a trust or equivalent arrangement and is funded on a pay-as-you-go basis and therefore the plan has no fiduciary net position and the County reports the total OPEB liability on its Statement of Net Position as of the measurement date.

C. OPEB Liability and OPEB Expense

The County's Governmental Activities reported a total line of duty OPEB liability of $27,968,739 and OPEB expense of $2,166,675 at June 30, 2019.

Change in the Net Line of Duty OPEB Liability

Governmental Activities		Total OPEB Liability
Balances at June 30, 2018	$	26,601,470
Changes for the year:		
Service cost		1,357,325
Interest		809,350
Contributions-employer		(799,406)
Benefit payments, including refunds of employee contributions		-
Net changes		1,367,269
Balances at June 30, 2019	$	27,968,739

D. Actuarial Assumptions

In the June 30, 2018 actuarial valuation for postemployment line of duty benefits, which was used for the June 30, 2019 measurement date, the Entry Age Normal Actuarial Cost Method was used with attribution to the event that caused the death or disability. The actuarial assumptions included an inflation rate of 3 percent, a 2.98 percent discount rate, and salary increases of 3 percent annually. Medical health care assumptions of 8 percent trending down to a rate of 5 percent over the next twelve years based on a closed group and 5 percent per annum for dental health care assumptions. No provision is made for future hires.

Mortality rates for the line of duty benefits are as follows:

Mortality rates – pre-commencement
- RP-2014 Employee Mortality Table projected with Scale BB to 2020; then set back 1 year for males and setback 1 year for females.

Mortality rates – post -commencement
- RP-2014 Healthy Annuitant Mortality Table projected with Scale BB to 2020; then set forward 1 year for males and set back 1 year for females. Females have 1.5% increase compounded from ages 70 to 85.

Mortality rates – post - disablement
- RP-2014 Disabled Mortality Table projected with Scale BB to 2020; males 115% of rates, females 130% of rates.

E. Discount Rate

The discount rate of 2.98% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2018.

F. Sensitivity of the Line of Duty OPEB liability to changes in the discount rate

The following presents the County's Line of Duty OPEB liability calculated using the discount rate of 2.98 percent, as well as what the Line of Duty OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.98 percent) or 1- percentage point higher (3.98 percent) than the current rate:

	1% Decrease (1.98%)	Discount Rate (2.98%)	1% Increase (3.98%)
Line of Duty OPEB			
Governemntal acivities - OPEB liability	$32,427,691	$27,968,739	$24,406,716

G. Sensitivity of the Line of Duty OPEB liability to changes in the healthcare cost trend rate

The following presents the County's Line of Duty OPEB liability calculated using the healthcare cost trend rate, as well as what the Line of Duty OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	1% Decrease 7% decreasing to 4% over 12 years	Current 8% decreasing to 5% over 12 years	1% Increase 9 decreasing to % over 12 years
Line of Duty OPEB			
Governemental acivities - OPEB liability	$23,647,603	$27,968,739	$33,467,447

NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – VRS GROUP LIFE INSURANCE PROGRAM

A. Plan Description

The County participates in the VRS Group Life Insurance Program, a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, salaried permanent employees of the County are automatically covered the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System). In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. The Optional Group Life Insurance Program is a separate and fully insured program and is not included as part of the Group Life Insurance Program OPEB.

The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect to participate in the program. Basic group life insurance coverage is automatic upon employment. Group life insurance coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

The benefits payable under the Group Life Insurance Program have several components.

- Natural Death Benefit – the natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides, under specific circumstances, accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits and accelerated death benefit options.

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

The contribution requirements for the Group Life Insurance Program are governed by Title 51.1 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Governmental Activities contributions to the Group Life Insurance Program for the VRS for the years ending June 30, 2019 and 2018 were $1,504,688 and $1,454,767, respectively, and are equal to the required contributions for each year. Business-Type Activities contributions to the Group Life Insurance Program for the VRS for the years ended June 30, 2019 and 2018 were $73,840 and $71,947, respectively, and are equal to the required contributions for each fiscal year. School Board contributions to the Group Life Insurance Program for the VRS for the years ended June 30, 2019 and 2018 were $1,579,290 and $1,524,612, respectively, and are equal to the required contributions for each fiscal year. JRJDC contributions to the Group Life Insurance Program for the VRS for the years ended June 30, 2019 and 2018 were $16,240 and $16,388 respectively, and are equal to the required contributions for each fiscal year.

C. Net OPEB Liabilities and OPEB Expense

For purposes of measuring the net Group Life Insurance OPEB liability, deferred outflows and deferred inflows of resources related to Group Life Insurance OPEB, Group Life Insurance OPEB expense and the fiduciary net position of the VRS Group Life Insurance Plan and the additions to/deductions from the VRS Group Life Insurance Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2019, the County's Governmental Activities, Business-Type Activities, School Board and JRJDC reported a net Group Life Insurance OPEB liability of $16,449,312, $1,126,760, $23,634,409 and $234,519 respectively. The net Group Life Insurance OPEB liability was measured as of June 30, 2018, and the total Group Life Insurance OPEB liability used to calculate the net Group Life Insurance OPEB liability was determined by an actuarial valuation as of June 30, 2017, and rolled forward to the measurement date of June 30, 2018. The County's Governmental Activities and Business-Type Activities proportion of the net Group Life Insurance OPEB liability and Group Life Insurance OPEB expense related to the County's Group Life Insurance plan was based on a projection of long-term share of contributions to the County's Group Life Insurance plan relative to the projected contributions in the future.

As of June 30, 2019, the County's Primary Government net Group Life Insurance OPEB liability is as follows:

Governmental Activities	
Total Group Life Insurance OPEB liability	$ 34,062,796
Fiduciary net position	17,613,484
Net Group Life Insurance OPEB liability	$ 16,449,312
Business-Type Activities	
Total Group Life Insurance OPEB liability	$ 2,331,048
Fiduciary net position	1,204,288
Net Group Life Insurance OPEB liability	$ 1,126,760
Total Primary Government	
Total Group Life Insurance OPEB liability	$ 36,393,844
Fiduciary net position	18,817,772
Net Group Life Insurance OPEB liability	$ 17,576,072
Plan fiduciary net position as a percentage of the total Group Life Insurance OPEB liability	52%

The School Board's proportion of the net Group Life Insurance OPEB liability and Group Life Insurance OPEB expense related to the VRS Group Life Insurance Program was based on a projection of the School Board's long-term share of contributions to the VRS Group Life Insurance Program relative to the projected contributions of all participating employers. JRJDC's proportion of the net Group Life Insurance OPEB liability and Group Life Insurance OPEB expense related to the County's Group Life Insurance plan was based on a projection of JRJDC's long-term share of contributions to the County's Group Life Insurance plan relative to the projected contributions in the future.

The School Board net Group Life Insurance OPEB liability of $23,634,409 is made up of three groups of employees. The Teacher's net Group Life Insurance OPEB liability of $21,416,000, the School Board Non-Professional Group net Group Life Insurance OPEB liability of $59,000 and the School C&M net Group Life Insurance OPEB liability of $2,159,409. The School C&M proportion of the net Group Life Insurance OPEB liability and expense was based on the School C&M employer contributions as a percentage of the total employer contributions of $1,296,000 as of the measurement date of June 30, 2018. For the year ended June 30, 2019, the School Board C&M proportion share allocation was 10.73 percent. For the year ended June 30, 2019, the Teacher Plan, School Board Non-Professional Group and Schools C&M Group reported Group Life Insurance OPEB expense of $140,000, $4,000 and $15,457, respectively. The School Board's participation in the VRS cost-sharing plan for the Teacher Plan and School Board Non-Professional Group was 1.41% and .0038%, respectively as of June 30, 2019.

As of June 30, 2019, the School Board's net Group Life Insurance OPEB liability is as follows:

Teachers	
Total Group Life Insurance OPEB liability	$ 43,905,000
Fiduciary net position	22,489,000
Net Group Life Insurance OPEB liability	$ 21,416,000

Schools Non-Professional Group		
Total Group Life Insurance OPEB liability	$	121,000
Fiduciary net position		62,000
Net Group Life Insurance OPEB liability	$	59,000
Schools C&M		
Total Group Life Insurance OPEB liability	$	4,394,432
Fiduciary net position		2,235,023
Net Group Life Insurance OPEB liability	$	2,159,409
Total Schools		
Total Group Life Insurance OPEB liability	$	48,420,432
Fiduciary net position		24,786,023
Net Group Life Insurance OPEB liability	$	23,634,409
Plan fiduciary net position as a percentage of the total net Group Life Insurance OPEB liability		51%

JRJDC's proportion of the net Group Life Insurance OPEB liability and expense was based on JRJDC's employer contributions as a percentage of the total employer contributions of $1,296,000 as of the measurement date of June 30, 2018. At June 30, 2018, JRJDC's proportion share was 1.26 percent. For the year ended June 30, 2019, JRJDC reported Group Life Insurance OPEB expense of $1,821.

D. Actuarial Assumptions

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 total OPEB liability, total fiduciary net position, net OPEB liability and annual OPEB expense 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 total OPEB liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Discount Rate	7.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year – Teachers
Projected Salary Increases	3.50% to 5.35% per year – Locality – General Employees
Projected Salary Increases	3.50% to 4.75% per year – Locality – Hazardous Duty Employees
Investment Rate of Return	7.0% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately .06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purpose of slightly more than the assumed 7.0 percent. However, since the difference was minimal, and a more conservative 7.0 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0 percent to simplify preparation of pension liabilities.

Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020. Mortality rates for pre-retirement are RP-2014 white collar employee rates to age 80, white collar healthy annuitant rates at ages 81 and older projected with scale BB to 2020. Mortality rates for post-retirement are RP-2014 white collar employee rates to age 49, white collar health annuitant rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65-70 and 2.0% increase compounded from ages 75 to 90. Mortality rates for post-disablement are RP-2014 disability mortality rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an update to a more current mortality table (RP-2014 projected to 2020), lowered retirement rates at older ages and changed the final retirement from 70 to 75, adjusted withdrawal rates to better fit experience at each year of age and service through 9 years of service, adjusted disability rates to better match experience and no changes to the salary scale.

E. Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for the four-year period ending June 30, 2016, are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the County's Governmental Activities, Business-Type Activities and Component Unit proportionate share of the net Group Life Insurance OPEB liability to changes in the discount rate.

The following presents the County's Governmental Activities, Business-Type Activities, School Board and JRJDC's proportionate share of the net Group Life Insurance OPEB liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net Group Life Insurance OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Primary Government			
Governmental Activities proportionate share of the net group life insurance opeb liability	$ 21,517,785	$ 16,449,312	$ 12,362,545
Business-Type Activities proportionate share of the net group life insurance opeb liability	1,448,820	1,126,760	832,386
Total Primary Government	$ 22,966,605	$ 17,576,072	$ 13,194,931
School Board			
Teacher's proportionate share of the net group life insurance opeb liability	$ 27,988,000	$ 21,416,000	$ 16,080,000
School Board Non-Professional Group net group life insurance opeb liability	77,000	59,000	44,000
School Board C&M's proportionate share of the net group life insurance opeb liability	2,801,385	2,159,409	1,609,470
Total all Schools	$ 30,866,385	$ 23,634,409	$ 17,733,470
James River Juvenile Detention Center			
James River Juvenile Detention Center proportionate share of the net group life insurance opeb liability	$ 330,010	$ 234,519	$ 189,599

H. Deferred Outflows and Inflows of Resources Related to Group Life Insurance OPEB

The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred outflows of resources of $1,504,688, $73,840, $1,579,290 and $16,240, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net Group Life Insurance OPEB liability in the fiscal year ending June 30, 2019. The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred outflows of resources of $124,106, $8,500, $28,959 and $1,769 respectively, resulting from changes in proportionate share. The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred outflows of resources of $804,711, $54,182, $1,154,815 and $12,342 respectively, resulting from the difference between expected and actual experience.

The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred inflows of resources of $297,946, $20,409, $422,824 and $4,248 respectively, resulting from the difference between expected and actual experience. The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred inflows of resources of $535,475, $36,597, $771,491 and $7,711 respectively, resulting from the difference between projected and actual earnings on pension plan investments. The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred inflows of resources of $664,893, $45,544, $986,239 and $9,480 respectively, resulting from changes of assumptions. The County's Governmental Activities, Business-Type Activities, School Board and JRJDC have recognized deferred inflows of resources of $162,426, $10,937, $96,146 and $2,491 respectively, resulting from changes in proportionate share.

As of June 30, 2019, the County's Primary Government deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources	
Governmental Activities – employer contributions	$ 1,504,688
Governmental Activities – proportionate share	124,106
Governmental Activities – difference in experience	804,711
Business-Type Activities – employer contributions	73,840
Business-Type Activities – proportionate share	8,500
Business-Type Activities – difference in experience	54,182
Total Deferred Outflows of Resources	$2,570,027
Deferred Inflows of Resources	
Governmental Activities – difference in experience	$ 297,946
Governmental Activities – difference in earnings	535,475
Governmental Activities – change of assumptions	664,893
Governmental Activities – proportionate share	162,426
Business-Type Activities – difference in experience	20,409
Business-Type Activities – difference in earnings	36,597
Business-Type Activities – change of assumptions	45,544
Business-Type Activities – proportionate share	10,937
Total Deferred Inflows of Resources	$1,774,227

These deferred outflows and deferred inflows will be recognized in OPEB expense as follows:

Year Ending June 30:		Governmental Activities		Business-Type Activities		Total Primary Government
2020	$	(265,623)	$	(18,286)	$	(283,909)
2021		(265,623)		(18,286)		(283,909)
2022		(265,623)		(18,286)		(283,909)
2023		(56,625)		(4,033)		(60,658)
Thereafter		121,571		8,086		129,657
	$	(731,923)	$	(50,805)	$	(782,728)

As of June 30, 2019, the School Board's deferred outflows and inflows of resources are as follows:

Deferred Outflows of Resources		
Teachers – employer contributions	$	1,432,906
Teachers – difference in experience		1,047,050
Teachers – proportionate share		12,667
Schools Non-Professional Group – employer contributions		3,336
Schools Non-Professional Group – difference in experience		3,000
Schools C&M – employer contributions		143,048
Schools C&M – difference in experience		104,765
Schools C&M – proportionate share		16,292
Total Deferred Outflows of Resources		$2,763,064
Deferred Inflows of Resources		
Teachers – difference in experience	$	382,894
Teachers – difference in earnings		699,274
Teachers – change of assumptions		896,273
Teachers – proportionate share		75,000
Schools Non-Professional Group – difference in experience		817
Schools Non-Professional Group – difference in earnings		2,000
Schools Non-Professional Group – change of assumptions		2,683
Schools C&M – difference in experience		39,113
Schools C&M – difference in earnings		70,217
Schools C&M – change of assumptions		87,283
Schools C&M – proportionate share		21,146
Total Deferred Inflows of Resources		$2,276,700

These deferred outflows and deferred inflows will be recognized in OPEB expense as follows:

Year Ending June 30:		Teachers		School Board Non-Professional Group		School Board C&M	Total
2020	$	(338,829)	$	(567)	$	(34,954)	(374,350)
2021		(338,829)		(567)		(34,954)	(374,350)
2022		(338,829)		(567)		(34,954)	(374,350)
2023		(114,829)		(567)		(7,577)	(122,973)
2024		63,615		(442)		15,737	78,910
Thereafter		73,977		210		-	74,187
	$	(993,724)	$	(2,500)	$	(96,702)	(1,092,926)

Year Ending June 30:		James River Juvenile Detention Center
2020	$	(3,704)
2021		(3,704)
2022		(3,704)
2023		(666)
Thereafter		1,959
	$	(9,819)

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM

A. Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit (HIC)Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500

The specific information for the Teacher Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

Eligible Employees
The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include:
- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
- <u>**At Retirement**</u> – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- <u>**Disability Retirement**</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  - \$4.00 per month, multiplied by twice the amount of service credit, or
  - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

Health Insurance Credit Program Notes:
- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

B. <u>Funding Policy</u>

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the

VRS Teacher Employee Health Insurance Credit Program were $3,332,252 and $3,277,406 for the years ended June 30, 2019 and June 30, 2018, respectively.

The employer contributions used in the determination of employers' proportionate shares of collective other post-employment benefit amounts reported in the schedule of employer allocations was based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2018. This total was $3,276,903. The employer contributions of $3,276,903 reported in the VRS Teacher HIC OPEB Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount.

C. Teacher Employee Health Insurance Credit Program OPEB Liabilities and OPEB Expense

At June 30, 2019, the school division reported a net health insurance credit OPEB liability of $41,825,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2018 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2018, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 3.29% as compared to 3.28% at June 30, 2017.

For the year ended June 30, 2019, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $3,394,000. Since there was a change in proportionate share between June 30, 2017 and June 30, 2018, a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

The net OPEB liability for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2018, net OPEB liability amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows:

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$ 45,503,000
Plan Fiduciary Net Position	3,678,000
Teacher Employee net HIC OPEB Liability	$ 41,825,000
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.08%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

D. Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2017, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018.

- Inflation - 2.5 percent

- Salary increases, including inflation – Teacher Employees 3.5 percent – 5.95 percent

- Investment rate of return - 7.0 percent, net of plan investment expenses, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

- RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

- RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

- RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2017 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

E. Long-Term Expected Rate of Return

The long-term expected rate of return on VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2018, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

G. Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Teacher's proportionate share of the net HIC OPEB liability	$46,715,000	$41,825,000	$37,666,000

H. Deferred Inflows and Outflows of Resources Related to HIC OPEB

At June 30, 2019, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between projected and actual earnings on opeb plan investments	$ 25,250	$ 56,250
Changes of assumptions	-	386,500
Changes in proportionate share	118,000	170,250
Difference between expected and actual experience	-	207,000
Employer contributions subsequent to the measurement date	3,332,252	-
Total	$ 3,475,502	$ 820,000

The Henrico Teacher Plan reported $3,332,252 as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ending June 30:	
2020	$ (102,910)
2021	(102,910)
2022	(102,910)
2023	(124,243)
2024	(194,555)
Thereafter	(49,222)
	$ (676,750)

NOTE 15. 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 the last 10 years of employment with Henrico County Public Schools and at least 16 years of coverage under the Virginia Retirement System. 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 20 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 28 days per year. The total maximum days worked is limited to 196 days over a 7-year period. During the fiscal year ended June 30, 2019, an expenditure of $5,485 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

NOTE 16. 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 also has a receivable due from Belmont Park Golf Course for $142,047 for a loan. The Water and Sewer Fund has a receivable due from the Capital Projects Fund for a loan. The Health Care Fund has a receivable due from each of the funds listed below for health care contributions due as of June 30, 2019.

Receivables and payables balances at June 30, 2019, were as follows:

	Receivables	Payables
General Fund	$ 1,719,400	$ 557,534
Special Revenue Fund	-	117,315
Water and Sewer Fund	2,565,064	48,039
Capital Projects Fund	-	2,565,064
Belmont Park Golf Course	-	1,350,292
Central Automotive Maintenance	-	383,009
Health Care Fund	736,789	-
	$ 5,021,253	$ 5,021,253

The General Fund has a receivable due from JRJDC for operating expenses paid by the General Fund. The Capital Projects Fund has a payable to Schools for a loan.

Component unit receivables and payables balances at June 30, 2019, were as follows:

	Receivables	Payables
General Fund – School Board	$	$ 102,335
Special Revenue Fund – School Board	-	3,687
JRJDC	-	10,668
Health Care Fund	116,690	-
	$ 116,690	$ 116,690

NOTE 17. 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, 2019 were as follows:

	Transfers Out	Transfers In
Governmental Funds:		
General Fund	$ 161,743,816	$ -
Special Revenue Fund	-	29,039,697
Debt Service Fund	-	63,468,451
Capital Projects Fund	-	69,235,668
	$ 161,743,816	$161,743,816

NOTE 18. RELATED-PARTY TRANSACTIONS

During fiscal year 2019, the County contributed $1,455,054 to the Economic Development Authority of Henrico County, Virginia, to foster economic development within the County, and the County received $267,605 from the Capital Region Airport Commission for water and sewer services.

NOTE 19. UNEARNED REVENUES

Unearned 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. Unearned revenue related to the County's governmental funds and the School Board component unit, including advance property tax collections, totaling $43,284,386 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, 2019 totaled $2,260,831 and $17,383,295 in the Special Revenue Funds for the County and the School Board respectively.

B. Unearned Tax Revenue

Unearned revenue representing uncollected tax billings not available for funding of current expenditures totaled $4,154,484 at June 30, 2019.

C. Advance Property Tax Collections

Property taxes due subsequent to June 30, 2019, but paid in advance by the taxpayers, totaled $18,392,311 at June 30, 2019.

D. Other Unearned Revenue

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2019. The County recorded $193,465 in the General Fund for monies received in advance of expenditures being made as of June 30, 2019. The County recorded $900,000 in the Capital Projects Fund for unearned project revenues. Unearned grant revenues for the Schools Special Revenue Fund totaled $139,807 for USDA donated food inventory on hand at June 30, 2019.

Also, the Water and Sewer Revenue Fund recorded unearned revenue in the amount of $16,202,885, which consists of an advance payment from a customer of $7,161,398 for water capacity and amounts held for contractors of $9,041,487.

NOTE 20. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2019:

Constitutional Officers - Self-Insurance Plan, Commonwealth of Virginia

Heidi S. Barshinger – Clerk of the Circuit Court and Employees of the Clerk of the Circuit Court	$ 1,120,000
Ned Smither – 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

John Vithoulkas – County Manager	$	100,000
John H. Neal – Director of Department of General Services	$	100,000
Randall R. Silber – Deputy County Manager	$	100,000
W. Brandon Hinton – Deputy County Manager	$	100,000
Timothy A. Foster – Deputy County Manager	$	100,000
Anthony E. McDowell – Deputy County Manager	$	100,000
Ty Parr– 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 Clerk	$	10,000
Cathy Harris – School Board Deputy Clerk	$	10,000
Dr. Amy E. Cashwell – School Superintendent and Deputy Agent	$	10,000
Chris Sorenson – School Board Agent	$	10,000

NOTE 21. JOINT VENTURES

A. The Capital Region Airport Commission

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

The 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 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 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 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 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. There was no deficit at the airport for the County to fund at June 30, 2019.

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	9.12%
	100.00%

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 Capital Region Airport Commission can be obtained from its 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, 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 $13,959,448 for transient occupancy tax to the Convention Authority during the year ended June 30, 2019.

Complete financial statements for the Convention Authority can be obtained from the Chesterfield County Accounting Department, P.O. Box 40, Chesterfield, VA 23832.

NOTE 22. 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. A balance of $3,487,814 has been reported as landfill closure and post-closure care liability in the County's financial statements at June 30, 2019. This balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase, Phase I, Phase II, Phase III and Phase IV. The Springfield Landfill is now closed for post-closure costs. This amount includes closure for the transfer station at the Springfield site. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. 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 received a final sanitary landfill certification of full closure on November 2, 2016. The post-closure period begins on this certification date. The transfer station remains in operation.

NOTE 23. SPECIAL ASSESSMENT

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 a 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 the 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, or the SWOV Authority, or any political subdivision thereof, including the County, is pledged to the payment of principal or interest on the Bonds.

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 2016 was $1,480,000. The County paid $740,000 on August 15, 2016 and February 10, 2017. As of June 30, 2017, the County paid all special assessments that were due to the SWOV District. On March 1, 2017, the remaining $3,690,000 in outstanding bonds were redeemed and $97,785 of interest was paid from the Debt Service Reserve Fund. The County paid $1,368,000 to the White Oak Developer which was the refund of an initial special assessment payment made by the White Oak Developer to the County.

NOTE 24. 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 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, 2019 was $2,943,115.

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 $385,000 for the year ended June 30, 2019.

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 $2,938,514 to RMCVB for the year ended June 30, 2019.

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 $209,622 for the year ended June 30, 2019.

NOTE 25. TAX ABATEMENTS

The Real Estate Assessment Division administers a countywide Partial Real Estate Tax Credit program for qualifying rehabilitated or renovated multifamily, commercial/industrial, and hotel/motel properties to enhance structures with the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Multifamily residential rental real estate, commercial, industrial, hotel and motel real estate shall be deemed to be substantially rehabilitated when the structure, which is at least 26 years old and no more than 39 years old, has been so improved as to increase the assessed value of the structure by no less than 50 percent, but without increasing the total footage of such structure by more than 100 percent. As a requisite for qualifying for the partial tax exemption, the owner of the structure shall, prior to or simultaneously with making application for a building permit to rehabilitate such structure, file with the Director of Finance, an application to qualify such structure as a rehabilitated structure. Upon receipt of an application for tax exemption, the Director of Finance shall determine a base fair market value assessment (base value) of the structure prior to commencement of rehabilitation. The tax assessment of the improvements located upon the qualifying real estate shall be considered in determining the base value. The base value shall serve as a basis for determining whether the rehabilitation increases the assessed value of such structure by at least 50 percent. A total of 26 commercial property owners have received $236,288 in tax credits in 2019.

The Real Estate Assessment Division also administers a "Reinvest" residential rehabilitation program, initiated January 1, 2010, for qualifying rehabilitated residential property to enhance homes within the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Reinvest is a partial tax exemption program for residential real estate (excluding multifamily rental units). This residential rehabilitation program encourages rehabilitation, renovation, or replacement of qualifying structures through a property tax incentive. It is designed to protect and preserve mature and settled neighborhoods. By improving the condition and appearance of these properties, Henrico County will continue to be an appealing place for existing and future homeowners to invest. In order to qualify for the Reinvest Program, the home must be a minimum of 40 years old with a maximum assessed value of $250,000. Any improvement, renovation or addition must increase the base structure value (meaning the structure only, not including the property) by a minimum of 20 percent, and may not increase the original square footage of the structure by more than 100 percent. The added assessed value of the improvement, renovation or addition will be tax-free for seven years. A total of 139 properties have been completed with a total tax credit of $87,068 as of June 30, 2019.

The County's Economic Development Authority (the "Authority") and 1420 N Parham Road, LC (the "Company") entered into an agreement on November 18, 2016, to provide economic development incentives to assist in the redevelopment of the property known as Regency Square Mall (the "Site"). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, and it wishes to stimulate investment in the County to provide economic growth and development opportunities. The redevelopment of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to construct road improvements adjacent to the Site. The Company invested approximately $45 million into the redevelopment of the Site, including $7.3 million dollars in road improvements. Tax revenues from the Site in the 10 years following the completion of the road project are expected to exceed $15 million. The road project was completed in 2018. The Authority will pay grants to the Company in the amount equal to the tax revenue up to an aggregate maximum of $7.3 million, beginning January 1, 2018 through December 2023. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2018, for the tax period January 1 through June 30, 2018. The grant payment date of March 30, 2019 is for the tax period July 1 through December 2018.

The County's Economic Development Authority (the "Authority") and Midtown Land Partners LLC (the "Company") entered into an agreement on June 18, 2018, to provide economic development incentives to assist in the Company in development of a portion of the property known as Libbie Mill – Midtown (the "Site"). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, and it wishes to stimulate investment in the County to provide economic growth and development opportunities. The development of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to build a parking facility in the construction of additional office and retail space. The Company will invest approximately $47 million into the development of the Site, including $7.4 million to construct the parking facility. Tax revenues from the Site in the 10 years following the completion of the parking facility and office and retail space will be approximately $5.9 million. The County expects the project to be completed in 2020. The Authority will pay grants to the Company in the amount equal to the tax revenue up to an aggregate maximum of $5 million, beginning September 30, 2020 through March 30, 2030. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2020, for the tax period January 1 through June 30, 2020. The grant payment date of March 30, 2021 is for the tax period July 1 through December 2020.

NOTE 26. SUBSEQUENT EVENTS

On October 9, 2019, the County issued General Obligation Public Improvement Bonds, Series 2019 in the aggregate principal amount of $105,115,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, recreation and parks facilities and roads in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1st in each of the years 2021 through 2039. The interest ranges from 3 percent to 5 percent.

REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS

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	$ 332,035,000	$ 332,035,000	$ 345,630,668	$ 13,595,668
Current personal property taxes	87,113,217	87,113,217	82,744,894	(4,368,323)
Delinquent real property taxes	4,000,000	4,000,000	6,739,789	2,739,789
Delinquent personal property taxes	1,200,000	1,200,000	11,687,035	10,487,035
Interest	275,000	275,000	667,009	392,009
Land redemption				-
Total general property taxes	424,623,217	424,623,217	447,469,395	22,846,178
Other local taxes:				
County recordation taxes	3,750,000	3,750,000	4,438,247	688,247
Local sales and use taxes	67,000,000	67,200,000	68,774,566	1,574,566
Consumer utility taxes	2,700,000	2,700,000	2,826,207	126,207
Business and professional license taxes	33,150,000	33,150,000	38,307,817	5,157,817
Motor vehicle license taxes	6,500,000	6,500,000	7,387,991	887,991
Meals Tax	27,000,000	28,000,000	30,243,193	2,243,193
Hotel and motel taxes	12,600,000	15,600,000	14,044,854	(1,555,146)
Bank franchise taxes	5,000,000	5,000,000	18,241,405	13,241,405
Grantor's taxes	1,000,000	1,000,000	1,315,400	315,400
Daily rental tax	60,000	60,000	125,433	65,433
Consumption tax	1,000,000	1,000,000	1,138,705	138,705
Total other local taxes	159,760,000	163,960,000	186,843,818	22,883,818
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	120,000	120,000	152,845	32,845
Transfer fees	7,000	7,000	8,805	1,805
Zoning application fees	150,000	150,000	140,958	(9,042)
Structure and equipment permits	3,600,000	3,600,000	6,370,339	2,770,339
Septic tank permits	3,000	3,000	6,050	3,050
Taxi cab certificates	15,000	15,000	12,095	(2,905)
Permits to purchase precious metal	6,000	6,000	8,200	2,200
Dog licenses	120,000	120,000	70,412	(49,588)
Other	450,300	450,300	598,722	148,422
Total permits, privilege fees and regulatory licenses	4,471,300	4,471,300	7,368,426	2,897,126
Fines and forfeitures:				
False alarm penalties	65,000	65,000	76,914	11,914
Traffic violations	2,000,000	2,000,000	2,044,805	44,805
Parking violations	20,000	20,000	24,903	4,903
Total fines and forfeitures	2,085,000	2,085,000	2,146,622	61,622
Revenue from use of money and property:				
Sale of equipment and publications	96,400	96,400	244,373	147,973
Rented county property	660,000	660,000	853,513	193,513
Use of money	7,154,000	7,154,000	14,956,866	7,802,866
Total revenue from use of money and property	7,910,400	7,910,400	16,054,752	8,144,352
Charges for services:				
Public works	175,000	175,000	197,009	22,009
Library	383,000	383,000	434,483	51,483
Sheriff fees	1,351,000	1,451,000	1,656,552	205,552
Commonwealth's Attorney fees	25,000	25,000	26,478	1,478
Public safety	20,000	20,000	46,445	26,445
Finance charges	245,000	245,000	298,690	53,690
Recreation	633,700	633,700	684,969	51,269
Information technology	1,134,167	1,134,167	806,500	(327,667)
Total charges for services	3,966,867	4,066,867	4,151,126	84,259

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous	$ 4,452,000	$ 4,452,000	$ 10,364,855	$ 5,912,855
Total miscellaneous	4,452,000	4,452,000	10,364,855	5,912,855
Recovered costs:				
Finance	2,424,238	2,424,238	2,792,234	367,996
General services	955,000	955,000	1,407,278	452,278
Public works	340,000	340,000	202,878	(137,122)
Sheriff	700,000	1,050,000	1,065,227	15,227
Total recovered costs	4,419,238	4,769,238	5,467,617	698,379
Total revenue from local sources	611,688,022	616,338,022	679,866,611	63,528,589
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	138,500	138,500	166,604	28,104
Recovery of central costs	525,000	525,000	757,073	232,073
Mobile home sales and use tax	7,000	7,000	4,355	(2,645)
Motor vehicle rental tax	3,250,000	3,250,000	3,622,894	372,894
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	12,250,000	12,250,000	11,153,121	(1,096,879)
Total non-categorical aid	53,172,283	53,172,283	52,705,830	(466,453)
Shared expenses:				
Sheriff	12,150,000	12,150,000	12,352,351	202,351
Commonwealth's Attorney	2,150,000	2,150,000	2,207,444	57,444
Election commission	70,000	70,000	76,836	6,836
Finance	750,000	750,000	805,716	55,716
Circuit court	3,000,000	3,185,847	3,334,389	148,542
Total shared expenses	18,120,000	18,305,847	18,776,736	470,889
Categorical aid:				
Library	190,000	190,000	200,294	10,294
Public safety	12,535,000	13,265,128	13,978,397	713,269
Public works	46,132,000	48,874,991	49,026,337	151,346
Juvenile and domestic relations	554,500	554,500	641,533	87,033
Total categorical aid	59,411,500	62,884,619	63,846,561	961,942
Total revenue from the Commonwealth	130,703,783	134,362,749	135,329,127	966,378
Revenue from the Federal government:				
Public safety	-	-	13,580	13,580
Total revenue from the Federal government	-	-	13,580	13,580
Total intergovernmental	130,703,783	134,362,749	135,342,707	979,958
Total General Fund	$ 742,391,805	$ 750,700,771	$ 815,209,318	$ 64,508,547

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund:				
Revenue from use of money and property	$ 225,000	$ 225,000	$ 176,708	$ (48,292)
Charges for services:				
Miscellaneous charges for services	11,818,958	12,050,401	12,273,712	223,311
Refuse collection billing	8,648,000	8,648,000	8,939,874	291,874
Recycle fees	198,000	198,000	330,033	132,033
Bulky waste collection fees	1,826,000	1,826,000	1,737,822	(88,178)
Leaf collection	3,018,511	3,018,511	3,018,511	-
Charges for street lights	83,100	83,100	-	(83,100)
Total charges for services	25,592,569	25,824,012	26,299,952	475,940
Miscellaneous revenues	1,418,159	1,557,576	2,828,597	1,271,021
Recovered costs:				
Recovered costs	585,828	613,127	971,788	358,661
Recoveries and rebates	50,564	50,564	230,185	179,621
Total recovered costs	636,392	663,691	1,201,973	538,282
Total revenue from local sources	27,872,120	28,270,279	30,507,230	2,236,951
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	40,000	40,000	45,974	5,974
Social services	12,479,600	15,603,681	14,853,230	(750,451)
Mental health and developmental services	9,940,509	9,821,111	9,711,843	(109,268)
Virginia department of corrections	1,573,023	1,574,428	1,574,430	2
Commonwealth's Attorney	274,170	277,475	304,465	26,990
Miscellaneous state grants	1,379,595	2,084,539	1,911,877	(172,662)
Total revenue from the Commonwealth	25,686,897	29,401,234	28,401,819	(999,415)
Revenue from the Federal government:				
Workforce investment	4,090,719	4,606,449	4,741,059	134,610
Social Services	11,114,002	12,768,088	11,374,128	(1,393,960)
Community development block grants	-	2,590,170	2,358,199	(231,971)
Public safety	-	511,408	526,667	15,259
Mental health and developmental services	1,723,774	3,067,086	2,961,603	(105,483)
Miscellaneous federal grants	622,433	955,806	1,091,046	135,240
Total revenue from the Federal government	17,550,928	24,499,007	23,052,702	(1,446,305)
Total intergovernmental	43,237,825	53,900,241	51,454,521	(2,445,720)
Total Special Revenue Fund	$ 71,109,945	$ 82,170,520	$ 81,961,751	$ (208,769)
Grand Total Revenues - Primary Government	$ 813,501,750	$ 832,871,291	$ 897,171,069	$ 64,299,778

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government:				
Legislative:				
Board of Supervisors	$ 1,098,434	$ 1,133,234	$ 1,121,679	$ 11,555
Total legislative	1,098,434	1,133,234	1,121,679	11,555
General and financial administration:				
County Manager	3,757,361	3,804,779	3,709,927	94,852
County Attorney	2,506,254	2,641,507	2,631,008	10,499
Human Resources	6,968,921	6,961,495	5,694,573	1,266,922
Finance	14,091,030	14,182,901	13,403,841	779,060
General Services	13,204,509	14,992,966	14,579,207	413,759
Internal Audit	455,337	483,783	460,419	23,364
Real Property Agent	599,906	663,953	656,549	7,404
Information Technology	14,915,523	15,459,692	13,945,364	1,514,328
Risk Management	9,715,327	14,905,827	13,338,952	1,566,875
Total general and financial administration	66,214,169	74,096,903	68,419,840	5,677,063
Board of Elections:				
Election Commission	1,605,426	1,647,065	1,645,458	1,607
Total Board of Elections	1,605,426	1,647,065	1,645,458	1,607
Total general government administration	68,918,029	76,877,202	71,186,977	5,690,225
Judicial administration:				
Courts:				
Circuit Court	3,274,899	3,672,085	3,297,302	374,783
General District Court	308,825	413,969	368,616	45,353
Juvenile and Domestic Relations Court	2,511,136	2,494,908	2,471,478	23,430
Total Courts	6,094,861	6,580,962	6,137,396	443,566
Commonwealth's Attorney:				
Commonwealth's Attorney	5,030,484	5,193,320	5,188,319	5,001
Total Commonwealth's Attorney	5,030,484	5,193,320	5,188,319	5,001
Total judicial administration	11,125,345	11,774,283	11,325,715	448,568
Public safety:				
Law enforcement:				
Police Department	74,511,221	77,288,352	76,738,412	549,940
Total law enforcement	74,511,221	77,288,352	76,738,412	549,940
Fire services:				
Fire Department	60,596,447	62,675,172	61,377,819	1,297,353
Total fire services	60,596,447	62,675,172	61,377,819	1,297,353
Correction and detention:				
Sheriff	40,833,176	47,491,974	46,954,167	537,807
Juvenile and Domestic Relations District Court	3,158,722	3,158,722	3,158,722	-
Total correction and detention	43,991,898	50,650,696	50,112,889	537,807
Inspections:				
Building	4,648,945	4,556,914	4,392,012	164,902
Total inspections	4,648,945	4,556,914	4,392,012	164,902
Other protection:				
Office of Emergency Services	500,576	470,576	402,822	67,754
Animal Protection	1,589,290	1,534,521	1,534,522	(1)
Building Security	1,604,077	1,552,766	1,504,363	48,403
Total other protection	3,693,943	3,557,863	3,441,707	116,156
Total public safety	187,442,454	198,728,996	196,062,839	2,666,157

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Public works:				
Maintenance of highways and streets:				
General Administration	$ 1,336,975	$ 1,529,628	$ 1,490,698	$ 38,930
Mass Transit	9,085,763	9,109,099	10,427,275	(1,318,176)
Design	2,090,514	2,182,224	1,799,083	383,141
Construction and Maintenance	34,102,973	36,925,585	33,851,215	3,074,370
Traffic Engineering	3,977,267	4,277,372	3,247,449	1,029,923
Miscellaneous	2,104,130	2,232,371	2,132,045	100,326
Total maintenance of highways and streets	52,697,622	56,256,279	52,947,765	3,308,514
Sanitation and waste removal:				
Leaf Collection	3,018,511	3,018,511	3,018,511	-
Total sanitation and waste removal	3,018,511	3,018,511	3,018,511	-
Total public works	55,716,133	59,274,790	55,966,276	3,308,514
Health:				
Public Health Department	2,287,051	2,433,102	2,432,912	190
Total health	2,287,051	2,433,102	2,432,912	190
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	19,552,620	19,874,748	19,336,816	537,932
Sandston Community House	14,000	14,000	13,423	577
Total parks and recreation	19,566,620	19,888,748	19,350,239	538,509
Library:				
Library Public Services	19,552,483	18,775,328	17,679,331	1,095,997
Total library	19,552,483	18,775,328	17,679,331	1,095,997
Total parks, recreation and cultural	39,119,103	38,664,076	37,029,570	1,634,506
Community development:				
Planning and community development:				
Economic Development	20,169,545	21,835,977	21,514,615	321,362
Planning and Rezoning	4,516,969	4,752,988	4,108,398	644,590
Total planning and community development	24,686,514	26,588,965	25,623,013	965,952
Cooperative extension program:				
Agriculture	433,866	433,866	320,554	113,312
Total cooperative extension program	433,866	433,866	320,554	113,312
Total community development	25,120,380	27,022,831	25,943,567	1,079,264
Education:				
School Board	228,647,872	228,647,872	228,647,872	-
Total education	228,647,872	228,647,872	228,647,872	-

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative Projects	$ 21,011,242	$ 24,015,056	$ 23,993,211	$ 21,845
Total miscellaneous	21,011,242	24,015,056	23,993,211	21,845
Debt service:				
Capital lease principal	685,746	685,746	685,746	-
Capital lease interest	88,620	88,620	88,620	-
Total debt service	774,366	774,366	774,366	-
Total General Fund	$ 640,161,976	$ 668,212,574	$ 653,363,305	$ 14,849,269
Special Revenue Fund:				
General government:				
General and financial administration:				
Workforce Investment	$ 4,390,918	$ 7,107,285	$ 4,846,460	$ 2,260,825
Total general government administration	4,390,918	7,107,285	4,846,460	2,260,825
Judicial administration:				
Courts:				
Circuit Court	-	11,011	7,323	3,688
Commonwealth's Attorney:				
Commonwealth's Attorney	1,234,990	1,713,017	1,421,668	291,349
Total judicial administration	1,234,990	1,724,028	1,428,991	295,037
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,591,595	4,759,954	2,549,316	2,210,638
Total law enforcement	1,591,595	4,759,954	2,549,316	2,210,638
Fire	-	588,447	258,603	329,844
Correction and detention:				
Community Diversion Program	2,038,191	2,198,359	2,011,612	186,747
Juvenile and Domestic Relations District Court	967,089	981,855	973,999	7,856
Sheriff	-	144,199	139,637	4,562
Total correction and detention	3,005,280	3,324,413	3,125,248	199,165
Total public safety	4,596,875	8,672,814	5,933,167	2,739,647
Public works:				
General Administration	897,000	1,096,988	276,143	820,845
Maintenance of Highways and Streets	83,100	83,100	64,332	18,768
Solid Waste Collection and Disposal	13,632,122	16,612,525	14,011,080	2,601,445
Total public works	14,612,222	17,792,612	14,351,555	3,441,057
Health and social services:				
Social Services	34,080,203	43,705,066	37,738,576	5,966,490
Mental health and developmental services:				
Related Services	6,144,166	7,737,655	6,328,307	1,409,348
Mental Health	11,858,296	13,367,903	11,643,750	1,724,153
Developmental Services	12,356,997	13,180,373	12,400,480	779,893
Substance Abuse	2,997,673	4,028,172	3,178,882	849,290
MH/DS Administration	5,800,624	6,098,928	5,875,759	223,169
Total mental health and developmental services	39,157,756	44,413,031	39,427,178	4,985,853
Total health and social services	73,237,959	88,118,097	77,165,754	10,952,343

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Special Revenue Fund, continued:				
Parks, recreation and culture:				
Parks and Recreation grants	$ -	$ 84,756	$ 64,306	$ 20,450
Total parks, recreation and culture	-	84,756	64,306	20,450
Community development:				
Planning and Community Development	-	4,521,723	2,423,223	2,098,500
Economic Development	-	150,000	150,000	-
Total community development	-	4,671,723	2,573,223	2,098,500
Debt service:				
Capital lease principal	32,409	32,409	32,409	-
Capital lease interest	7,416	7,416	7,416	-
Total debt service	39,825	39,825	39,825	-
Total Special Revenue Fund	$ 98,112,789	$ 128,211,140	$ 106,403,281	$ 21,807,859
Grand Total Expenditures - Government Funds	$ 738,274,765	$ 796,423,714	$ 759,766,586	$ 36,657,128

See accompanying independent auditor's report.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

LAST FIVE FISCAL YEARS*

	2015	2016	2017	2018	2019
Governmental Activities:					
Total pension liability					
Service cost	$ 23,796,971	$ 23,884,723	$ 24,801,703	$ 25,098,225	$ 26,412,598
Interest on total pension liability	65,367,508	69,217,236	71,893,739	75,416,152	78,641,385
Change of assumptions	-	-	-	3,600,205	-
Difference between expected and actual experience	-	(15,888,024)	(3,762,008)	(13,129,434)	(2,495,542)
Benefit payments, including refunds of employee contributions	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)
Net change in total pension liability	46,087,238	29,911,388	42,427,504	37,391,292	44,607,044
Total pension liability - beginning	964,087,706	1,010,174,944	1,040,086,332	1,082,513,836	1,119,905,128
Total pension liability - ending (a)	$ 1,010,174,944	$ 1,040,086,332	$ 1,082,513,836	$ 1,119,905,128	$ 1,164,512,172
Total fiduciary net position					
Contributions - employer	$ 27,496,460	$ 28,290,290	$ 29,374,797	$ 26,184,817	$ 26,807,419
Contributions - employee	9,281,980	9,452,120	9,798,397	10,254,955	10,318,099
Net investment income	113,606,404	38,115,473	15,148,200	107,128,844	72,308,202
Benefit payments	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)
Administrative expense	(612,154)	(522,704)	(541,959)	(622,456)	(628,498)
Other	5,986	(8,071)	(6,430)	(95,261)	(64,229)
Net change in plan fiduciary net position	106,701,435	28,024,561	3,267,075	89,257,043	50,789,596
Plan fiduciary net position - beginning	729,182,146	835,883,581	863,908,142	867,175,217	956,432,260
Plan fiduciary net position - ending (b)	$ 835,883,581	$ 863,908,142	$ 867,175,217	$ 956,432,260	$ 1,007,221,856
Net pension liability - ending (a)-(b)	$ 174,291,363	$ 176,178,190	$ 215,338,619	$ 163,472,868	$ 157,290,316
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.06%	80.11%	85.40%	86.49%
Covered payroll	$ 188,575,531	$ 191,276,453	$ 199,857,968	$ 202,991,663	$ 209,182,401
Net pension liability as a percentage of covered-employee payroll	92.43%	92.11%	107.75%	80.53%	75.19%
Business-Type Activities:					
Total pension liability					
Service cost	$ 1,715,200	$ 1,683,447	$ 1,721,019	$ 1,727,978	$ 1,778,119
Interest on total pension liability	4,711,454	4,878,582	4,988,789	5,192,297	5,294,205
Change of assumptions	-	-	-	247,869	-
Difference between expected and actual experience	-	(1,119,823)	(261,050)	(903,943)	(168,002)
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)
Net change in total pension liability	3,321,802	2,108,219	2,944,094	2,574,338	3,002,984
Total pension liability - beginning	68,748,558	72,070,360	74,178,579	77,122,673	79,697,011
Total pension liability - ending (a)	$ 72,070,360	$ 74,178,579	$ 77,122,673	$ 79,697,011	$ 82,699,995
Total fiduciary net position					
Contributions - employer	$ 1,981,845	$ 1,993,960	$ 2,038,351	$ 1,802,788	$ 1,804,698
Contributions - employee	669,012	666,206	679,922	706,039	694,623
Net investment income	8,188,339	2,686,461	1,051,151	7,375,672	4,867,851
Benefit payments	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)
Administrative expense	(44,121)	(36,841)	(37,607)	(42,855)	(42,311)
Other	431	(569)	(446)	(6,559)	(4,324)
Net change in plan fiduciary net position	7,690,654	1,975,230	226,707	6,145,223	3,419,199
Plan fiduciary net position - beginning	51,997,574	59,688,228	61,663,458	61,890,165	68,035,388
Plan fiduciary net position - ending (b)	$ 59,688,228	$ 61,663,458	$ 61,890,165	$ 68,035,388	$ 71,454,587
Net pension liability - ending (a)-(b)	$ 12,382,132	$ 12,515,121	$ 15,232,508	$ 11,661,623	$ 11,245,408
Plan fiduciary net position as a percentage of total pension liability	82.82%	83.13%	80.25%	85.37%	86.40%
Covered payroll	$ 13,395,158	$ 13,305,310	$ 13,763,763	$ 13,845,688	$ 14,070,332
Net pension liability as a percentage of covered payroll	92.44%	94.06%	110.67%	84.23%	79.92%

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

LAST FIVE FISCAL YEARS*

Total Activities:					
Total pension liability					
Service cost	$ 25,512,171	$ 25,568,170	$ 26,522,722	$ 26,826,203	$ 28,190,717
Interest on total pension liability	70,078,962	74,095,818	76,882,528	80,608,449	83,935,590
Change of assumptions	-	-	-	3,848,074	-
Difference between expected and actual experience	-	(17,007,847)	(4,023,058)	(14,033,377)	(2,663,544)
Benefit payments, including refunds of employee contributions	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)
Net change in total pension liability	49,409,040	32,019,607	45,371,598	39,965,630	47,610,028
Total pension liability - beginning	1,032,836,264	1,082,245,304	1,114,264,911	1,159,636,509	1,199,602,139
Total pension liability - ending (a)	$ 1,082,245,304	$ 1,114,264,911	$ 1,159,636,509	$ 1,199,602,139	$ 1,247,212,167
Total fiduciary net position					
Contributions - employer	$ 29,478,305	$ 30,284,250	$ 31,413,148	$ 27,987,605	$ 28,612,117
Contributions - employee	9,950,992	10,118,326	10,478,319	10,960,994	11,012,722
Net investment income	121,794,743	40,801,934	16,199,351	114,504,516	77,176,053
Benefit payments	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)
Administrative expense	(656,275)	(559,545)	(579,566)	(665,311)	(670,809)
Other	6,417	(8,640)	(6,876)	(101,820)	(68,553)
Net change in plan fiduciary net position	114,392,089	29,999,791	3,493,782	95,402,266	54,208,795
Plan fiduciary net position - beginning	781,179,720	895,571,809	925,571,600	929,065,382	1,024,467,648
Plan fiduciary net position - ending (b)	$ 895,571,809	$ 925,571,600	$ 929,065,382	$ 1,024,467,648	$ 1,078,676,443
Net pension liability - ending (a)-(b)	$ 186,673,495	$ 188,693,311	$ 230,571,127	$ 175,134,491	$ 168,535,724
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.07%	80.12%	85.40%	86.49%
Covered payroll	$ 201,970,689	$ 204,581,763	$ 213,621,731	$ 216,837,351	$ 223,252,733
Net pension liability as a percentage of covered payroll	92.43%	92.23%	107.93%	80.77%	75.49%

See accompanying independent auditor's report.

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only five years are shown herein.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)

Exhibit 16

SCHOOL BOARD NON-PROFESSIONAL GROUP

LAST FIVE FISCAL YEARS*

	2015	2016	2017	2018	2019
School Board Non-Professional Group					
Total pension liability					
Service cost	$ 72,260	$ 69,746	$ 67,970	$ 58,711	$ 56,131
Interest on total pension liability	582,852	580,111	567,282	571,638	554,959
Change of assumptions	-	-	-	44,778	-
Difference between expected and actual experience	-	(139,895)	108,818	(226,614)	(134,067)
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)
Net change in total pension liability	(34,501)	(188,962)	56,540	(227,640)	(220,400)
Total pension liability - beginning	8,671,261	8,636,760	8,447,798	8,504,338	8,276,698
Total pension liability - ending (a)	$ 8,636,760	$ 8,447,798	$ 8,504,338	$ 8,276,698	$ 8,056,298
Total fiduciary net position					
Contributions - employer	$ 372,141	$ 238,475	$ 237,503	$ 199,298	$ 209,478
Contributions - employee	31,303	31,253	30,289	30,785	31,431
Net investment income	804,061	251,841	85,861	614,333	387,642
Benefit payments	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)
Administrative expense	(4,544)	(3,822)	(3,655)	(3,892)	(3,645)
Other	43	(54)	(39)	(534)	(335)
Net change in plan fiduciary net position	513,391	(181,231)	(337,571)	163,837	(72,852)
Plan fiduciary net position - beginning	5,309,719	5,823,110	5,641,879	5,304,308	5,468,145
Plan fiduciary net position - ending (b)	$ 5,823,110	$ 5,641,879	$ 5,304,308	$ 5,468,145	$ 5,395,293
Net pension liability - ending (a)-(b)	$ 2,813,650	$ 2,805,919	$ 3,200,030	$ 2,808,553	$ 2,661,005
Plan fiduciary net position as a percentage of total pension liability	67.42%	66.79%	62.37%	66.07%	66.97%
Covered payroll	$ 627,880	$ 602,637	$ 632,258	$ 658,947	$ 701,134
Net pension liability as a percentage of covered payroll	448.12%	465.61%	506.13%	426.22%	379.53%

See accompanying independent auditor's report.

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only five years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS (VRS PLAN)
PENSION PLAN
LAST FIVE FISCAL YEARS*

Exhibit 17

	2015	2016	2017	2018	2019
Governmental Activities:					
Actuarially determined contribution of employer	$ 27,496,460	$ 28,290,290	$ 29,374,797	$ 26,184,817	$ 26,807,419
Contributions in relation to the actuarially determined contributions	27,496,460	28,290,290	29,374,797	26,184,817	26,807,419
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	191,276,453	199,857,968	202,991,663	209,182,401	217,281,758
Contributions as a percentage of covered payroll	14.38%	14.16%	14.47%	12.52%	12.34%
Business-type Activities:					
Actuarially determined contribution of employer	$ 1,981,845	$ 1,993,960	$ 2,038,351	$ 1,802,788	$ 1,804,698
Contributions in relation to the actuarially determined contributions	1,981,845	1,993,960	2,038,351	1,802,788	1,804,698
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	13,305,310	13,763,763	13,845,688	14,070,332	14,347,719
Contributions as a percentage of covered payroll	14.90%	14.49%	14.72%	12.81%	12.58%
School Board Non-Professional Group:					
Actuarially determined contribution of employer	$ 372,141	$ 238,475	$ 237,503	$ 199,298	$ 209,478
Contributions in relation to the actuarially determined contributions	372,141	238,475	237,503	199,298	209,478
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 602,637	$ 632,258	$ 658,947	$ 701,134	$ 716,437
Contributions as a percentage of covered payroll	61.75%	37.72%	36.04%	28.43%	29.24%

See accompanying independent auditor's report.
* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only five years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS PENSION PLAN
LAST FIVE FISCAL YEARS*

Exhibit 18

	2015	2016	2017	2018	2019
Schools' proportion of the net pension liability	3.29%	3.28%	3.30%	3.28%	3.29%
Schools' proportionate share of the net pension liability	$ 398,595,000	$ 413,109,000	$ 463,076,000	$ 403,402,000	$ 386,870,000
Schools' covered payroll	$ 268,691,850	$ 273,853,673	$ 281,366,433	$ 288,681,379	$ 295,352,515
Schools' proportionate share of the net pension liability as a percentage of its covered payroll	148.35%	150.85%	164.58%	139.74%	130.99%
Plan fiduciary net position	$ 970,083,754	$ 995,953,131	$ 996,863,280	$ 1,086,397,116	$ 1,144,446,408
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.74%

See accompanying independent auditor's report.
*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only five years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOL CONTRIBUTIONS
TEACHERS PENSION PLAN
LAST FIVE FISCAL YEARS*

Exhibit 19

		2015		2016		2017		2018		2019
Contractually required contribution	$	28,125,017	$	35,384,284	$	35,423,318	$	37,325,862	$	42,546,236
Contributions in relation to the contractually required contribution	$	28,125,017	$	35,384,284	$	35,423,318	$	37,325,862	$	42,546,236
Contribution deficiency (excess)		-		-		-		-		-
Schools' covered payroll	$	273,853,673	$	281,366,433	$	288,681,379	$	295,352,515	$	306,552,352
Contributions as a percentage of covered payroll		10.27%		12.58%		12.27%		12.64%		13.88%

See accompanying independent auditor's report.
*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only five years are shown herein.

Defined Benefit Pension Plans

The following assumptions apply to both the VRS Plan and the Teacher Retirement Plan.

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented to not relect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2017 and the impact on the liabilities as of the measurement date of June 30, 2018 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2017 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

Largest 10 - Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10-LEOS:
- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:
- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:
- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawl
- Decrease in male and female rates of disability

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS

Exhibit 20

HEALTHCARE OPEB TRUST FUND

LAST THREE FISCAL YEARS*

	2017	2018	2019
Total OPEB liability			
Service cost	$ 4,146,771	$ 3,781,739	$ 4,627,235
Interest on total OPEB liability	7,708,898	7,990,226	6,187,930
Differences between expected and actual experience	-	(28,205,844)	-
Change of assumptions	-	(5,679,980)	-
Benefit payments, including refunds of employee contributions	(6,538,795)	(4,146,968)	(4,478,725)
Net change in total OPEB liability	5,316,874	(26,260,827)	6,336,440
Total OPEB liability - beginning	109,194,437	114,511,311	88,250,484
Total OPEB liability - ending (a)	$ 114,511,311	$ 88,250,484	$ 94,586,924
Total plan fiduciary net position			
Contributions - employer	$ 7,765,131	$ 6,846,584	$ 7,303,945
Contributions - employee	-	-	-
Net investment income	7,296,432	5,272,202	4,390,670
Benefit payments	(6,538,795)	(4,146,968)	(4,478,725)
Administrative expense	-	(500)	(500)
Other	-	-	-
Net change in plan fiduciary net position	8,522,768	7,971,318	7,215,390
Plan fiduciary net position - beginning	44,841,294	53,364,062	61,335,380
Plan fiduciary net position - ending (b)	$ 53,364,062	$ 61,335,380	$ 68,550,770
Net OPEB liability - ending (a)-(b)	$ 61,147,249	$ 26,915,104	$ 26,036,154
Plan fiduciary net position as a percentage of total OPEB liability	46.60%	69.50%	72.47%
Covered-employee payroll	$ 536,071,713	$ 526,206,301	$ 539,361,459
Net OPEB liability as a percentage of covered-employee payroll	11.41%	5.11%	4.83%

See accompanying independent auditor's report.

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only three years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
HEALTHCARE OPEB TRUST FUND
LAST THREE FISCAL YEARS*

Exhibit 21

		2017		2018		2019
Acturarially determined contribution	$	10,161,876	$	9,491,736	$	7,303,945
Contributions in relation to the actuarially determined contribution	$	7,765,131	$	6,846,584	$	7,303,945
Contribution deficiency (excess)		2,396,745		2,645,152		-
Covered-employee payroll	$	536,071,713	$	526,206,301	$	539,361,459
Contributions as a percentage of covered-employee payroll		1.45%		1.30%		1.35%

*Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only three years are shown herein.

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of July 1, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 7 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in the actuarial assumptions are amortized over the average working lifetime of all participants.
Amortization period	20 years
Asset valuation method	Market value
Inflation	3 percent
Healthcare cost trend rates	8% initial, decreasing down to 5% over 12 years beginning July 1.2018.
Salary increases	2.5 percent per annum
Retirement age	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table and the RP-2000 Healthy Annuuitant Mortality Table.

See accompanying independent auditor's report.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF INVESTMENT RETURNS **Exhibit 22**

HEALTHCARE OPEB TRUST FUND

LAST THREE FISCAL YEARS*

	2017	2018	2019
Annual money-weighted rate of return on investments, net of investment expense	12.87%	9.52%	7.00%

See accompanying independent auditor's report.

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only three years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS
GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES
LAST TWO FISCAL YEARS*

Exhibit 23

	2018	2019
Governmental Activities:		
Total OPEB liability		
Service cost	$ 1,917,454	$ 1,357,227
Interest on total pension liability	4,051,282	1,814,999
Change of assumptions	(2,879,919)	-
Difference between expected and actual experience	(14,301,201)	-
Benefit payments, including refunds of employee contributions	(2,102,636)	(1,313,667)
Net change in total OPEB liability	(13,315,020)	1,858,559
Total OPEB liability - beginning	58,060,636	44,745,616
Total OPEB liability - ending (a)	$ 44,745,616	$ 46,604,175
Total fiduciary net position		
Contributions - employer	$ 3,471,421	$ 2,709,828
Contributions - employee	-	-
Net investment income	2,673,163	1,281,066
Benefit payments	(2,102,636)	(1,313,667)
Administrative expense	(254)	(254)
Other	-	-
Net change in plan fiduciary net position	4,041,695	2,676,973
Plan fiduciary net position - beginning	27,057,164	31,098,859
Plan fiduciary net position - ending (b)	$ 31,098,859	$ 33,775,832
Net OPEB liability - ending (a)-(b)	$ 13,646,757	$ 12,828,343
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	72.47%
Covered-employee payroll	$ 209,182,401	$ 217,281,758
Net OPEB liability as a percentage of covered-employee payroll	6.52%	5.90%
Business-Type Activities:		
Total OPEB liability		
Service cost	$ 102,559	$ 212,498
Interest on total pension liability	216,691	284,170
Change of assumptions	(154,039)	-
Difference between expected and actual experience	(764,929)	-
Benefit payments, including refunds of employee contributions	(112,464)	(205,678)
Net change in total OPEB liability	(712,182)	290,990
Total OPEB liability - beginning	3,105,497	2,393,315
Total OPEB liability - ending (a)	$ 2,393,315	$ 2,684,305
Total fiduciary net position		
Contributions - employer	$ 185,676	$ 285,492
Contributions - employee	-	-
Net investment income	142,981	202,230
Benefit payments	(112,464)	(205,678)
Administrative expense	(14)	(13)
Other	-	-
Net change in plan fiduciary net position	216,179	282,031
Plan fiduciary net position - beginning	1,447,210	1,663,389
Plan fiduciary net position - ending (b)	$ 1,663,389	$ 1,945,420
Net OPEB liability - ending (a)-(b)	$ 729,926	$ 738,885
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	72.47%
Covered-employee payroll	$ 14,070,332	$ 14,347,719
Net OPEB liability as a percentage of covered-employee payroll	5.19%	5.15%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS
COMPONENT UNITS
LAST TWO FISCAL YEARS*

Exhibit 24

	2018	2019
School Board		
Total OPEB liability		
Service cost	$ 1,742,334	$ 2,954,189
Interest on total pension liability	3,681,281	2,850,922
Change of assumptions	(2,616,898)	-
Difference between expected and actual experience	(12,995,083)	-
Benefit payments, including refunds of employee contributions	(1,910,604)	(2,917,809)
Net change in total OPEB liability	(12,098,970)	2,887,302
Total OPEB liability - beginning	52,758,001	40,659,031
Total OPEB liability - ending (a)	$ 40,659,031	$ 43,546,333
Total fiduciary net position		
Contributions - employer	$ 3,154,379	$ 4,251,862
Contributions - employee	-	-
Net investment income	2,429,025	2,022,883
Benefit payments	(1,910,604)	(2,917,809)
Administrative expense	(230)	(230)
Other	-	-
Net change in plan fiduciary net position	3,672,570	3,356,706
Plan fiduciary net position - beginning	24,586,054	28,258,624
Plan fiduciary net position - ending (b)	$ 28,258,624	$ 31,615,330
Net OPEB liability - ending (a)-(b)	$ 12,400,407	$ 11,931,003
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	72.60%
Covered-employee payroll	$ 321,499,476	$ 342,940,655
Net OPEB liability as a percentage of covered-employee payroll	3.86%	3.48%
JRJDC		
Total OPEB liability		
Service cost	$ 19,392	$ 30,192
Interest on total pension liability	40,971	31,730
Change of assumptions	(29,125)	-
Difference between expected and actual experience	(144,631)	-
Benefit payments, including refunds of employee contributions	(21,264)	(41,571)
Net change in total OPEB liability	(134,657)	20,351
Total OPEB liability - beginning	587,177	452,520
Total OPEB liability - ending (a)	$ 452,520	$ 472,871
Total fiduciary net position		
Contributions - employer	$ 35,107	$ 56,763
Contributions - employee	-	-
Net investment income	27,034	22,514
Benefit payments	(21,264)	(41,571)
Administrative expense	(3)	(3)
Other	-	-
Net change in plan fiduciary net position	40,874	37,703
Plan fiduciary net position - beginning	273,634	314,508
Plan fiduciary net position - ending (b)	$ 314,508	$ 352,211
Net OPEB liability - ending (a)-(b)	$ 138,012	$ 120,660
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	74.48%
Covered-employee payroll	$ 3,164,600	$ 3,115,813
Net OPEB liability as a percentage of covered-employee payroll	4.36%	3.87%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
HEALTHCARE OPEB TRUST FUND
LAST TWO FISCAL YEARS*

Exhibit 25

		2018		2019
Governmental Activities:				
Actuarially determined contribution of employer	$	2,639,247	$	2,815,552
Contributions in relation to the actuarially determined contributions		2,639,247		2,815,552
Contribution deficiency (excess)	$	-	$	-
Covered-employee payroll		209,182,401		217,281,758
Contributions as a percentage of covered-employee payroll		1.26%		1.30%
Business-type Activities:				
Actuarially determined contribution of employer	$	214,237	$	228,548
Contributions in relation to the actuarially determined contributions		214,237		228,548
Contribution deficiency (excess)	$	-	$	-
Covered-employee payroll		14,070,332		14,347,719
Contributions as a percentage of covered-employee payroll		1.52%		1.59%
School Board:				
Actuarially determined contribution of employer	$	3,951,724	$	4,215,705
Contributions in relation to the actuarially determined contributions		3,951,724		4,215,705
Contribution deficiency (excess)	$	-	$	-
Covered-employee payroll	$	321,499,476	$	342,940,655
Contributions as a percentage of covered-employee payroll		1.23%		1.23%
JRJDC:				
Actuarially determined contribution of employer	$	41,376	$	44,140
Contributions in relation to the actuarially determined contributions		41,376		44,140
Contribution deficiency (excess)	$	-	$	-
Covered-employee payroll	$	3,164,600	$	3,115,813
Contributions as a percentage of covered-employee payroll		1.31%		1.42%

See accompanying independent auditor's report.
* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE TOTAL LINE OF DUTY OPEB LIABILITY AND RELATED RATIOS **Exhibit 26**

LAST TWO FISCAL YEARS*

		2018		2019
Governmental Activities:				
Total OPEB liability				
Service cost	$	1,292,690	$	1,357,325
Interest on total pension liability		769,784		809,350
Change of assumptions		-		-
Difference between expected and actual experience		-		-
Benefit payments, including refunds of employee contributions		(740,191)		(799,406)
Net change in total OPEB liability		1,322,283		1,367,269
Total OPEB liability - beginning		25,279,187		26,601,470
Total OPEB liability - ending (a)	$	26,601,470	$	27,968,739
Covered-employee payroll	$	83,876,238	$	87,761,787
Total OPEB liability as a percentage of covered-employee payroll		31.72%		31.87%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS FOR THE LINE OF DUTY OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 27

		2018		2019
Governmental Activities:				
Actuarially determined contribution of employer	$	2,983,108	$	3,204,246
Contributions in relation to the actuarially determined contributions		740,191		799,406
Contribution deficiency (excess)	$	2,242,917	$	2,404,840
Covered-employee payroll		83,876,238		87,761,787
Contributions as a percentage of covered-employee payroll		0.88%		0.91%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
TEACHERS HEALTH INSURANCE CREDIT OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 28

	2018	2019
Schools' proportion of the net OPEB liability	3.28%	3.29%
Schools' proportionate share of the net OPEB liability	$ 41,657,000	$ 41,825,000
Schools' covered-employee payroll	$ 288,681,379	$ 295,352,515
Schools' proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	14.43%	14.16%
Plan fiduciary net position as a percentage of the total OPEB liability	7.04%	8.08%

See accompanying independent auditor's report.
*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOL CONTRIBUTIONS
TEACHERS HEALTH INSURANCE CREDIT OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 29

	2018	2019
Contractually required contribution	$ 2,876,495	$ 3,330,461
Contributions in relation to the contractually required contribution	$ 2,876,495	$ 3,330,461
Contribution deficiency (excess)	-	-
Schools' covered-employee payroll	$ 295,352,515	$ 306,552,352
Contributions as a percentage of covered-employee payroll	0.97%	1.09%

See accompanying independent auditor's report.
*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
GROUP LIFE INSURANCE OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 30

	2018	2019
Governmental Activities:		
Proportion of the net OPEB liability	82.37%	82.45%
Proportionate share of the net OPEB liability	$ 16,472,124	$ 16,449,312
Covered-employee payroll	$ 202,991,663	$ 209,182,401
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.11%	7.86%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.71%
Business-Type Activities:		
Proportion of the net OPEB liability	5.64%	5.55%
Proportionate share of the net OPEB liability	$ 1,128,296	$ 1,126,760
Covered-employee payroll	$ 13,845,688	$ 14,070,332
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.15%	8.01%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.66%
Schools C&M Activities:		
Proportion of the net OPEB liability	10.81%	10.73%
Proportionate share of the net OPEB liability	$ 2,162,379	$ 2,159,409
Covered-employee payroll	$ 25,507,180	$ 25,445,827
Proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	8.48%	8.49%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	50.86%

See accompanying independent auditor's report.
*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
GROUP LIFE INSURANCE OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 31

	2018	2019
Governmental Activities:		
Actuarially determined contribution of employer	$ 1,049,923	$ 1,504,688
Contributions in relation to the actuarially determined contributions	1,049,923	1,504,688
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	209,182,401	217,281,758
Contributions as a percentage of covered-employee payroll	0.50%	0.69%
Business-type Activities:		
Actuarially determined contribution of employer	$ 71,917	$ 71,947
Contributions in relation to the actuarially determined contributions	71,917	71,947
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	14,070,332	14,347,719
Contributions as a percentage of covered-employee payroll	0.51%	0.50%
School Board C&M:		
Actuarially determined contribution of employer	$ 137,829	$ 139,114
Contributions in relation to the actuarially determined contributions	137,829	139,114
Contribution deficiency (excess)	$ -	$ -
Covered-employee payroll	$ 25,445,827	$ 35,671,866
Contributions as a percentage of covered-employee payroll	0.54%	0.39%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE **Exhibit 32**

OF THE NET OPEB LIABILITY

TEACHERS GROUP LIFE INSURANCE OPEB PLAN

LAST TWO FISCAL YEARS*

	2018	2019
Schools' proportion of the net OPEB liability	1.42%	1.41%
Schools' proportionate share of the net OPEB liability	$ 21,300,000	$ 21,416,000
Schools' covered payroll	$ 288,681,379	$ 295,352,515
Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	7.38%	7.25%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.22%

See accompanying independent auditor's report.

*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF SCHOOL CONTRIBUTIONS **Exhibit 33**

TEACHERS GROUP LIFE INSURANCE OPEB PLAN

LAST TWO FISCAL YEARS*

	2018	2019
Contractually required contribution	$ 1,357,662	$ 1,452,146
Contributions in relation to the contractually required contribution	$ 1,357,662	$ 1,452,146
Contribution deficiency (excess)	-	
Schools' covered payroll	$ 295,352,515	$ 306,552,352
Contributions as a percentage of covered payroll	0.46%	0.47%

See accompanying independent auditor's report.

*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
NON-PROFESSIONAL GROUP LIFE OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 34

	2018	2019
Schools' proportion of the net OPEB liability	.0038%	.0032%
Schools' proportionate share of the net OPEB liability	$ 57,000	$ 59,000
Schools' covered payroll	$ 658,947	$ 701,134
Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	8.65%	8.41%
Plan fiduciary net position as a percentage of the total OPEB liability	49.11%	51.24%

See accompanying independent auditor's report.
*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOL CONTRIBUTIONS
NON-PROFESSIONAL GROUP LIFE OPEB PLAN
LAST TWO FISCAL YEARS*

Exhibit 35

	2018	2019
Contractually required contribution	$ 3,670	$ 3,335
Contributions in relation to the contractually required contribution	$ 3,670	$ 3,335
Contribution deficiency (excess)	-	-
Schools' covered payroll	$ 701,134	$ 716,437
Contributions as a percentage of covered payroll	0.52%	0.47%

See accompanying independent auditor's report.
*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only two years are shown herein.

COUNTY OF HENRICO, VIRGINIA

Notes to Required Supplementary OPEB Information

For the Year Ended June 30, 2019

Other Postemployment Benefits

Plan Description

Plan administration. The County provides other postemployment health care benefits ("OPEB") for all retired permanent full-time employees through a single-employer defined benefit plan ("Plan"). The County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund OPEB.

The Trust Fund is governed by a Board of Trustees composed of nine members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets.

Plan membership. At June 30, 2019 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	1,391
Active plan members	10,449
	11,840

Benefits provided. The Plan provides health and dental insurance during retirement for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

Contributions. The board of the Trust establishes rates based on an actuarially determined rate. For the year ended June 30, 2019, the County's average contribution rate was 1.32 percent of covered-employee payroll.

Investments

Investment policy. The Board of Trustees has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this.

The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as June 30, 2019:

Asset Class	Target Allocation
Domestic equity	36%
Fixed Income	25%
Foreign equity	18%
Long/Short equity	6%
Real assets	10%
Private equity	5%
Total	100%

Rate of return. For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.67 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2019, were as follows:

Total OPEB liability	$	94,586,924
Plan fiduciary net position		(68,550,770)
County's net OPEB liability	$	26,036,154
Plan fiduciary net position as a percentage of the total OPEB liability		72.47%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3 percent
Salary increases	2.5 percent
Investment rate of return	7 percent
Healthcare cost trend rates	8 percent for 2018, graded down to 5% over 12 years

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020.

The capital market assumptions use the building-block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 (see the discussion of the Board of Trustees investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	7.80%
Fixed Income	2.95
Foreign equity	8.77
Long/Short equity	5.64
Real assets	4.75
Private equity	10.40

Discount rate. The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentate-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
Net OPEB liability (asset)	$ 36,415,094	$ 26,036,154	$ 17,066,800

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 7% decreasing to 4% over 12 years	Healthcare Cost Current Rate 8% decreasing to 5% over 12 years	1% Increase 9% decreasing to 6% over 12 years
Net OPEB liability (asset)	$ 17,233,678	$ 26,036,154	$ 36,462,254

OTHER SUPPLEMENTARY INFORMATION
(Unaudited)

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 1

Function, Activity, Element	Original	Revised	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous revenue	$ -	$ -	$ -	$ -
Total Debt Service Fund	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 2

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	$ 50,000	$ 350,000	$ 997,625	$ (647,625)
Debt Service:				
Principal payments	43,775,000	43,775,000	43,775,000	-
Interest payments	19,643,451	19,643,451	19,632,381	11,070
Total Debt Service	63,418,451	63,418,451	63,407,381	11,070
Total Debt Service Fund	$ 63,468,451	$ 63,768,451	$ 64,405,006	$ (636,555)

See accompanying independent auditor's report.

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2019

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	**Technology Replacement Fund**	**Healthcare Fund**	**Total**
Assets:				
Cash and cash equivalents	$ -	$ 2,329,491	$ 18,662,046	$ 20,991,537
Receivables, net	11,676	-	2,725,943	2,737,619
Due from other funds	-	-	736,789	736,789
Due from component unit	-	-	116,690	116,690
Inventories	684,003	-	-	684,003
Total current assets	695,679	2,329,491	22,241,468	25,266,638
Capital Assets:				
Other capital assets, net	16,730,507	-	-	16,730,507
Capital assets, net	16,730,507	-	-	16,730,507
Total assets	17,426,186	2,329,491	22,241,468	41,997,145
Deferred Outflows of Resources:				
Change in proportionate share allocation	31,430	-	-	31,430
Difference between projected and actual earnings	317,028	-	-	317,028
Change of assumptions	25,196	-	-	25,196
Difference between actual and expected experience	11,089	-	-	11,089
Contributions after measurement date	409,151	-	-	409,151
Total deferred outflows of resources	793,894	-	-	793,894
Total assets and deferred outflows of resources	18,220,080	2,329,491	22,241,468	42,791,039
Liabilities:				
Accounts payable	441,151	54,989	-	496,140
Accrued liabilities	167,057	-	13,421,322	13,588,379
Due to other funds	383,009	-	-	383,009
Net pension liability	2,381,728	-	-	2,381,728
Net OPEB liability	793,667	-	-	793,667
Long-term liabilities due within one year	229,016	-	-	229,016
Long-term liabilities due in more than one year	19,687	-	-	19,687
Total liabilities	4,415,315	54,989	13,421,322	17,891,626
Deferred Inflows of Resources:				
Change in proportionate share allocation	44,016	-	-	44,016
Difference between actual and expected experience	579,576	-	-	579,576
Difference between projected and actual pension earnings	448,953	-	-	448,953
Change of assumptions	95,369	-	-	95,369
Total deferred inflows of resources	1,167,914	-	-	1,167,914
Total liabilities and deferred inflows of resources	5,583,229	54,989	13,421,322	19,059,540
Net Position:				
Net investment in capital assets	16,730,507	-	-	16,730,507
Unrestricted	(4,093,656)	2,274,502	8,820,146	7,000,992
Total net position	$ 12,636,851	$ 2,274,502	$ 8,820,146	$ 23,731,499

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	$ 20,870,984	$ -	$ -	$ 20,870,984
Contributions:				
Employer	-	-	92,344,441	92,344,441
Employee	-	-	27,247,886	27,247,886
Retiree	-	-	28,540	28,540
Disabled	-	-	-	-
Other	140,111	2,500,000	3,315,625	5,955,736
Total operating revenues	21,011,095	2,500,000	122,936,492	146,447,587
Operating Expenses:				
Utility charges	145,788	-	-	145,788
Personnel services and benefits	4,045,780	-	117,437,713	121,483,493
Professional services	3,306	-	109,421	112,727
Materials and supplies	9,955,838	2,825,153	-	12,780,991
Maintenance and repairs	4,856,719	-	-	4,856,719
Other expenses	308,756	-	1,233,297	1,542,053
Depreciation	2,399,584	-	-	2,399,584
Total operating expenses	21,715,771	2,825,153	118,780,431	143,321,355
Operating (loss) income	(704,676)	(325,153)	4,156,061	3,126,232
Nonoperating Revenues:				
Gain on sale of equipment	240,495	-	-	240,495
Investment income	-	-	302,677	302,677
Total nonoperating revenues, net	240,495	-	302,677	543,172
Income (loss) before capital contributions	(464,181)	(325,153)	4,458,738	3,669,404
Capital contributions - donated assets	164,681	-	-	164,681
Change in net position	(299,500)	(325,153)	4,458,738	3,834,085
Total net position - June 30, 2018	12,936,351	2,599,655	4,361,408	19,897,414
Total net position - June 30, 2019	$ 12,636,851	$ 2,274,502	$ 8,820,146	$ 23,731,499

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	$ 21,009,305	$ 2,500,000	$ 122,538,626	$ 146,047,931
Payments to suppliers	(15,421,766)	(2,777,557)	(116,679,283)	(134,878,606)
Payments to employees	(4,037,140)	-	-	(4,037,140)
Net cash provided by (used in) operating activities	1,550,399	(277,557)	5,859,343	7,132,185
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,835,479)	-	-	(2,835,479)
Principle paid on debt	(1,230)	-	-	(1,230)
Proceeds from sale of capital assets	293,229	-	-	293,229
Net cash used in capital and related financing activities	(2,543,480)	-	-	(2,543,480)
Cash Flows From Investing Activities:				
Investment income received	-	-	302,677	302,677
Net (decrease) increase in Cash and cash equivalents	(993,081)	(277,557)	6,162,020	4,891,382
Cash and cash equivalents - June 30, 2018	993,081	2,607,048	12,500,026	16,100,155
Cash and cash equivalents - June 30, 2019	-	$ 2,329,491	$ 18,662,046	$ 20,991,537
Reconciliation of Operating Loss to Net Cash (Used In) Provided by Operating Activities:				
Operating (loss) income	$ (704,676)	$ (325,153)	$ 4,156,061	$ 3,126,232
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	2,399,584	-	-	2,399,584
Change in assets and liabilities:				
Receivables	(1,790)	-	(311,938)	(313,728)
Inventories	56,990	-	-	56,990
Due from other funds	-	-	(75,727)	(75,727)
Due from component unit	-	-	(10,201)	(10,201)
Deferred outflows of resources	148,452	-	-	148,452
Accounts payable	(232,910)	47,596	2,089,203	1,903,889
Accrued liabilities	85,211	-	11,945	97,156
Due to other funds	371,608	-	-	371,608
Net pension liability	(85,528)	-	-	(85,528)
Net OPEB liability	(3,662)	-	-	(3,662)
Deferred inflows of resources	(482,880)	-	-	(482,880)
Net cash provided by (used in) operating activities	$ 1,550,399	$ (277,557)	$ 5,859,343	$ 7,132,185

Supplemental disclosure of noncash investing and financing activities:

Central Automotive Maintenance received donated equipment assets valued at $164,681.

See accompanying independent auditor's report.

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.

Non-Judicial Tax Sales - To account for receipts and disbursements of monies received from delinquent tax sales.

Code RVA - To account for receipts and disbursements of monies received from School Boards and State Agencies to operate Code RVA as fiscal agent.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENTS OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2019

Schedule 6

	Long-Term Disability	Special Welfare	Mental Health and Developmental Services	Non-Judicial Tax Sales	Code RVA	Total
Assets:						
Cash and cash equivalents	$ 782,048	$ 28,681	$ 62,378	$ 21,854	$ 449,202	$ 1,344,163
Accounts receivable	-	84	-	-	-	84
Due from other Governments	-	-	-	-	282,960	282,960
Deferred outflows	-	-	-	-	239,705	239,705
Equipment	-	-	-	-	32,248	32,248
Total Assets	$ 782,048	$ 28,765	$ 62,378	$ 21,854	$ 1,004,115	$ 1,899,160
Liabilities:						
Amounts due to others	$ 735,570	$ 28,765	$ 62,378	$ 21,854	$ 835,224	$ 1,683,791
Accounts payable	46,478	-	-	-	168,891	215,369
Total Liabilities	$ 782,048	$ 28,765	$ 62,378	$ 21,854	$ 1,004,115	$ 1,899,160

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA

Schedule 7

COMBINING STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1	Additions	Deletions	Balance June 30
Long Term Disability:				
Assets:				
Cash and cash equivalents	$ 683,304	$ 663,355	$ 564,611	$ 782,048
Total assets	$ 683,304	$ 663,355	$ 564,611	$ 782,048
Liabilities:				
Amounts due to others	$ 636,826	134,434	35,690	735,570
Accounts payable	46,478	528,921	528,921	46,478
Total liabilities	$ 683,304	$ 663,355	$ 564,611	$ 782,048
Special Welfare:				
Assets:				
Cash and cash equivalents	$ 61,742	$ 130,031	$ 163,092	$ 28,681
Accounts receivable	84	-	-	84
Total assets	$ 61,826	$ 130,031	$ 163,092	$ 28,765
Liabilities:				
Amounts due to others	$ 61,651	$ 130,031	$ 162,917	$ 28,765
Accounts payable	175	-	175	-
Total liabilities	$ 61,826	$ 130,031	$ 163,092	$ 28,765
Mental Health and Retardation:				
Assets:				
Cash and cash equivalents	$ 48,527	$ 321,881	$ 308,030	$ 62,378
Total assets	$ 48,527	$ 321,881	$ 308,030	$ 62,378
Liabilities:				
Amounts due to others	$ 48,527	$ 321,881	$ 308,030	$ 62,378
Total liabilities	$ 48,527	$ 321,881	$ 308,030	$ 62,378
Non-Judicial Tax Sales:				
Assets:				
Cash and cash equivalents	$ 41	$ 21,813	$ -	$ 21,854
Total assets	$ 41	$ 21,813	$ -	$ 21,854
Liabilities:				
Amounts due to others	$ 41	$ 21,813	$ -	$ 21,854
Total liabilities	$ 41	$ 21,813	$ -	$ 21,854
Code RVA:				
Assets:				
Cash and cash equivalents	$ -	$ 3,685,060	$ 3,235,858	$ 449,202
Due from other government	403,487	282,960	403,487	282,960
Deferred outflows	-	239,705	-	239,705
Equipment	32,248	-	-	32,248
Total assets	$ 435,735	$ 4,207,725	$ 3,639,345	$ 1,004,115
Liabilities:				
Accounts Payable	$ 67,248	$ 1,423,123	$ 1,321,480	$ 168,891
Amount due to others	368,487	2,784,602	2,317,865	835,224
Total liabilities	$ 435,735	$ 4,207,725	$ 3,639,345	$ 1,004,115
Totals:				
Assets:				
Cash and cash equivalents	$ 793,614	$ 4,822,140	$ 4,271,591	$ 1,344,163
Accounts receivable	84	-	-	84
Due from other government	403,487	282,960	403,487	282,960
Deferred outflows	-	239,705	-	239,705
Equipment	32,248	-	-	32,248
Total assets	$ 1,229,433	$ 5,344,805	$ 4,675,078	$ 1,899,160
Liabilities:				
Amounts due to others	$ 1,115,532	$ 3,392,761	$ 2,824,502	$ 1,683,791
Accounts payable	113,901	1,952,044	1,850,576	215,369
Total liabilities	$ 1,229,433	$ 5,344,805	$ 4,675,078	$ 1,899,160

See accompanying independent auditor's report.

HENRICO COUNTY, 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.

HENRICO COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2019

Schedule 8

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Totals
Assets:				
Cash and cash equivalents	$ 12,071,997	$ 17,823,740	$ 17,879,359	$ 47,775,096
Other assets	-	174,887	-	174,887
Due from other governmental units	4,743,169	12,524,966	-	17,268,135
Total Assets	$ 16,815,166	$ 30,523,593	$ 17,879,359	$ 65,218,118
Liabilities:				
Accounts payable	$ 261,410	$ 675,081	$ 26,795	$ 963,286
Accrued liabilities	1,813,744	119,333	514,930	2,448,007
Amounts held for others	83,866	-	-	83,866
Due to other funds	102,335	3,687	-	106,022
Total liabilities	2,261,355	798,101	541,725	3,601,181
Deferred Inflow of Resources:				
Unavailable revenues	-	17,383,295	-	17,383,295
Fund balances:				
Restricted	-	12,342,197	-	12,342,197
Committed	-	-	17,337,634	17,337,634
Assigned	12,078,059	-	-	12,078,059
Unassigned	2,475,752	-	-	2,475,752
Total fund balances	14,553,811	12,342,197	17,337,634	44,233,642
Total Liabilities, Deferred Inflows and Fund Balances	$ 16,815,166	$ 30,523,593	$ 17,879,359	$ 65,218,118

Adjustments for the Statement of Net Position:

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	$ (4,198,739)
Capital assets used in School Board activities are not current financial resources and therefore are not reported as assets in the governmental funds.	300,643,642
Deferred outflows - contributions after measurement date are not current financial resources and therefore are not reported as assets in the governmental funds.	52,082,898
Deferred outflows - differences between projected and actual earnings are not current financial resources and therefore are not reported as assets in the governmental funds.	28,574,836
Deferred outflows - changes of assumptions are not current financial resources and therefore are not reported as assets in the governmental funds.	4,812,364
Deferred outflows - differences between expected and actual experience are not current financial resources and therefore are not reported as assets in the governmental funds.	1,154,815
Pension liability is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(410,797,960)
OPEB liability is not due and payable in the current period and therefore is not reported as liabilities in the governmental funds.	(77,787,584)
Change in proportionate share allocation	(3,345,280)
Deferred inflows - differences between expected and actual experience are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(44,095,514)
Deferred inflows - differences between projected and actual earnings are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(38,695,105)
Deferred inflows - changes of assumptions are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(3,241,952)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(38,171,430)
Net Position of Discretely Presented Component Unit - School Board	$ (188,831,367)

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 9

	Governmental Funds			
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	Total
Revenues:				
Permits, privilege fees and regulatory licenses	$ 432,105	$ -	$ -	$ 432,105
Charges for services	178,379	6,428,268	-	6,606,647
Miscellaneous	-	4,332,250	-	4,332,250
Recovered costs	319,772	-	-	319,772
Intergovernmental:				
Federal	-	42,417,511	-	42,417,511
State	270,245,309	12,633,843	-	282,879,152
Total revenues	271,175,565	65,811,872	-	336,987,437
Expenditures:				
Education	498,463,704	64,218,357	-	562,682,061
Capital projects	-	-	14,251,246	14,251,246
Debt service:				
Principal retirement	9,410,725	-	-	9,410,725
Interest	146,111	-	-	146,111
Total expenditures	508,020,540	64,218,357	14,251,246	586,490,143
Deficiency of revenues under expenditures	(236,844,975)	1,593,515	(14,251,246)	(249,502,706)
Other Financing Sources:				
Capital lease obligations incurred	21,552,124	-	-	21,552,124
Transfers in	-	-	9,000,000	9,000,000
Transfers out	(9,000,000)	-	-	(9,000,000)
Payment from Primary Government	226,147,872	-	2,500,000	228,647,872
Total other financing sources	238,699,996	-	11,500,000	250,199,996
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,855,021	1,593,515	(2,751,246)	697,290
Total Fund Balances - June 30, 2018	12,698,790	10,748,682	20,088,880	43,536,352
Total Fund Balances - June 30, 2019	$ 14,553,811	$ 12,342,197	$ 17,337,634	$ 44,233,642

Adjustments for the Statement of Activities:

Excess of revenues and other sources over expenditures and other uses	$ 697,290
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 Position.	9,410,725
Depreciation expense is reported in the Statement of Activities but is not reported as an expense in the governmental funds. (Note 6)	(21,863,954)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	36,778,728
Capital lease proceeds are recorded as revenues in governmental funds, but are not reported as revenues in the Statement of Activities. (Note 7)	(21,552,124)
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.	(350,754)
Pension/OPEB expense is recorded as an expenditure in the Statement of Activities, but is not reported as an expense in the governmental funds.	26,620,168
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.	94,974
Change in Net Position of Discretely Presented Component Unit - School Board	$ 29,835,052

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION **Schedule 10**
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
JUNE 30, 2019

	Agency Funds
Assets:	
Cash and cash equivalents	$ 6,395,844
Total Assets	$ 6,395,844
Liabilities:	
Amounts held for others	$ 6,395,844
Total Liabilities	$ 6,395,844

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

Schedule 11

DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Balance July 1	Additions	Deletions	Balance June 30
School Activity Fund:				
Assets:				
Cash and cash equivalents	$ 6,080,133	$ 18,780,181	$ 18,464,470	$ 6,395,844
Total assets	$ 6,080,133	$ 18,780,181	$ 18,464,470	$ 6,395,844
Liabilities:				
Amounts due to others	$ 6,080,133	$ 18,780,181	$ 18,464,470	$ 6,395,844
Total liabilities	$ 6,080,133	$ 18,780,181	$ 18,464,470	$ 6,395,844

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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	$ 100,000	$ 100,000	$ 105,766	$ 5,766
Facilities rental	300,000	300,000	326,339	26,339
Total permits, privilege fees and regulatory licenses	400,000	400,000	432,105	32,105
Charges for services:				
School fees and tuitions	128,000	128,000	178,379	50,379
Total charges for services	128,000	128,000	178,379	50,379
Recovered cost:				
Sale of vehicles, textbooks and equipment	50,000	50,000	116,626	66,626
Recovered cost - student activities	281,500	281,500	203,146	(78,354)
Total recovered cost	331,500	331,500	319,772	(11,728)
Total revenue from local sources	859,500	859,500	930,256	70,756
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,415,000	1,415,000	1,429,379	14,379
English as a second language	2,100,000	2,100,000	2,202,095	102,095
General appropriation - basic aid	135,000,000	135,000,000	134,673,316	(326,684)
Foster child reimbursement	350,000	350,000	247,843	(102,157)
Textbooks	2,900,000	2,900,000	2,937,228	37,228
Social security reimbursement	8,050,000	8,050,000	8,080,368	30,368
Retirement reimbursement	17,800,000	17,800,000	17,852,655	52,655
Life insurance reimbursement	525,000	525,000	554,249	29,249
Remedial education	4,300,000	4,300,000	4,346,480	46,480
Share of State sales tax - schools	56,500,000	56,500,000	57,453,295	953,295
SOQ - basic special education	16,000,000	16,000,000	16,073,223	73,223
Special education - homebound	210,000	210,000	191,534	(18,466)
Vocational education - local administrative and supervisory	650,000	650,000	47,104	(602,896)
Vocational education - SOQ occupational	2,200,000	2,200,000	2,275,338	75,338
Handicapped - foster home	600,000	600,000	439,020	(160,980)
Salary incentive K-3	5,750,000	5,750,000	5,652,212	(97,788)
R.O.T.C.	360,000	360,000	404,738	44,738
Adult Basic Education	-	-	753,311	753,311
At risk	3,475,000	3,475,000	3,839,919	364,919
Education State Compensation	-	-	-	-
Other categorical aid	110,000	110,000	169,381	59,381
State lottery proceeds	6,000,000	8,000,000	10,622,621	2,622,621
Total categorical aid	264,295,000	266,295,000	270,245,309	3,950,309
Total revenue from the Commonwealth	264,295,000	266,295,000	270,245,309	3,950,309
Total Component Unit - General Fund	$ 265,154,500	$ 267,154,500	$ 271,175,565	$ 4,021,065

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
Special Revenue Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	$ 9,562,985	$ 9,562,985	$ 6,428,268	$ (3,134,717)
Total charges for services	9,562,985	9,562,985	6,428,268	(3,134,717)
Miscellaneous:				
Miscellaneous	249,463	249,463	416,661	167,198
Recoveries and rebates	2,936,363	2,936,363	3,915,589	979,226
Total miscellaneous	3,185,826	3,185,826	4,332,250	1,146,424
Total revenue from local sources	12,748,811	12,748,811	10,760,518	(1,988,293)
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,560,289	1,560,289	1,510,528	(49,761)
Technology	2,194,400	2,194,400	1,531,914	(662,486)
Summer school	1,969,963	1,969,963	500,523	(1,469,440)
General adult education	292,023	292,023	(1,107)	(293,130)
Other state educational grants	10,876,017	10,876,017	9,091,985	(1,784,032)
Total revenue from the Commonwealth	16,892,692	16,892,692	12,633,843	(4,258,849)
Revenue from the Federal Government:				
Title I	8,934,667	8,934,667	9,857,108	922,441
Title VI-B	10,346,434	10,346,434	10,286,623	(59,811)
Vocational federal act	-	-	892,542	892,542
Head start	1,452,894	1,452,894	1,376,747	(76,147)
Pre-school	309,998	309,998	196,395	(113,603)
School lunch program	15,385,578	15,385,578	10,675,165	(4,710,413)
School breakfast program	-	-	3,783,440	3,783,440
Other Federal educational grants	7,895,312	7,895,312	5,349,491	(2,545,821)
Total revenue from the Federal government	44,324,883	44,324,883	42,417,511	(1,907,372)
Total intergovernmental	61,217,575	61,217,575	55,051,354	(6,166,221)
Total Component Unit - Special Revenue Fund	$ 73,966,386	$ 73,966,386	$ 65,811,872	$ (8,154,514)
Grand Total Revenues - Component Unit - School Board	$ 339,120,886	$ 341,120,886	$ 336,987,437	$ (4,133,449)

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Schedule 13

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	$ 56,864,551	$ 65,072,878	$ 54,137,403	$ 10,935,475
Instructional	366,708,778	368,574,303	368,273,241	301,062
Transportation	27,086,221	28,852,762	28,851,525	1,237
Operation and maintenance	46,477,733	46,915,892	47,201,534	(285,642)
Total administration of schools	497,137,283	509,415,835	498,463,704	10,952,131
Debt Service:				
Principal retirement	9,410,725	9,410,725	9,410,725	-
Interest	146,111	146,111	146,111	-
Total debt service	9,556,836	9,556,836	9,556,836	-
Total education	506,694,119	518,972,671	508,020,540	10,952,131
Total Component Unit - General Fund	$ 506,694,119	$ 518,972,671	$ 508,020,540	$ 10,952,131
Special Revenue Fund:				
Education:				
Instruction	$ 43,029,124	$ 64,828,669	$ 42,310,777	$ 22,517,892
Other educational programs	(20,478,696)	(18,484,464)	901,354	(19,385,818)
Transportation	-	218,455	149,612	68,843
Total education	22,550,428	46,562,660	43,361,743	3,200,917
School food service	25,596,753	25,735,941	20,856,614	4,879,327
Total Component Unit - Special Revenue Fund	$ 48,147,181	$ 72,298,601	$ 64,218,357	$ 8,080,244
Grand Total Expenditures - Component Unit - School Board	$ 554,841,300	$ 591,271,272	$ 572,238,897	$ 19,032,375

See accompanying independent auditor's report.

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

HENRICO COUNTY, VIRGINIA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Unaudited)

(accrual basis of accounting)

($ in thousands)

Table I

	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019
Governmental Activities:										
Net Investment in Capital Assets	$ 921,623	$ 946,772	$ 1,009,019	$ 1,029,263	$ 1,049,919	$ 1,082,833	$ 1,093,486	$ 1,102,415	$ 1,168,862	$ 1,208,373
Restricted For:										
Highways, Streets and Buildings	86,705	94,717	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048
Debt Service	38,006	35,199	37,787	34,667	35,187	35,729	35,283	33,318	38,889	42,912
Grants	29,488	39,207	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044
Unrestricted	203,684	182,965	129,229	107,902	125,687	(75,487)	(99,933)	(76,034)	(78,587)	(66,470)
Total Governmental Activities Net Position	$ 1,279,506	$ 1,298,860	$ 1,297,501	$ 1,308,669	$ 1,333,340	$ 1,156,141	$ 1,154,306	$ 1,239,263	$ 1,248,609	$ 1,353,908
Business-type Activities:										
Net Investment in Capital Assets	$ 909,604	$ 923,622	$ 946,577	$ 969,304	$ 1,015,261	$ 1,006,550	$ 1,045,556	$ 1,049,633	$ 1,040,062	$ 1,059,884
Debt Service	16,704	16,516	16,516	15,070	17,005	17,002	21,532	21,532	27,247	30,421
Unrestricted	76,418	73,779	64,471	63,384	31,682	47,360	27,843	58,476	89,177	94,644
Total Business-Type Activities Net Position	$ 1,002,727	$ 1,013,917	$ 1,027,564	$ 1,047,758	$ 1,063,948	$ 1,070,912	$ 1,094,931	$ 1,129,641	$ 1,156,486	$ 1,184,949
Primary Government:										
Net Investment in Capital Assets	$ 1,831,227	$ 1,870,394	$ 1,955,596	$ 1,998,567	$ 2,065,180	$ 2,089,383	$ 2,139,042	$ 2,152,048	$ 2,208,923	$ 2,268,258
Restricted For:										
Highways, Streets, and Buildings	86,705	94,717	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048
Debt Service	54,710	51,715	54,303	49,737	52,192	52,731	56,815	54,850	66,136	73,333
Grants	29,488	39,207	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044
Unrestricted	280,102	256,744	193,700	171,286	157,369	(28,127)	(72,091)	(17,558)	10,590	28,174
Total Primary Government Net Position	$ 2,282,233	$ 2,312,777	$ 2,325,065	$ 2,356,427	$ 2,397,288	$ 2,227,053	$ 2,249,236	$ 2,368,904	$ 2,405,094	$ 2,538,857

Note: Table may not foot due to rounding

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

(1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.

(2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)
($ in thousands)

Table II

	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019
Expenses										
Governmental Activities:										
General Government	$ 102,595	$ 88,350	$ 96,745	$ 96,108	$ 86,769	$ 101,642	$ 129,491	$ 97,783	$ 91,002	$ 94,497
Judicial Administration	10,943	11,101	11,158	10,908	10,916	11,215	11,298	11,889	12,267	12,845
Public Safety	165,026	169,856	172,498	173,219	179,030	181,590	186,839	198,047	198,269	205,319
Public Works	77,785	71,986	75,272	70,303	77,624	82,583	80,918	89,386	87,221	91,603
Health and Welfare	67,543	60,937	60,572	57,700	58,681	61,796	66,956	70,840	74,941	79,862
Education	193,146	209,564	205,558	188,025	200,483	217,148	251,840	249,223	235,170	239,957
Parks, Recreation and Culture	35,204	34,329	34,987	34,781	34,159	35,058	37,434	40,309	42,123	43,429
Community Development	25,428	26,692	27,903	28,869	27,681	31,813	29,868	28,640	30,396	28,681
Interest on Long-term Debt	27,698	18,520	19,177	21,289	15,854	17,195	11,941	12,302	12,069	13,623
Total Government Activities Expenses	705,368	691,335	703,870	681,202	691,197	740,040	806,585	798,419	783,458	809,815
Business-Type Activities:										
Water and Sewer	87,290	92,028	90,830	89,813	96,918	102,977	107,950	105,919	108,696	112,548
Belmont Park Golf Course	1,237	1,227	1,241	1,166	1,150	965	1,082	1,001	926	896
Total Business-Type Activities Expenses	88,527	93,255	92,071	90,979	98,068	103,942	109,032	106,920	109,622	113,444
Total Primary Government Expenses	$ 793,895	$ 784,590	$ 795,941	$ 772,181	$ 789,265	$ 843,982	$ 915,617	$ 905,339	$ 893,080	$ 923,259
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	$ 15,207	$ 11,461	$ 12,212	$ 11,094	$ 11,118	$ 13,164	$ 11,969	$ 13,659	$ 16,613	$ 14,225
Judicial Administration	81	88	90	106	124	185	957	982	972	1,015
Public Safety	2,765	3,153	3,190	3,464	2,951	3,197	2,878	5,029	3,142	3,791
Public Works	13,741	15,760	13,667	15,077	14,851	3,392	3,464	3,085	2,572	2,693
Health and Welfare	9,645	9,507	10,225	10,234	11,255	10,764	11,317	11,096	11,223	12,231
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,444	1,439	1,497	1,494	1,446	1,360	1,250	1,249	1,208	1,237
Community Development	547	4,901	5,749	6,328	6,479	7,561	7,843	8,615	9,853	9,872
Interest and Long-term Debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	111,874	-	-	109,426	117,403	137,434	152,903	155,163	148,000	157,835
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities Revenues	155,304	46,309	46,630	157,223	165,627	177,057	192,581	198,878	193,583	202,899
Business-Type Activities:										
Water and Sewer	88,428	91,827	97,318	100,998	101,395	110,953	117,240	118,859	113,054	116,971
Belmont Park Golf Course	868	867	979	844	797	853	823	694	697	782
Total Business-Type Activities Revenues	89,296	92,694	98,297	101,842	102,192	111,806	118,063	119,553	113,751	117,753
Total Primary Government Revenues	$ 244,600	$ 139,003	$ 144,927	$ 259,065	$ 267,819	$ 288,863	$ 310,644	$ 318,431	$ 307,334	$ 320,652

Note: Table may not foot due to rounding

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

(1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.

(2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

HENRICO COUNTY, VIRGINIA
SCHEDULE OF CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Unaudited)
(accrual basis of accounting)
($ in thousands)

Table II (Cont'd)

	2010	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019
Net (Expense) Revenue										
Governmental Activities:										
General Government	$ (86,579)	$ (75,510)	$ (83,065)	$ (86,689)	$ (74,645)	$ (86,565)	$ (115,290)	$ (82,401)	$ (71,887)	$ (76,100)
Judicial Administration	(5,795)	(5,874)	(5,869)	(5,498)	(5,505)	(5,454)	(4,694)	(4,906)	(5,297)	(5,776)
Public Safety	(135,030)	(137,288)	(139,818)	(142,236)	(146,844)	(150,739)	(155,208)	(163,389)	(166,276)	(172,147)
Public Works	(26,246)	(12,395)	(20,548)	(13,665)	(15,234)	(14,734)	(3,916)	(12,399)	(20,316)	(22,168)
Health and Welfare	(25,890)	(21,057)	(21,047)	(21,664)	(20,749)	(16,612)	(21,119)	(24,174)	(25,558)	(26,640)
Education	(193,146)	(209,564)	(205,558)	(188,025)	(200,483)	(217,148)	(251,840)	(249,223)	(235,170)	(239,957)
Parks, Recreation and Culture	(33,555)	(32,711)	(33,296)	(33,103)	(32,502)	(33,359)	(35,984)	(38,845)	(40,701)	(39,077)
Community Development	(16,125)	(14,153)	(15,847)	(14,613)	(13,754)	(21,178)	(14,010)	(11,901)	(12,600)	(11,427)
Interest on Long-term Debt	(27,698)	(18,520)	(19,177)	(21,289)	(15,854)	(17,195)	(11,941)	(12,302)	(12,069)	(13,623)
Total Governmental Activities Net Expense	(550,064)	(527,072)	(544,225)	(526,782)	(525,570)	(562,984)	(614,002)	(599,540)	(589,874)	(606,916)
Business-Type Activities:										
Water and Sewer	18,929	8,137	13,392	17,885	11,806	18,224	20,270	27,805	25,503	10,509
Belmont Park Golf Course	(369)	(360)	(262)	(323)	(353)	(112)	(259)	(307)	(229)	(114)
Total Business-Type Activities Net Revenue	18,560	7,777	13,130	17,562	11,453	18,112	20,011	27,498	25,274	10,395
Total Primary Government Net Expense	$ (531,504)	$ (519,295)	$ (531,095)	$ (509,220)	$ (514,117)	$ (544,872)	$ (593,991)	$ (572,042)	$ (564,600)	$ (596,521)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property	$ 366,203	$ 356,285	$ 355,138	$ 355,171	$ 367,971	$ 377,406	$ 387,744	$ 403,164	$ 420,886	$ 446,944
Local Sales and Use	53,256	55,342	55,913	55,852	55,825	58,095	62,286	64,666	68,256	68,775
Business License	27,313	27,525	28,487	29,641	29,828	32,086	33,521	35,432	35,618	38,308
Hotel and Motel	9,006	9,389	10,627	10,851	11,008	12,193	13,169	13,448	13,898	14,045
Bank Franchise	14,579	18,906	17,440	11,740	9,138	11,482	12,133	17,318	17,775	18,241
Other	17,069	16,931	18,075	20,158	21,250	46,344	48,614	49,828	50,948	52,026
Interest and Investment Earnings	4,656	2,689	2,225	1,519	1,946	2,271	2,945	2,045	5,305	18,052
Grants and Contributions	61,238	57,854	54,053	51,426	51,143	50,727	50,633	55,243	50,576	50,983
Miscellaneous/Donated Assets	3,861	1,505	908	1,592	2,131	2,591	1,121	4,976	1,685	4,840
Total Governmental Activities	557,181	546,426	542,866	537,950	550,240	593,195	612,166	646,120	664,947	712,215
Business-Type Activities:										
Interest and Investment Earnings	646	714	1,051	1,024	2,075	799	1,020	975	1,122	1,037
Grants and Contributions	661	436	492	436	1,611	1,608	1,650	1,608	1,609	15,336
Miscellaneous/Donated Assets	4,262	2,264	(1,026)	1,172	1,051	1,214	1,340	1,923	1,712	1,695
Total Business-Type Activities	5,569	3,414	517	2,632	4,737	3,621	4,010	4,506	4,443	18,069
Total Primary Government	$ 562,750	$ 549,840	$ 543,383	$ 540,582	$ 554,977	$ 596,816	$ 616,176	$ 650,626	$ 669,390	$ 730,283
Change in Net Position										
Government Activities	$ 7,117	$ 19,354	$ (1,359)	$ 11,168	$ 24,670	$ 30,211	$ (1,836)	$ 46,580	$ 75,073	$ 105,299
Business Activities	24,129	11,191	13,647	20,194	16,190	21,733	24,021	32,004	29,717	28,464
Total Primary Government Net Position	$ 31,246	$ 30,545	$ 12,288	$ 31,362	$ 40,860	$ 51,944	$ 22,185	$ 78,584	$ 104,790	$ 133,763

Note: Table may not foot due to rounding

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

(1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.

(2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

HENRICO COUNTY, VIRGINIA
FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)
(modified accrual basis of accounting)
($ in thousands)

Table III

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Nonspendable	$ -	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113	$ 113
Restricted	-	4,512	4,532	5,026	6,812	7,321	5,277	6,886	3,966	1,692
Committed	-	5,000	10,000	2,920	18,842	28,204	33,206	35,454	65,937	56,630
Assigned	-	79,631	89,409	72,184	61,822	61,511	62,420	77,076	69,467	75,745
Unassigned	-	133,005	109,597	114,170	115,034	117,489	119,346	123,934	127,744	133,163
Total General Fund	242,864	222,261	213,651	194,413	202,623	214,638	220,362	243,463	267,227	267,342
All Other Governmental Funds:										
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	26,738	28,532	28,448	30,253	28,973	29,018	26,844	20,853	25,137
Committed	-	208,320	212,618	191,275	148,380	119,743	140,570	242,931	211,810	280,751
Assigned	-	15,238	14,964	15,907	17,768	19,298	23,139	24,668	24,705	24,150
Unassigned	-	-	-	-	-	-	-	-	-	-
Undesignated										
Total All Other Governmental Funds	214,957	250,296	256,114	235,630	196,401	168,014	192,727	294,443	257,368	330,037
Total Fund Balances	$ 457,822	$ 472,557	$ 469,765	$ 430,043	$ 399,024	$ 382,652	$ 413,089	$ 537,906	$ 524,595	$ 597,380

	2010
General Fund:	
Reserved for:	
Advance to Other Funds	$ 113
Encumbrances	4,298
Unreserved, reported in:	
Designated	101,927
Undesignated	136,526
Total General Fund	242,865
All Other Governmental Funds:	
Reserved for:	
Encumbrances	69,556
Unreserved, reported in:	
Designated:	
Special Revenue Fund	24,333
Debt Service Fund	6,496
Capital Project Fund	114,572
Undesignated	-
Total All Other Governmental Funds	214,957
Total Fund Balances	$ 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.
GASB 54 classification of fund balances was implemented in fiscal year 2011.

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

HENRICO COUNTY, VIRGINIA
CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Unaudited)

(modified accrual basis of accounting)

($ in thousands)

Table IV

	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:								
General Property Taxes	$ 351,142	$ 352,275	$ 367,120	$ 375,685	$ 387,388	$ 402,026	$ 420,786	$ 447,469
Other Local Taxes	129,354	125,872	125,113	158,824	165,920	176,154	182,032	186,844
Licenses and Permits	3,486	3,177	3,732	6,052	4,744	5,385	9,811	7,368
Fines and Forfeitures	2,958	3,415	2,649	2,523	1,945	2,110	2,161	2,147
Use of Money and Property	3,117	2,746	3,335	3,534	4,194	3,295	6,286	19,023
Charges for Services	26,279	27,446	28,783	28,383	29,317	31,325	29,196	30,451
Miscellaneous	6,861	8,639	8,807	9,360	10,681	12,628	12,306	16,549
Recovered Costs	6,908	6,231	5,635	5,821	5,599	7,617	6,313	6,670
Intergovernmental Revenue	160,862	155,590	167,242	172,485	180,066	188,030	184,786	189,626
Total Government Revenues	690,967	685,391	712,416	762,667	789,854	828,570	853,677	906,146
Expenditures:								
General Government	67,384	70,513	69,093	71,123	71,692	82,816	77,501	76,033
Judicial Administration	11,055	10,811	10,918	11,125	11,212	11,801	12,182	12,755
Public Safety	168,379	170,502	170,382	175,250	178,206	187,857	192,828	201,996
Public Works	54,071	51,344	59,730	63,621	61,463	66,543	69,029	70,318
Health and Welfare	60,342	57,369	58,616	61,614	66,583	70,532	74,643	79,599
Parks, Recreation and Culture	30,826	30,508	30,024	30,520	32,431	35,962	36,546	37,094
Community Development	27,711	28,687	27,548	31,497	29,648	28,412	30,185	28,517
Education	195,626	177,967	188,849	205,157	211,399	223,786	223,845	228,648
Miscellaneous	17,821	14,964	15,494	16,987	18,373	8,146	20,141	24,991
Debt Service - Principal	32,542	38,869	37,999	38,670	38,935	41,963	40,305	44,493
- Interest	22,610	22,162	21,168	19,077	17,488	16,765	17,167	19,728
Capital Outlay	80,574	51,801	53,716	54,864	56,145	45,478	75,029	117,730
Total Government Expenditures	768,941	725,497	743,537	779,505	793,575	820,061	869,401	941,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	(77,974)	(40,106)	(31,121)	(16,838)	(3,721)	8,509	(15,724)	(35,755)
Other Financing Sources (Uses):								
Transfers-in	84,029	109,077	87,589	107,121	123,971	109,542	123,601	161,744
Transfers-out	(84,029)	(109,077)	(87,589)	(107,121)	(123,971)	(109,542)	(123,601)	(161,744)
Issuance of Bonds	66,075	37,500	-	50,485	-	156,010	-	99,395
Issuance of Bond Premium	7,885	7,566	-	9,645	-	20,766	-	9,065
Loan Financing	-	-	-	-	34,000	-	-	-
Capital Lease Obligations Incurred	1,222	126	101	95	158	913	2,415	80
Payment to Escrow Agent	-	(44,809)	-	(59,758)	-	(61,386)	-	-
Total Other Financing Sources, Net	75,182	383	101	467	34,158	116,303	2,415	108,540
Net Change in Fund Balances	$ (2,792)	$ (39,723)	$ (31,020)	$ (16,371)	$ 30,437	$ 124,812	$ (13,309)	$ 72,785
Debt service as a percentage of noncapital expenditures	8.17%	9.26%	8.64%	8.07%	7.37%	7.54%	7.36%	7.86%

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 4

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

Table V

	Real Property					Personal Property							
Year	Residential Property	Commercial Property (1)	Public (3) Service Corp.	Total Real Property	Real Property Tax Rate (2)	Personal Property	Public (3) Service Corp.	Total Personal Property	Personal Property Tax Rate (2)	Total Taxable Assessed Value	Total Direct Tax Rate		Estimated Actual Value of Taxable Property
2010	22,613,681	9,403,294	976,312	32,993,287	0.87	3,068,020	3,704	3,071,724	3.50	36,065,011	7.37	(4)	36,065,011
2011	22,439,661	9,262,487	988,146	32,690,294	0.87	3,208,453	3,324	3,211,777	3.50	35,902,071	7.37	(4)	35,902,071
2012	21,340,606	9,326,319	980,339	31,647,264	0.87	3,432,535	3,433	3,435,968	3.50	35,083,232	7.37	(4)	35,083,232
2013	21,059,811	9,716,301	938,957	31,715,069	0.87	3,586,164	3,143	3,589,307	3.50	35,304,376	7.37	(4)	35,304,376
2014	21,988,906	9,919,518	908,401	32,816,825	0.87	3,585,703	3,305	3,589,008	3.50	36,405,833	7.37	(4)	36,405,833
2015	22,810,890	10,292,187	962,217	34,065,294	0.87	3,766,963	2,529	3,769,492	3.50	37,834,786	6.57	(5)	37,834,786
2016	23,518,182	10,657,341	1,004,054	35,179,577	0.87	4,013,147	2,222	4,015,369	3.50	39,194,946	5.47	(6)	39,194,946
2017	24,611,556	11,130,742	1,129,400	36,871,698	0.87	4,087,035	2,130	4,089,165	3.50	40,960,863	5.47	(6)	40,960,863
2018	26,117,583	11,776,171	1,162,001	39,055,755	0.87	4,241,370	1,994	4,243,364	3.50	43,299,119	5.47	(6)	43,299,119
2019	27,424,613	12,779,275	1,195,272	41,399,160	0.87	4,610,809	2,225	4,613,034	3.50	46,012,194	5.47	(6)	46,012,194

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
(4) Includes Machinery and Tools ($1.00), Aircraft ($1.60) and Semi-Conductor ($.40)
(5) Includes Machinery and Tools ($.30), Aircraft ($1.60) and Semi-Conductor ($.30)
(6) Includes Machinery and Tools ($.30), Aircraft ($.50) and Semi-Conductor ($.30)

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.

HENRICO COUNTY, VIRGINIA
DIRECT TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)

(rate per $100 of assessed value)

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi-Conductor	Total Direct Rate
2019	$ 0.87	$ 3.50	$ 0.30	$ 0.50	$ 0.30	$ 5.47
2018	0.87	3.50	0.30	0.50	0.30	5.47
2017	0.87	3.50	0.30	0.50	0.30	5.47
2016	0.87	3.50	0.30	0.50	0.30	5.47
2015	0.87	3.50	0.30	1.60	0.30	6.57
2014	0.87	3.50	1.00	1.60	0.40	7.37
2013	0.87	3.50	1.00	1.60	0.40	7.37
2012	0.87	3.50	1.00	1.60	0.40	7.37
2011	0.87	3.50	1.00	1.60	0.40	7.37
2010	0.87	3.50	1.00	1.60	0.40	7.37

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.

HENRICO COUNTY, VIRGINIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR, PRIOR YEAR AND TEN YEARS AGO
(Unaudited)

Table VII

Taxpayer	Type of Business	Calendar Year 2019 Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Calendar Year 2018 Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation	Calendar Year 2010 Real/Personal Property Assessed Valuation	Rank	Percent of Total Valuation
Virginia Power Company	Utility	$ 765,639,021	1	1.66%	$ 733,004,791	1	1.69%	$ 440,809,316	1	1.22%
Short Pump Town Centers LLC (Queensland) (1)	Retail and Offices	$ 415,937,900	2	0.90%	-	N/A	-	-	N/A	-
General Services Corporation	Apartments	401,133,500	3	0.87%	340,371,500	3	0.79%	199,359,400	7	0.55%
The Wilton Companies	Offices, Retail & Warehouses	253,490,300	4	0.55%	235,137,900	4	0.54%	222,756,700	5	0.62%
Highwoods Properties	Offices and Warehouses	242,129,000	5	0.53%	232,100,000	5	0.54%	258,164,500	4	0.72%
Weinstein Family	Apartments	242,113,500	6	0.53%	219,034,900	6	0.51%	151,335,400	10	0.42%
HCA Health Services of VA	Hospital	207,074,274	7	0.45%	190,630,418	8	0.44%	-	N/A	-
Verizon	Utility	198,843,391	8	0.43%	200,853,119	7	0.46%	308,808,485	3	0.86%
Gumenick	Apartments and Retail	197,889,100	9	0.43%	169,699,600	9	0.39%	164,089,300	8	0.45%
Breeden Companies	Apartments and Retail	175,937,400	10	0.38%	160,360,300	10	0.37%	-	N/A	-
Forest City (Short Pump TC, White Oak, etc) (1)	Retail and Offices	-	N/A	-	444,656,600	2	1.03%	370,297,200	2	1.03%
United Dominion Realty Trust	Apartments	-	N/A	-	-	N/A	-	152,852,800	9	0.42%
Liberty Property, LP	Warehouses and Offices	-	N/A	-	-	N/A	-	210,474,600	6	0.58%
Totals		$ 3,100,187,386		6.74%	$ 2,925,849,128		6.76%	$ 2,478,947,701		6.87%
Total Assessed Values		$ 46,012,195,329			$ 43,299,118,150			$ 36,065,011,440		

Source: County of Henrico Director of Finance

(1) Short Pump Town Centers LLC bought Forest City in July 2018

HENRICO COUNTY, VIRGINIA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Table VIII

		Collections within the Fiscal Year of Levy				**Total Collections to Date**	
Year	Original Fiscal Year Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years		Amount	Percentage of Adjusted Levy
2010	365,521,825	357,859,027	97.9%	7,479,652		365,338,679	99.9%
2011	349,268,894	336,136,985	96.2%	12,830,649		348,967,634	99.9%
2012	347,803,213	341,709,567	98.2%	5,359,194		347,068,761	99.8%
2013	357,613,295	351,926,258	98.4%	5,368,128		357,294,386	99.9%
2014	361,689,033	358,676,284	99.2%	2,067,461		360,743,745	99.7%
2015	373,457,423	357,897,136	95.8%	14,263,496		372,160,632	99.7%
2016	376,051,530	370,592,134	98.5%	5,220,897		375,813,031	99.9%
2017	389,341,072	384,815,669	98.8%	4,288,915		389,104,584	99.9%
2018	409,079,914	404,970,529	99.0%	3,002,249		407,972,778	99.7%
2019	433,549,534	429,914,099	99.2%	N/A	(1)	429,914,099	99.2%

Notes:

(1) Fiscal year 2019 collections in subsequent years will be available as of the next reporting period.

HENRICO COUNTY, VIRGINIA
RATIOS OF OUTSTANDING DEBT BY TYPE (1)
LAST TEN FISCAL YEARS
(Unaudited)

Table IX

	General Bonded Debt						
Fiscal Year	General Obligation Bonds (2)	Less, Amounts Designated for Principal Payments	Net Bonded Debt	Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases
2010	451,492,866	6,496,004	444,996,862	3.4%	1.2%	1,445.58	36,568,194
2011	494,358,769	4,768,994	489,589,775	3.5%	1.4%	1,570.58	35,902,455
2012	533,781,559	2,757,410	531,024,149	3.6%	1.5%	1,684.95	35,011,636
2013	498,120,008	757,411	497,362,597	3.3%	1.4%	1,563.26	31,648,127
2014	459,391,297	757,411	458,633,886	3.0%	1.3%	1,427.10	27,654,285
2015	424,098,966	1,129,065	422,969,901	2.7%	1.1%	1,300.31	23,515,198
2016	384,048,359	1,148,179	382,900,180	2.2%	1.0%	1,163.03	53,336,713
2017	461,714,254	202,833	461,511,421	2.2%	1.1%	1,388.56	46,420,396
2018	421,919,118	1,178,658	420,740,460	1.8%	0.9%	1,240.42	41,643,906
2019	485,511,538	243,734	485,267,804	2.1%	1.1%	1,430.66	34,939,140

	Business-Type Activities						**Component Units**		
							School Board	JRJDC	
Fiscal Year	Water & Sewer Revenue Bonds (2)	Capital Leases	Total Primary Government	Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases	Facility Bond	Capital Leases
2010	187,913,854	23,332	675,998,246	5.1%	1.9%	2,196.00	20,337,101	3,470,000	7,549
2011	181,293,222	16,110	711,570,556	5.1%	2.0%	2,282.68	21,698,861	2,960,000	5,963
2012	172,866,644	20,562	741,680,401	5.1%	2.1%	2,353.37	11,606,052	2,425,000	3,906
2013	164,219,306	21,719	694,009,160	4.6%	2.0%	2,181.33	7,246,929	1,860,000	1,397
2014	239,236,344	28,148	726,310,074	4.7%	2.0%	2,260.02	42,682,213	1,270,000	-
2015	231,360,899	35,173	679,010,236	4.3%	1.8%	2,087.44	31,573,304	650,000	8,244
2016	321,833,554	20,769	759,239,395	4.3%	1.9%	2,306.13	25,965,793	-	6,508
2017	310,040,991	25,885	818,201,526	3.9%	2.0%	2,461.73	26,086,650	-	4,333
2018	404,656,626	13,303	868,232,953	3.8%	1.9%	2,559.72	14,835,498	-	1,610
2019	463,978,992	15,285	984,444,955	4.3%	2.1%	2,902.33	26,976,897	-	-

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 Bond (plus Literary Loans, if applicable), net of related premium and discounts.

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

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

Table X

Fiscal Year	Operating Revenue	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2010	83,321,061	54,265,948	29,055,113	6,780,000	8,162,621	14,942,621	1.94
2011	88,550,725	57,029,837	31,520,888	6,260,000	8,471,819	14,731,819	2.14
2012	91,838,857	55,519,463	36,319,394	8,070,000	8,582,853	16,652,853	2.18
2013	93,653,734	55,270,283	38,383,451	8,280,000	7,085,027	15,365,027	2.50
2014	97,868,671	61,678,495	36,190,176	8,025,000	7,044,891	15,069,891	2.40
2015	104,597,706	60,062,988	44,534,718	7,230,000	9,767,118	16,997,118	2.62
2016	107,480,177	66,069,889	41,410,288	7,705,000	9,300,077	17,005,077	2.44
2017	112,157,060	62,813,358	49,343,702	9,740,000	11,578,096	21,318,096	2.31
2018	115,946,048	64,393,573	51,552,475	9,460,000	12,069,272	21,529,272	2.39
2019	119,911,922	65,281,033	54,630,889	11,630,000	15,616,588	27,246,588	2.01

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.

HENRICO COUNTY, VIRGINIA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(Unaudited)

Table XI

Year	County Population (1)	Total Personal Income (2) ($000)		Per Capita Income	Average Daily Student Enrollment (3)	Unemployment Rate (4)
2010	307,832	14,383,264		46,724	48,431	7.2%
2011	311,726	15,539,295		49,849	48,659	7.0%
2012	315,157	16,708,471		53,016	48,981	6.3%
2013	318,158	17,095,572		53,733	49,343	5.9%
2014	321,374	18,387,012		57,214	49,812	5.3%
2015	325,283	19,409,625		59,670	50,370	4.5%
2016	329,227	19,902,117		60,451	50,173	3.7%
2017	332,368	20,865,472		62,778	50,330	3.7%
2018	335,283	21,817,374	(5)	65,072	50,182	3.2%
2019	339,191	22,769,276	(5)	67,128	50,178	2.9%

Sources:

(1) Henrico County 3-C Reports. Estimates from these reports are as of December 31 of the previous year.

(2) U.S. Department of Commerce (Bureau of Economic Analysis in Henrico County, Annual)

(3) Henrico County Public Schools Adopted/Approved Annual Financial Plan

(4) Virginia Employment Commission (Henrico County Economic Profile 6/30/2018)

(5) Based on a trend average 2013 - 2017

HENRICO COUNTY, VIRGINIA
TOP TWENTY PRINCIPAL EMPLOYERS
LAST FIVE FISCAL YEARS
(Unaudited)

Table XII

	2019 (1)			2018			2017			2016			2015		
Employer	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	3.7%	5,000-9,999	1	3.6%	5,000-9,999	1	3.4%	5,000-9,999	1	3.6%	5,000-9,999	1	3.6%
County of Henrico	1,000-4,999	2	2.2%	1,000-4,999	2	2.2%	1,000-4,999	2	2.0%	1,000-4,999	2	2.1%	1,000-4,999	2	1.9%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.6%	1,000-4,999	3	1.6%	1,000-4,999	3	1.5%	1,000-4,999	3	1.6%	1,000-4,999	3	1.8%
Henrico Doctors' Hospital (HCA)	1,000-4,999	4	1.6%	1,000-4,999	4	1.6%	1,000-4,999	5	1.5%	1,000-4,999	5	1.6%	1,000-4,999	5	1.8%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	5	1.6%	1,000-4,999	6	1.6%	1,000-4,999	4	1.5%	1,000-4,999	4	1.6%	1,000-4,999	6	1.8%
Capital One Bank	1,000-4,999	6	1.6%	1,000-4,999	5	1.6%	1,000-4,999	6	1.5%	1,000-4,999	6	1.6%	1,000-4,999	4	1.8%
Walmart	1,000-4,999	7	1.6%	1,000-4,999	7	1.6%	1,000-4,999	7	1.5%	1,000-4,999	8	1.6%	500-999	9	0.5%
Wells Fargo Bank NA	1,000-4,999	8	1.6%	1,000-4,999	9	1.6%	1,000-4,999	9	1.5%	1,000-4,999	7	1.6%	1,000-4,999	7	1.8%
United States Postal Service	1,000-4,999	9	1.6%	1,000-4,999	8	1.6%	1,000-4,999	8	1.5%	1,000-4,999	9	1.6%	500-999	8	0.5%
Apex Systems, Inc.	1,000-4,999	10	1.6%	500-999	10	0.4%	500-999	12	0.4%	500-999	13	0.4%	500-999	15	0.5%
Bank of America	1,000-4,999	11	1.6%	500-999	12	0.4%	500-999	11	0.4%	1,000-4,999	10	1.6%	500-999	10	0.5%
Kroger	500-999	12	0.4%	500-999	11	0.4%	1,000-4,999	10	1.5%	500-999	12	0.4%	500-999	12	0.5%
GNA Corporation	500-999	13	0.4%	500-999	13	0.4%	500-999	13	0.4%	500-999	11	0.4%	500-999	11	0.5%
Ppd Development	500-999	14	0.4%	500-999	20	0.4%	500-999	20	0.4%	-	N/A	-	-	N/A	-
Markel Service, Inc	500-999	15	0.4%	500-999	15	0.4%	500-999	14	0.4%	500-999	14	0.4%	500-999	16	0.5%
T Mobile USA, Inc.	500-999	16	0.4%	500-999	16	0.4%	500-999	17	0.4%	500-999	18	0.4%	500-999	18	0.5%
SunTrust Bank	500-999	17	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	500-999	14	0.5%
Virginia Department of Social Services	500-999	18	0.4%	500-999	17	0.4%	500-999	16	0.4%	500-999	17	0.4%	500-999	17	0.5%
Publix Nc Employee Services, LLC	500-999	19	0.4%	500-999	18	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
Access America	500-999	20	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Patient First Corporation	-	N/A	-	500-999	14	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
General Medical Corporation	-	N/A	-	500-999	19	0.4%	500-999	19	0.4%	500-999	20	0.4%	-	N/A	-
Source4Teachers	-	N/A	-	-	N/A	-	500-999	15	0.4%	500-999	16	0.4%	500-999	19	0.5%
Dominion Resources	-	N/A	-	-	N/A	-	500-999	18	0.4%	500-999	19	0.4%	-	N/A	-
Martin's Food Market	-	N/A	-	-	N/A	-	-	N/A	-	500-999	15	0.4%	500-999	13	0.5%
J. Sargeant Reynolds Community College	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	20	0.5%
Totals			23.5%			21.2%			20.8%			22.6%			21.0%
Total County Employment (3)	190,968			189,571			203,480			186,728			180,876		

Source: Virginia Employment Commission

Employees and percentage of employment based on size code as published by VEC

(1) 2019 Data as of 1st Qtr 2019

(2) Non-Resident Employer of Henrico County Citizens

(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

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

Table XIII

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Agriculture & Home Extension	3	3	2	2	2	2	2	2	2	2
Belmont Golf Course	9	9	9	9	9	8	8	8	8	8
Board of Supervisors	5	5	5	5	4	4	4	4	4	4
Building Inspections	58	58	56	54	53	52	53	55	55	58
Central Automotive Maintenance	65	65	67	67	67	67	67	67	70	71
Circuit Court Services	8	8	8	8	8	8	8	8	8	10
Commonwealth's Attorney	54	54	56	56	56	56	56	56	57	57
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	18	18	17	17	16	16	17	18	18	19
County Attorney	18	18	18	19	19	19	20	20	20	21
County Manager	13	13	13	13	13	13	14	13	13	12
Electoral Board	9	9	8	8	8	8	8	8	9	9
Finance	159	159	157	153	169	168	168	163	163	163
Fire	539	539	539	539	548	548	548	562	589	596
General Services	156	156	155	147	120	119	119	118	118	118
Human Resources	53	53	52	48	58	56	57	57	58	58
Hold Complement (2)	-	-	19	43	36	22	6	3	7	1
Information Technology	83	83	85	89	88	90	90	97	97	98
Internal Audit	4	4	4	4	4	4	4	4	4	4
Juvenile Detention & VJCCCA	33	33	33	33	33	33	33	33	33	34
Library	173	173	168	164	161	171	197	206	206	210
Mental Health	220	220	220	218	219	219	219	219	219	222
Permit Centers	18	18	17	17	16	16	16	16	16	16
Planning	49	49	46	43	44	44	45	45	45	45
Police	797	799	798	798	807	817	827	842	852	855
Public Relations & Media Services	19	19	19	19	19	19	19	19	19	20
Public Utilities	308	309	307	306	306	306	307	307	309	312
Public Works	258	258	254	254	254	257	259	259	262	263
Real Property	7	7	7	7	7	7	7	7	7	7
Recreation & Parks	168	178	178	177	173	172	170	170	177	177
Sheriff	371	371	371	371	371	373	390	390	394	394
Social Services	168	168	168	168	168	172	177	185	192	201
Solid Waste	70	69	69	69	69	69	69	69	67	66
Sub-total General Government	3,915	3,927	3,927	3,927	3,927	3,937	3,986	4,032	4,100	4,133
Education	6,634	6,567	6,564	6,564	6,643	6,686	6,762	6,832	6,868	6,972
Total Government Employees	10,549	10,494	10,491	10,491	10,570	10,623	10,748	10,864	10,968	11,105

Source: County of Henrico, Virginia 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 other agencies (345 as of February 1, 2019) 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 Hold Complement until reassignment is made.

HENRICO COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Table XIV

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
General Government										
Finance:										
Standard & Poor's G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	110,369	112,383	112,490	112,986	113,641	114,370	114,840	115,532	116,482	117,845
Vehicles Assessed	347,913	347,790	354,721	354,419	351,318	363,776	364,000	389,491	383,083	387,484
GFOA Award CAFR - # of Years (4)	28	29	30	31	32	33	34	36	37	38
GFOA Award Budget - # of Years	21	22	23	24	25	26	27	28	29	30
General Services:										
Fleet Annual Miles Driven	25,112,408	24,681,815	24,553,438	24,588,773	23,708,593	25,119,814	24,262,178	25,273,320	17,956,232	27,336,000
Gallons of Fuel Consumed	3,007,474	2,955,906	2,940,537	2,909,914	2,809,075	2,901,549	2,974,784	3,045,532	2,982,165	3,231,000
Total Work Orders Completed	20,361	22,308	24,550	23,000	20,048	21,253	20,676	20,782	21,995	23,250
Information Technology (5)										
Support Desk - Tickets	-	-	-	-	-	4,589	5,035	7,419	8,859	9,744
Support Desk - Call Queue	-	-	-	-	-	-	-	-	6,322	6,954
Systems - Virtual Servers	-	-	-	-	-	273	310	375	354	348
Systems - Physical Servers	-	-	-	-	-	96	99	104	77	78
Systems - Onsite Storage in TB	-	-	-	-	-	224	310	451	318	322
Systems - Cloud Storage in TB	-	-	-	-	-	5	6	6	7	8
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	50,440	37,682	48,972	48,926	51,257	36,443	43,000	42,752	43,000	43,000
Civil Cases	3,104	3,034	3,113	3,135	3,237	3,475	4,000	4,659	4,100	4,100
Criminal Cases	7,133	6,431	5,616	5,833	5,375	5,073	5,650	6,650	5,600	5,300
General District Courts:										
New Criminal Cases Filed	10,620	15,196	13,057	13,267	13,158	14,289	14,574	15,573	15,402	15,992
New Civil Cases Filed	42,329	40,411	40,011	39,300	36,025	34,114	34,411	36,935	36,223	37,616
New Traffic Cases Filed	76,218	80,481	71,329	70,555	64,844	62,844	54,325	53,817	54,784	52,400
Commonwealth Attorney:										
Criminal Cases	25,038	34,061	34,227	35,617	35,687	40,597	41,890	45,037	45,284	43,000
Traffic Cases	107,397	109,152	99,262	97,580	90,598	88,907	79,778	76,134	77,622	80,000
Public Safety										
Police:										
Calls for Service	193,173	192,726	198,373	194,029	197,502	203,330	211,832	212,154	217,971	219,867
Criminal Arrests	20,330	20,716	19,989	20,690	27,671	20,059	20,111	22,689	20,969	21,151
Traffic Arrests	63,009	65,481	59,062	58,269	40,935	49,195	43,149	44,613	40,931	41,287
Fire Protection:										
Calls For Service	37,575	39,120	40,963	43,348	43,143	46,233	47,948	49,235	50,287	52,073
EMS and Rescue Calls	28,028	29,114	30,189	36,176	35,662	38,408	39,660	41,216	41,688	43,040
Fire Incidents	915	1,110	983	817	777	809	764	768	774	780
Sheriff:										
Civil Papers Served	120,746	116,434	115,948	100,626	105,120	112,078	117,462	122,337	123,896	126,000
Annual Committals to Jail	16,888	17,623	12,157	16,134	14,094	16,143	15,613	15,049	14,516	15,240
Average Daily Inmate Population	1,140	1,167	1,138	1,183	1,175	1,221	1,177	1,350	1,436	1,451
Building Inspections:										
Total Permits Issued	11,975	12,208	13,771	14,274	13,972	13,577	13,700	15,773	16,322	15,998
Total Inspections	51,495	51,351	56,236	67,036	70,990	68,861	69,931	81,983	92,685	101,200
Public Works										
Public Works:										
Lane Miles Maintained	3,385	3,402	3,433	3,452	3,454	3,468	3,498	3,516	3,524	3,526
Traffic Signals Maintained	140	144	144	149	150	150	150	154	155	156
Development Plans Reviewed	776	653	691	880	875	1,568	1,828	1,922	2,315	2,350
Health and Social Services										
Public Health:										
Patient Visits (2)	28,545	27,531	27,153	27,584	28,090	15,258	13,787	15,117	14,259	15,000
Water/Sewer Inspection Applications	179	179	243	243	243	N/A	N/A	N/A	N/A	N/A
Social Services:										
Clients Entering Employment	609	483	632	650	675	694	436	511	527	414
Clients Employed After 90 Days (3)	493	367	512	527	547	486	N/A	N/A	N/A	N/A
Education										
Schools:										
Cost Per Student	$ 9,485	$ 9,015	$ 9,041	$ 9,110	$ 8,978	$ 9,305	$ 9,644	$ 9,790	$ 10,051	$ 10,440
Teaching Positions	3,815	3,720	3,737	3,719	3,741	3,780	3,833	3,906	3,917	3,993
Student/Teacher Ratio	13.0	13.0	13.0	13.4	13.3	13.3	13.1	12.9	12.8	12.6

HENRICO COUNTY, VIRGINIA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Table XIV

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	4,001,371	3,951,571	3,829,590	3,787,758	3,333,223	3,295,348	3,334,908	3,570,480	3,492,505	4,000,000
Program Participants	396,900	397,000	397,000	397,000	23,223	30,404	40,350	25,804	97,487	97,726
Recreation Programs	15,848	16,400	16,400	16,400	1,197	2,762	1,199	1,147	1,322	1,311
Library:										
Customer Visits	1,904,924	2,046,163	2,040,073	2,063,468	2,032,388	1,986,263	1,958,700	2,137,664	2,145,850	2,195,590
Annual Circulation of Materials	3,786,229	3,905,151	3,860,738	3,881,526	3,935,828	3,936,061	4,051,024	4,201,479	4,164,126	4,169,885
Community Development										
Economic Development (5):										
Square Footage of New Businesses	-	-	-	-	-	89,409	208,544	81,897	1,145,045	500,000
Jobs Created - New	-	333	392	1,173	1,212	36	163	173	433	500
Square Footage of Existing Businesses	-	-	-	-	-	398,865	787,968	337,324	180,653	250,000
Jobs Created - Expansions and Retentions	-	1,856	824	559	164	1,416	1,690	438	239	300
Planning:										
Reviews Completed	256	300	260	232	284	322	342	314	360	350
Petitions and Permits Processed	85	87	87	86	126	118	92	123	103	120
Maps Prepared	743	1,036	1,048	1,048	1,191	1,364	1,154	1,296	979	1,100
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	11,345	11,004	10,421	10,766	10,609	11,170	12,496	13,040	11,170	11,800
Inspections Completed	29,138	27,499	26,626	27,406	27,273	30,451	32,532	35,600	30,451	32,000
Volunteers Hours Worked	6,242	2,488	4,076	2,708	3,478	2,256	4,638	4,336	2,256	3,900
Permit Center:										
Permit Applications Received	4,225	4,519	4,734	5,123	5,085	4,437	5,519	5,214	4,004	5,160
Permit Applications Reviewed	7,156	7,113	7,191	6,558	10,930	9,136	10,283	9,178	8,724	9,213
Permits Issued	4,035	4,447	4,646	5,076	5,472	5,058	5,375	4,718	5,201	4,264
Inquires	14,072	13,295	12,793	12,581	15,278	17,917	16,345	15,556	17,935	13,268
Public Utilities										
Solid Waste:										
Number of Customers	39,117	39,862	41,121	42,578	43,728	45,167	46,586	47,955	49,088	50,000
Tons of Waste Collected	81,785	83,264	90,495	93,860	95,748	44,624	47,511	52,774	50,340	51,700
Tons Deposited in Public Use Areas	32,212	29,700	29,888	29,091	29,942	23,946	23,903	27,836	25,504	26,000
Water and Sewer:										
Number of Water Customers	91,776	92,243	92,946	94,006	95,097	95,994	96,811	97,546	98,527	99,500
Number of Sewer Customers	88,854	89,355	90,068	91,110	92,125	93,087	93,939	94,538	95,493	96,500
Fire Hydrants in Service	11,799	11,969	12,167	12,321	12,464	12,611	12,880	13,011	13,236	13,400

Source: Approved County Budget

(1) FY2019 column data is revised budget not actual, where actual data is not yet available.

(2) Central Computer Average Uptime is no longer recordable due to infrastructure changes. Multiple servers hosts and storage devices are now being used instead.

(3) Due to a system replacement, the data is no longer trackable.

(4) Prospects Available is no longer recordable due to changes in reporting.

(5) New metrics used beginning in 2018. Data for prior years listed when obtainable.

See accompanying independent auditors' report.

HENRICO COUNTY, VIRGINIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Table XV

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 (1)
General Government										
Vehicles	487	575	559	534	920	567	482	602	598	611
Building Square Footage	2,203,193	2,225,054	2,669,214	2,691,018	2,672,574	2,680,779	2,810,500	2,810,500	2,821,706	2,914,383
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Police Stations	2	2	2	2	3	3	3	3	3	3
Police Field Offices	2	3	3	3	2	2	2	2	2	2
Vehicles	711	740	734	808	1,064	825	778	803	820	830
Sheriff:										
Vehicles	60	59	61	61	61	67	71	75	75	76
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
Juvenile & Domestic Relations										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
Fire Protection:										
Stations	20	20	20	20	20	20	20	20	21	21
Vehicles	175	177	177	175	179	192	226	205	210	209
Public Works:										
Miles of Maintained Roads	1,338	1,339	1,349	1,354	1,357	1,360	1,370	1,376	1,379	1,382
Miles of Storm Drainage	1,116	1,116	1,116	959	1,547	2,096	1,553	1,600	1,636	1,639
Vehicles	323	315	333	333	335	336	357	347	346	349
Education										
Schools:										
School Facilities	71	71	73	73	74	72	72	72	72	72
Vehicles	1,131	1,137	1,173	1,183	1,184	1,186	1,203	1,220	1,184	1,179
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	17	20	20	20	14	21	21	21	21	20
Developed Park Acreage	2,505	2,505	2,505	2,515	2,539	2,584	2,584	2,584	2,792	3,346
Athletic Fields/Courts	423	410	410	187	227	199	200	200	210	225
County Golf Courses	1	1	1	1	1	1	1	1	1	1
Library:										
Number of Libraries (3)	10	11	11	11	11	11	11	10	10	10
Titles in Collection	329,141	324,527	314,907	321,108	338,485	328,918	329,139	328,026	276,482	315,711
Volumes in Collection	924,076	860,640	863,149	899,266	903,125	839,037	833,141	741,877	754,993	809,032
Public Utilities										
Water and Sewer:										
Miles of Water Mains	1,528	1,548	1,558	1,572	1,582	1,595	1,607	1,622	1,634	1,641
Miles of Sewer Mains	1,443	1,450	1,456	1,463	1,470	1,481	1,491	1,504	1,514	1,522
Vehicles	353	358	358	358	380	373	393	370	376	380
Landfills (2)	1	1	1	1	1	-	-	-	-	-

Source: Approved County Budget

(1) FY2019 column data is revised budget not actual, where actual data is not yet available.

(2) The Springfield Landfill was closed June 30, 2014.

(3) As of 2017, bookmobile no longer included in total.

APPENDIX C

THE COUNTY

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APPENDIX C

THE COUNTY

TABLE OF CONTENTS

The County of Henrico, Virginia (the "County" or "Henrico"), is situated in central Virginia and surrounds the City of Richmond (the "City" or "Richmond") on the north side of the James River. Although much of the County's 244 square miles consists of highly developed urban and suburban areas, there is also a considerable amount of undeveloped agricultural and forest land. In Virginia, cities and counties are distinct units of government and do not overlap. Thus, the County is responsible for providing all local government services to its residents. The population of the County is estimated at 339,191 for 2019 (the most recent date for which data is available).

More detailed information with respect to the County's Water and Sewer System is included in APPENDIX A to this Official Statement. The County's Comprehensive Annual Financial, including audited financial statements (the "CAFR"), for the fiscal year ended June 30, 2019 is included in this Official Statement as APPENDIX B. The CAFR for the fiscal year ended June 30, 2020 is expected to be presented to the County's Board of Supervisors on November 10, 2020, or as soon thereafter as the same shall be available. **This APPENDIX C contains certain forward-looking statements, including, but not limited to, estimates and projections relating to financial results for the fiscal year ended June 30, 2020. All forward-looking statements, projections and estimates are subject to change. The County has not undertaken to update or revise any such forward-looking information contained herein. Actual results may differ from projections and estimates, and such differences may be material.**

COUNTY GOVERNMENT

Form of Government

The County is governed by a five-member Board of Supervisors, which establishes policies for the administration of the County. Each member of the Board of Supervisors is elected by the voters of the magisterial district in which such member resides. The Chairman of the Board of Supervisors is elected annually by the members. Members of the Board of Supervisors serve four-year terms with no term limits.

The County elected in 1934 to operate under the County Manager Form of Government (as defined under Virginia law). Under this form of government, the Board of Supervisors appoints a County Manager to serve as the chief executive officer of the County. The County Manager serves at the pleasure of the Board of Supervisors, implements its policies, appoints department heads, and directs business and administrative procedures. Also, under the County Manager Form of Government, a County Code and modern zoning ordinances are administered and enforced.

Elected Officials

Thomas M. Branin, Chairman, was elected from the Three Chopt Magisterial District in November of 2015 and reelected in 2019. Mr. Branin is a graduate of Ferrum College and represented the Three Chopt Magisterial District on the Henrico County Planning Commission from 2005 to 2015. Mr. Branin is the Vice President of National and International Sales for Colonial Construction Materials.

Dan Schmitt, Vice-Chairman, was elected at a special election in November 2018 to fill an unexpired term and re-elected in 2019, to represent the Brookland Magisterial District. 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.

Patricia S. O'Bannon was elected from the Tuckahoe Magisterial District in 1995 and re-elected in 1999, 2003, 2007, 2011, 2015 and 2019. Ms. O'Bannon is a graduate of Virginia Commonwealth University. She was formerly an English teacher in the Henrico County school system and an editor of a local newspaper.

Tyrone E. Nelson was elected from the Varina Magisterial District in November of 2011 and re-elected in 2015 and 2019. Mr. Nelson has received degrees from J. Sargeant Reynolds, Virginia Commonwealth University, and Virginia Union University. He is the Pastor of Sixth Mount Zion Baptist Church, and he serves as a board member on several community and government boards.

Frank J. Thornton was elected to the Board of Supervisors in 1995 and re-elected in 1999, 2003, 2007, 2011, 2015 and 2019 to represent the Fairfield Magisterial District. Mr. Thornton is a graduate of Virginia Union University in Richmond and The American University in Washington, D.C. Mr. Thornton is a retired professor of French from Virginia Union University.

Certain County Staff Members

John A. Vithoulkas was appointed County Manager effective January 17, 2013. He has served the County as Deputy County Manager for Administration, Special Economic Advisor to the County Manager, Director of Finance, Director of the Office of Management and Budget, and a Budget Analyst. Prior to joining the County in 1997, Mr. Vithoulkas served Chesterfield County, Virginia, as the Lead Analyst in the Department of Budget and Management. Mr. Vithoulkas holds a bachelor's degree from Virginia Commonwealth University and a Master of Public Administration from the University of North Carolina at Charlotte.

W. Brandon Hinton was appointed as Deputy County Manager for Administration and Community Services in 2018. Mr. Hinton previously served as the Deputy County Manager for Community Services from July 2016 until February 2018. Prior to his appointment, Mr. Hinton served as the Director of the County's Office of Management and Budget and has worked for Henrico County for more than 16 years. He holds a bachelor's degree in Business Administration from East Carolina University and a Master of Business Administration degree from Virginia Commonwealth University.

Steven J. Yob was appointed Deputy County Manager for Community Operations effective March 28, 2020. He has served the County since 2001. He previously has served the County as the Director of Public Works, Assistant Director of Public Works, and as a division director with the Department of Public Utilities. He holds a Master of Business Administration degree from Virginia Polytechnic Institute and State University and Master of Science of Civil/Geotechnical Engineering from Michigan State University. Mr. Yob is a registered Professional Engineer in the Commonwealth and serves as vice chairman of the Henrico Local Emergency Planning Committee.

Tony McDowell was appointed Deputy County Manager for Public Safety in December 2018. Mr. McDowell previously served as Fire Chief starting in 2012. He joined the Henrico Division of Fire in 1997. Mr. McDowell earned a bachelor's degree in Geography from Virginia Tech and Master of Public Administration degree from the University of North Texas. A graduate of the National Fire Academy, he is certified as an Executive Fire Officer by the U.S. Fire Administration and earned the Chief Fire Officer designation from the Center for Public

Safety Excellence. In 2013 Chief McDowell was appointed by Governor Robert F. McDonnell to the Virginia E-911 Services Board. In 2015, he was selected as the Southeastern Association of Fire Chief's "Fire Chief of the Year".

Monica Smith-Callahan has been appointed by the County as Deputy County Manager for Community Affairs, a newly restructured position focusing on community outreach. Ms. Smith-Callahan began her tenure with the County on February 18, 2020. Ms. Smith-Callahan holds a bachelor's degree in Mass Communications from George Mason University and a master's degree in Business Administration from Strayer University. Prior to joining the County, Ms. Smith-Callahan most recently served as assistant superintendent of policy, equity and communication for the Virginia Department of Education. She has more than 20 years of experience in community engagement, public and media relations and event management in the public, nonprofit and business sectors.

Meghan F. Coates, Director of Finance, was appointed as Director of Finance of the County effective August 1, 2020. Prior to her appointment as Director of Finance, Ms. Coates served as Acting Director of Finance and Deputy Director of Finance. Prior to joining the County, Ms. Coates worked in the budget department at Chesterfield County for 12 years, serving as budget analyst, budget manager, and director of budget and management. Ms. Coates holds a bachelor's degree from Roanoke College and a master of science degree from Virginia Commonwealth University.

J.T. Tokarz, Esquire, was appointed as County Attorney effective August 15, 2020. Mr. Tokarz has been employed with the County since 1980. Prior to his appointment as County Attorney, Mr. Tokarz served as Acting County Attorney and Deputy County Attorney. Prior to his service with Henrico County, he was the first executive director of the Legal Services Corporation of Virginia, and he worked as a staff accountant for Price Waterhouse & Co. He was licensed as a certified public account in Virginia in 1981; his CPA license is currently inactive. Mr. Tokarz is a graduate of the University of Virginia School of Law.

County Employees

As of June 30, 2019, the County employed 11,105 employees, including the Henrico public school system employees. The County is currently prohibited by law from recognizing a labor union as a bargaining agent for any County employees and is prohibited from collectively bargaining with any such union or its agents concerning any matter relating to those employees or their employment with the County. However, the Virginia General Assembly passed legislation in 2020 that would permit the County and all other Virginia localities to adopt local ordinances authorizing them to (i) recognize any labor union or other employee association as a bargaining agent of any public officers or employees, except for Constitutional officers and their employees, and including public school employees and (ii) collectively bargain or enter into any collective bargaining contract with any such union or association or its agents with respect to any matter relating to them or their employment. The legislation provides that for any governing body of a locality that has not adopted an ordinance or resolution providing for collective bargaining, such governing body is required, within 120 days of receiving certification from a majority of public employees in a unit considered by such employees to be appropriate for the purposes of collective bargaining, to take a vote to adopt or not adopt an ordinance or resolution to provide for collective bargaining by such public employees and any other public employees deemed appropriate by the governing body. The legislation provides that the prohibition against striking for public employees applies, irrespective of any such local ordinance. The legislation is scheduled to take effect May 1, 2021.

Emergency Operations and Preparedness

In accordance with state law, the County has adopted an Emergency Operations Plan to provide procedures, planning and policies for emergency and disaster mitigation, preparedness, response and recovery for both man-made and natural disasters. In accordance with state law, the Emergency Operations Plan is reviewed and updated annually and must be reissued and re-adopted in its entirety every four years. The County's most recent Emergency Operations Plan was reissued and adopted in 2017. The County's Office of Emergency Management coordinates with the Commonwealth and regional localities, including the Virginia Department of Emergency Management, on the regional hazard mitigation plan, which includes planning for climate change and related environmental hazards. The Virginia Department of Health has established a Climate Change Task Force, which is responsible for identifying health-related impacts of client change in the Commonwealth, identifying vulnerable populations throughout the Commonwealth, review and assessment of scientific data and research, review and study of potential impacts on public health of various climate change related risks, such as rising sea levels, changes in air and water temperature and air quality, and other extreme weather events.

COVID-19 PANDEMIC

The information in this Section supplements the information provided elsewhere in this APPENDIX C and the other information in this APPENDIX C should be read in conjunction with the information in this Section. The information herein is subject to change without notice. The information in this Section and the effects on the County of the COVID-19 pandemic will be affected by future events, circumstances and actions that are outside of the control of the County, and the County does not undertake to update or supplement the information contained in this Section for such future events or circumstances.

For a more detailed discussion of the impact of COVID-19 on the County's Water and Sewer System, see the Section entitled "IMPACT OF COVID-19 ON THE SYSTEM" in APPENDIX A to this Official Statement.

On March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a global pandemic. In response to the COVID-19 pandemic, the Governor of Virginia declared a state of emergency in the Commonwealth on March 12, 2020, and the United States declared a national state of emergency on March 13, 2020. Since the declaration of the state of emergency in the Commonwealth, the Governor of Virginia, has issued several executive orders to address the effects of the COVID-19 pandemic, similar to the executive orders that have been issued by Governors across the United States, restricting individual, social, business and governmental activities in order to mitigate the spread of COVID-19. On March 30, 2020, the Governor of Virginia issued a statewide Stay-at-Home order that was initially to be in effect until June 10, 2020, unless amended or rescinded by further executive order of the Governor.

On May 8, 2020, the Governor of Virginia announced the easing of certain restrictions and a plan for a phased reopening of the Commonwealth. Phase Three of the reopening went into effect July 1, 2020. Under Phase Three, while social distancing measures are still required, many types of business organizations may now operate without capacity limitations, including retail stores, restaurants and bars. Indoor entertainment venues may open with capacity limitations.

The County is closely monitoring the COVID-19 pandemic and has taken action to implement the Governor of Virginia's executive orders and to otherwise respond to this unprecedented and rapidly evolving worldwide state of emergency. On March 13, 2020, the County, along with other regional localities, declared a state of emergency. The County is working closely with state and regional authorities and municipalities to implement a coordinated response to the pandemic and plan for reopening. The County provides comprehensive and updated information to residents and businesses about the pandemic on its website. Many County buildings and facilities remain closed to the public to mitigate the risks of transmission of the virus.

On March 24, 2020, the County approved certain emergency ordinances temporarily reducing penalties and interest on late payments of certain County taxes. The County readopted the emergency ordinances on May 12, 2020, in accordance with state law. Pursuant to these measures, the County agreed to reduce to zero the penalties and interest on late payments of machinery and tool taxes, real estate taxes, and personal property taxes first due June 5, 2020, and paid on or before August 5, 2020. In addition, the County extended the due date for payment of vehicle license taxes due between June 5, 2020, and August 5, 2020, to August 5, 2020. The County also agreed to reduce to zero the penalties and interest on late payments of food and beverage taxes and hotel occupancy taxes first due between March 17, 2020, and August 20, 2020, if such taxes are paid on or before August 20, 2020. In April 2020, the County established a program to support local restaurants during the pandemic by paying for meals ordered from Henrico restaurants for on-duty first responders through an initiative called Nourish Henrico.

In response to the COVID-19 pandemic, the President of the United States has signed into law several pieces of legislation enacted by the United States Congress to provide relief, assistance and stimulus to individuals, businesses and state and local governments in the United States, including the Coronavirus Aid, Relief and Economic Security Act, known as the CARES Act. The CARES Act established a $150 billion Coronavirus Relief Fund to help states and local governments with a population of 500,000 or more in the United States.

The County is not eligible to apply directly to the federal government for relief from the Coronavirus Relief Fund. The County received approximately $28.8 million of CARES funds allocated from the Commonwealth in June, 2020. This funding is being used by the County for ongoing COVID-19 related expenses. Further, the Commonwealth of Virginia released an additional $28.8 million of CARES funding to Henrico County for continued COVID-19 related expenses in August 2020. Henrico County Public Schools has also been designated to receive approximately $9.3 million of CARES funds from the Commonwealth. Additional stimulus legislation may be enacted by the United States Congress. There can be no determination at this time as to the extent to which the County may benefit, if at all, from additional funding and programs, if any, which may be made available through any Commonwealth or federal relief or stimulus programs or legislation.

The financial impacts of COVID-19 on the County's revenues, expenses, and overall financial position for the fourth quarter of 2020 is being determined at this time. Prior to the outbreak of the COVID-19 pandemic, the County had projected an excess of approximately $48 million in additional revenues for fiscal year 2020 over budgeted revenues for fiscal year 2020. After the emergency closures of businesses as a response to COVID-19, the County's initial projected surplus of revenues for fiscal year 2020 decreased to $20 million. This, along with several expenses that were required to respond to the public health emergency, prompted the County to implement a spending freeze and a hiring freeze, and to evaluate all planned capital projects and funding sources. The most recent estimate of revenues for fiscal year 2020 projects a revenue surplus of $38 million without consideration of any CARES Act funding received from the State applied to fiscal year 2020.

As a result of revenue impact and additional expenses of COVID-19 originally projected by the County in the early stages of the pandemic, the County had initially anticipated a $60 million reduction on fund balance for fiscal year 2020. However, County revenues since the outbreak of the pandemic proved to be more resilient, especially sales tax and meals tax collections, and the spending and hiring freezes implemented by the County provided significant expenditure savings to reduce the use of fund balance to $25 million, an amount that was originally budgeted for in the fiscal year 2020 budget as use of reserves to complete the construction of two replacement high schools within the County. Further, once CARES Act funding is attributed to fiscal year 2020, the estimated use of fund balance will be approximately $8 million, which represents a significantly improved outlook compared to original estimates made by the County in the earlier stages of the pandemic.

In response to the COVID-19 pandemic, the County adopted a revised, approximately $1.3 billion budget for fiscal year 2021 on May 12, 2020. The revised fiscal year 2021 budget contains nearly $100 million in reductions from the original fiscal year 2021 proposed budget presented to the Board of Supervisors on March 10, 2020. The revised general fund budget was adopted to address the effects of COVID-19 on the County's financial condition with the following stated priorities of the County: (i) limiting the impact and financial burden on County residents and holding the existing real estate tax rate; (ii) assisting small businesses; (iii) protecting the workforce; and (iv) prioritizing delivery of core services such as education and public safety. The revised general fund budget projects total net revenues to the County for fiscal year 2021 of approximately $899.1 million, which represents a decrease of approximately $63.4 million of total net revenues projected in the original proposed fiscal year 2021 budget. To account for the projected decrease in total net revenues, the adopted fiscal year 2021 budget includes a minimum 5% reduction to the operating budgets for all County governmental departments, continued hiring freezes for certain County departments, and deferral of some planned capital projects which had been scheduled to be funded from County reserves. In addition, in order to continue to closely monitor and respond to the ongoing effects of the COVID-19 pandemic, the Board of Supervisors will utilize a quarterly appropriation process for fiscal year 2021, which will allow the County to adapt and amend the budget if needed to address the effects of the pandemic on an ongoing basis in real-time based upon actual year-to-date results.

The projections of revenues and expenses and the financial impact of the COVID-19 pandemic on the County's financial condition and operations are subject to change. Actual results and the actual impact of the COVID-19 pandemic on the County cannot be fully determined at this time and may be materially different from the current estimates and from historic results. No assurance can be given that the impact of the COVID-19 pandemic on the County's financial condition and operations, including tax revenues and expenditures, will not be materially different from historic results or from budgeted fiscal year 2021 amounts.

There can be no assurance as to the duration of the COVID-19 pandemic or the duration of the national or global states of emergency relating to the pandemic. There can be no assurance that the executive orders issued to mitigate the effects of COVID-19 will not be extended for a longer duration, or that additional executive orders and mandates will not be issued in order to continue to mitigate the effects of the pandemic. All of the short-term and long-term impacts of the COVID-19 pandemic on the economies of the United States, the Commonwealth, and the County cannot be determined at this time, and such impacts and effects may be materially adverse to the operations and financial conditions of the United States, the Commonwealth, and the County. There can be no assurances that additional restrictions and orders will not be issued on the national, statewide, or local level to address the COVID-19 pandemic, and such additional restrictions and orders may materially adversely affect the County's operations and financial condition.

CERTAIN FINANCIAL PROCEDURES

Annual Financial Statements

The County's general-purpose financial statements are audited and reported on by independent certified public accountants each year. The County's audited General-Purpose Financial Statements for the fiscal year ended June 30, 2019 are included in APPENDIX B to this Official Statement. The County's independent certified public accountants have not reviewed, nor participated in the preparation of, this APPENDIX C or this Official Statement generally.

The County has been awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association ("GFOA") of the United States and Canada for its annual financial statements each year since the fiscal year ended June 30, 1981. The Certificate of Achievement is awarded annually for excellence, clarity, and comprehensiveness in financial reporting. The County has also been awarded the Distinguished Budget Award by the GFOA of the United States and Canada for its Annual Fiscal Plan for the past 29 fiscal years.

Description of Funds

The accounts of the County are organized by fund, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, fund balance, revenues, and expenditures. The following is a description of the funds included in the financial records of the County.

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, meals taxes, license and permit fees, and revenues received from the Commonwealth. A significant part of General Fund revenues is used to maintain and operate the general government, which is accounted for in the General Fund, or is transferred to other funds principally to fund debt service requirements and capital projects. Expenditures include, among other things, those for general government, education, public safety, highways and streets, welfare, culture, and recreation.

Special Revenue Funds. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. These funds account for the resources obtained and used relating to state and federal grants, mental health and developmental services programs, social services, the utility department's solid waste and street lighting operations, and school cafeterias.

Enterprise Funds. Enterprise Funds account for operations financed 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. These funds account for the operation, maintenance, and construction of the County-owned water and sewer system (considered a single segment for financial reporting purposes) and the operation of a County-owned golf course (which has become privately operated in FY20).

Debt Service Fund. This fund accounts for the accumulation of financial resources for the payment of interest and principal on all long-term debt other than that accounted for in the Enterprise Funds. Debt Service Fund resources are derived from transfers from the General Fund.

Internal Service Fund. An Internal Service Fund accounts for the financing of goods or services provided by one department to other departments of the government on a cost-reimbursement basis. The Internal Service Fund accounts for the County's Central Automotive Maintenance operations, Technology Replacement Fund operations, and self-funded health insurance fund. Resources for these funds come from interdepartmental charges.

Agency Funds. Agency Funds account for fiduciary funds administered by the County, custodial in nature, and do not involve measurement of results of operations.

Capital Projects Fund. The Capital Projects Fund accounts for all capital projects other than those accounted for within Enterprise Funds.

Budgetary Procedure

Virginia law requires the County to maintain a balanced budget in each fiscal year. The County lacks legal authority to borrow in anticipation of future years' revenues, except by the issuance of short-term bonds or notes or bond anticipation notes.

Prior to the beginning of each fiscal year, the Board of Supervisors adopts a budget consisting of contemplated expenditures and estimated revenues for such fiscal year. Based on the approved budget, the Board of Supervisors appropriates funds for expenditures and establishes tax rates sufficient to produce the revenues contemplated in the budget.

The annual budget process for a fiscal year begins early in the second quarter of the preceding fiscal year. At that time the County Manager issues pertinent guidelines to department heads and other key officials to be observed during budget development. Each department head will submit all desired personnel change requests and detailed budget requests.

The County Manager and his staff hold hearings with the various departments, and after review, submit a proposed budget to the Board of Supervisors. The Board of Supervisors also holds hearings with the departments, and after revisions, authorizes a final budget for publication and public hearing. After the public hearing, further changes may be made before final adoption, which generally occurs in the month of April preceding the start of the fiscal year on July 1 when funding is appropriated.

SELECTED FINANCIAL AND OPERATING INFORMATION

General Fund Revenues and Disbursements

The General Fund is maintained by the County to account for revenue derived from Countywide ad valorem taxes, other local taxes, licenses, fees, permits, certain revenue from federal and state governments, and interest earned on invested cash balances in the General Fund. General Fund disbursements include the costs of general County government, School Operations, and transfers to the Debt Service and Capital Projects Funds to pay debt service on the County's general obligation bonds and certain capital improvement projects.

The following is a discussion of the General Fund revenue structure and major classifications of General Fund disbursements. Following this discussion is a five-year summary of General Government revenues, expenditures, fund balances, and a summary of the fiscal plan for fiscal year 2021. The County's audited General-Purpose Financial Statements include a detailed review of General Fund revenues and expenditures for the fiscal year ended June 30, 2019. The County's audited financial statements are available within the County's Comprehensive Annual Financial Report ("CAFR") attached to this Official Statement as APPENDIX B.

Revenues

Property Taxes. An annual ad valorem tax is levied by the County on the assessed value of real and tangible personal property located within the County as of January 1. The ratio of the assessed value of property to its appraised value is 100 percent in the case of real property, and varies for the several classes of personal property, but generally is 100 percent. Both real and personal property taxes are collected on June 5 and December 5. There is no legal limit at the present time on the property tax rates which may be established by the County. In the fiscal year ended June 30, 2019, property taxes (including penalties for late payment of prior years' taxes) represented approximately 41.2% of total General Fund and Component Unit School Operating receipts. Property taxes attach as an enforceable lien on property as of January 1. The County bills and collects its own property taxes. Property taxes are levied in April and recorded as receivables, net of allowance for estimated uncollectible accounts, to the extent that they are currently due.

In April 1998, the Virginia General Assembly passed the Personal Property Tax Relief Act of 1998. The Act provides for the Commonwealth to reimburse a portion of the tangible Personal Property Tax levied on personal use cars, motorcycles, and trucks. Initially, the reimbursement was 12.5% of the tax on the first $20,000 of the value of the qualifying vehicle in tax year 1998. The reimbursement rate was 27.5% for tax year 1999 and increased to 47.5% for tax year 2000, and 70% for tax years 2001 through 2005. Beginning in 2006, the reimbursement funds were capped at $950 million statewide with those funds being distributed to localities on a prorated basis. Henrico County is allocated $37.0 million of those funds per year. The percentage of tax relief allocated to each qualifying vehicle is annually determined by each locality based on the value of qualifying vehicles within that locality. 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 program.

Other Local Taxes. The County levies various other local taxes including a 1% sales tax (collected by the State and remitted to the County), a 4% meals tax, various business, professional and occupational license taxes, property transfer recordation taxes, and motor vehicle and other vehicle taxes. These receipts represented 17.2% of total General Fund and School Operating receipts in the fiscal year ended June 30, 2019.

Revenues from the Commonwealth of Virginia and Federal Aid. The County is reimbursed by the Commonwealth of Virginia for a portion of shared expenses, including certain expenditures for the Sheriff's office, courts, the office of the Commonwealth Attorney and the Clerk of the Circuit Court. The County also receives a significant amount of State aid in support of public school operations. Revenue from the Commonwealth of Virginia (inclusive of Personal Property Tax reimbursement) and Federal Aid represented approximately 37.3% of total General Fund and School Operating receipts in the fiscal year ended June 30, 2019.

Other Revenue. Other sources of revenue including charges for services, recovered costs, permits, privilege fees, regulatory licenses, fines and forfeitures, and revenues from the use of money and property accounted for approximately 4.3% of total General Fund and School Operating revenue for the fiscal year ended June 30, 2019.

Disbursements

Costs of Education. The County pays from the General Fund a portion of the costs of operating the public school system. Federal government and Commonwealth of Virginia funds are credited to the Schools' revenue accounts and used exclusively to finance Schools' operating expenditures. No debt service on School general obligation bonds is paid from funds from the federal government or the Commonwealth of Virginia. This classification represented approximately 54.5% of the total General Fund and School Operating expenditures for the fiscal year ended June 30, 2019.

Costs of General County Government. The County pays from the General Fund the costs of general County government. These costs include expenditures for public safety (police, fire, sheriff, etc.), courts, administration and support, libraries, health, recreation, community development and street and highway maintenance. This classification represented 45.5% of total estimated General Fund and School Operating expenditures in the fiscal year ended June 30, 2019.

Transfer to Debt Service Fund. The County transfers from the General Fund to the Debt Service Fund an amount sufficient to pay principal and interest on County general obligation bonds. Transfers to the Debt Service Fund represented approximately $63.4 million of total General Fund and School Operating expenditures in the fiscal year ended June 30, 2019.

Transfer to Capital Projects Fund. The County transfers from the General Fund to the Capital Projects Fund moneys to pay the cost of certain capital improvements. The General Fund transfer to the Capital Projects Fund represented approximately $192.0 million of total General Fund expenditures in the fiscal year ended June 30, 2019.

Summary of General Fund Revenues, Expenditures and Fund Balances

The financial data shown in the following table represents a summary for each of the five previous fiscal years ended June 30 of the County's General and Component Unit School Operating Fund revenues, expenditures and fund balances. This summary has been derived from the audited financial statements of the County for fiscal years ended June 30, 2015 through June 30, 2019 and should be read in connection with the financial statements and notes for those years.

	2015	2016	2017	2018	2019
Revenues:					
General Property Taxes	$374,188,737	$386,469,951	$402,026,386	$420,785,845	$447,469,395
Other Local Taxes	155,950,527	165,195,195	176,154,233	182,031,629	186,843,818
Permits, Fees & Licenses	6,496,071	5,171,549	5,770,212	10,238,990	7,800,531
Fines & Forfeitures	2,522,510	1,944,848	2,110,351	2,160,593	2,146,622
Revenues from Use of Money & Property	2,937,232	3,594,408	2,704,902	3,719,998	16,054,752
Charges for Services	4,054,682	4,217,634	6,335,049	4,346,718	4,329,505
Miscellaneous	7,001,475	9,136,550	11,993,095	9,337,245	10,364,855
Recovered Costs	5,550,640	5,222,751	7,348,657	7,450,215	5,787,389
Intergovernmental	365,372,763	375,574,472	383,126,865	393,563,762	405,588,016
Total Revenues	$924,074,637	$956,527,358	$997,569,750	$1,033,634,995	$1,086,384,883
Expenditures:					
General Govt. Admin.	$65,415,131	$65,892,539	$76,851,414	$72,268,298	$71,186,977
Judicial Admin.	10,139,649	10,193,458	10,544,635	10,850,987	11,325,715
Public Safety	168,642,858	173,373,191	182,526,762	187,607,502	196,062,839
Public Works	52,474,492	49,605,071	54,049,122	53,550,069	55,966,276
Health & Social Services	1,902,174	1,950,496	2,219,894	2,286,988	2,432,912
Education	428,762,395	442,943,598	463,298,932	468,412,900	508,020,540
Parks, Recreation & Cultural	30,510,203	32,425,368	35,945,000	36,536,479	37,029,570
Community Development	22,022,280	23,743,014	24,810,373	25,718,015	25,943,567
Miscellaneous	17,018,626	18,673,602	7,993,395	20,591,060	24,767,577
Total Expenditures	$796,887,808	$818,800,337	$858,239,527	$877,822,298	$932,735,973
Excess of Revenue over Expenditures	127,186,829	137,727,021	139,330,223	155,812,697	$153,648,910
Other Financing Sources (Uses):					
Issuance of Cap. Lease Obligation	$71,907	$5,463,059	$12,905,998	$2,390,876	$21,565,513
Operating Transfers In (Out)					
To Debt Service Fund	(57,676,779)	(56,105,548)	(57,507,646)	(56,988,407)	(63,468,451)
To Capital Projects Fund	(35,685,101)	(54,967,362)	(48,642,178)	(53,984,400)	(80,735,668)
To Other Funds	(20,259,359)	(23,906,111)	(24,507,268)	(21,300,119)	(29,039,697)
Total Other Financing Sources (Uses)	($113,549,332)	($129,515,962)	($117,751,094)	($129,882,050)	($151,678,303)
Excess (deficiency) Revenue & Other Sources Over Expend. & Other Uses	$13,637,497	$8,211,059	$21,579,129	$25,930,647	$1,970,607
Fund Balance, July 1	210,567,328	224,204,825	232,415,884	253,995,013	279,925,660
Fund Balance, June 30	$224,204,825	$232,415,884	$253,995,013	$279,925,660	$281,896,267
Fund Balances:					
Reserved & Designated	$104,259,061	$111,166,702	$129,679,362	$150,038,464	$146,256,805
Undesignated	119,945,764	121,249,182	124,315,651	129,887,196	135,638,462
TOTAL	**$224,204,825**	**$232,415,884**	**$253,995,013**	**$279,925,660**	**$281,896,267**

Summary of Annual Fiscal Plan for the Fiscal Year Ending June 30, 2021

The information in this Section is supplemented by and subject to the information set forth above under the heading "COVID-19 PANDEMIC."

At the May 12, 2020 Board of Supervisors meeting, the Board voted unanimously to adopt the revised fiscal year 2021 budget. The $1.3 billion budget eliminated nearly $100 million from the original budget proposed on March 10, 2020 due to projected declines in consumer revenues, namely sales tax, meals tax, and occupancy tax, as a result of the COVID-19 pandemic. The fiscal year 2021 budget will accommodate a number of fixed costs increases including those related to rates set by the Virginia Retirement System and additional Fire and EMS staffing for the planned opening of a new fire station along Staples Mill Road.

The adopted fiscal year 2021 budget incorporates a number of cost-cutting strategies to balance the budget while maintaining delivery of core services. Some of the most significant changes include: a deferral of all cash-funded capital, a 5% across-the-board operating reduction for all departments that generated $9.2 million in savings, holding vacancies and changes to personnel deployment strategies saved more than $10 million, and a retirement incentive program for those eligible to leave the county's workforce is estimated to produce salary savings of $1.5 million. Eligible employees have been notified, and those electing to participate will retire no later than September 1, 2020.

The hiring and spending freeze on non-essential functions will remain intact well into fiscal year 2021 until the economy stabilizes and more local data regarding the fiscal impact of COVID-19 becomes available. The plan prioritizes funding for education and public safety, with nearly 80% of general fund resources dedicated to those core service areas. There are no pay cuts, furloughs or layoffs contemplated in the adopted fiscal year 2021 budget. The fiscal year 2021 budget holds the real estate tax rate at 87 cents (for the 42nd consecutive year), eliminates a proposed increase in water and sewer rates, and raises the Business Professional Occupational License tax exemption threshold to $500,000, up from $400,000 in fiscal year 2020.

With significant uncertainty relating to the timeline and ultimate impact of COVID-19 on the local economy, the County believes that it has taken a conservative approach to revenue projections. The fiscal year 2021 plan assumes a (fiscal year 2020 budget to fiscal year 2021 budget) decrease in occupancy taxes of $8.4 million, a decrease in meals taxes of $9.0 million, declines in sales taxes of $15.0 million, and a decrease in personal property taxes of $3.5 million. On the real estate front, which is the County's primary revenue source, land and property values are already in hand for the second half of calendar year 2020, so projections are only required for the first six months of calendar year 2021. Along those lines, residential re-assessments are projected to increase around 3%, in line with longer-run averages. On the commercial real estate front, the County does anticipate some modest declines related to recent or future closures in the shopping center, restaurant, and hotel categories. Combined, a year-over-year increase of $16.3 million in real estate revenues is still projected. Overall, budget revenues in the aggregate fall in between fiscal year 2017 and fiscal year 2018 actuals.

The fiscal year 2021 Capital Improvement Plan (CIP) includes only debt-funded projects from the 2016 referendum, including $5 million for Taylor Park, $4 million for Deep Run Park, and $5 million for the Richmond-Henrico Turnpike. In addition, the CIP also includes $30 million for various water and sewer rehabilitation projects which are expected to be financed with the proceeds of the Water and Sewer System Revenue Bonds, Series 2020A (Tax-Exempt).

Overall, this plan accomplishes the overarching goals of the Board of Supervisors to remain mindful of the situations facing County residents while limiting additional financial burdens on them, to help Henrico's businesses survive the downturn and thrive in recovery, to protect the County's workforce by maintaining jobs and avoiding pay cuts, and to ensure continuity in core service delivery, namely publicly safety and education. Further, as revenues have outperformed the original estimates of the impact of COVID-19 on the County's fiscal position, the County believes that the fiscal year 2021 budget is conservative and is expected to represent a floor. As such, it is anticipated that additional resources will be allocated throughout the fiscal year through the quarterly amendment and appropriation process to continue many of the initiatives put forward in the County Manager's budget originally proposed on March 10, 2020.

The adopted fiscal year 2020-21 Annual Fiscal Plan was approved with the following expectations for General Fund revenues, expenditures and transfers.

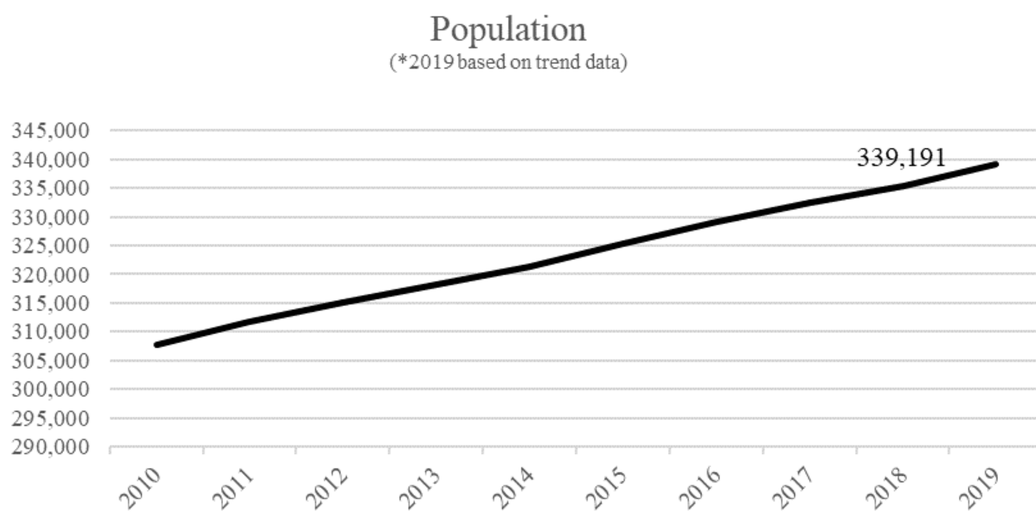
FY2020-21 Annual Fiscal Plan (General Fund)

Revenues and Transfers		**Expenditures**	
General Property Taxes	$499,145,000	General government administration	$43,688,051
Other local taxes	139,410,000	Financial administration	13,679,421
Revenue from use of money and Property	3,284,700	Public safety	196,564,081
Intergovernmental revenue	360,520,941	Public works	52,233,984
Permits, fees & licenses	5,253,500	Health and welfare	2,433,102
Fines and forfeitures	2,085,000	Education	509,905,768
Charges for services	3,845,500	Parks, recreation and cultural	38,466,836
Miscellaneous	3,969,000	Judicial administration	9,484,894
Transfers	(121,427,247)	Community development	19,909,972
(To) Fund Balance	3,014,759	Miscellaneous	12,735,044
Total Projected Revenues and Transfers	**$899,101,153**	**Total Budgeted Expenditures**	**$899,101,153**

Source: County of Henrico Approved Budget, Fiscal Year ending June 30, 2021.

Population

The County's population has increased steadily for the past few decades. For 2019, population was projected to increase 1.17% over 2018, with the ten-year average increasing at approximately 1% per year. Increases for the past ten years are shown in the following chart:



Source: FY2019 Comprehensive Annual Financial Report, Statistical Table XI.

Taxable Retail Sales Data

The following table presents the calendar year taxable retail sales, fiscal year sales tax revenue and calendar year taxable retail sales per capita.

Year	Population (1)	Calendar Year Taxable Retail Sales (000's omitted) (2)	Fiscal Year Local Sales Tax Revenue (000's omitted) (3)	Calendar Year Taxable Retail Sales Per Capita
2010	307,832	$4,672,111	$53,256	$14,987
2011	311,726	4,864,242	55,342	15,434
2012	315,157	5,041,671	55,913	15,846
2013	318,158	5,117,598	55,852	15,924
2014	321,374	5,214,320	55,825	16,030
2015	325,283	5,430,593	58,095	16,512
2016	329,227	5,479,745	62,286	16,479
2017	332,538	5,656,613	64,666	17,010
2018	335,283	5,740,328	68,256	17,121
2019	339,191	5,855,134	68,775	17,262

(1) Source: Henrico County FY2019 Comprehensive Annual Financial Report.
(2) Source: Commonwealth of Virginia, Department of Taxation. Data excludes automobile and prescription drug sales.
(3) Reflects actual revenue received.

Construction Activity

In the ten-year period noted below, the County's construction activity, in both the residential and commercial development areas, has consistently increased with the growth in population and economic activity. In the most recent fiscal year that ended June 30, 2019, the number of permits issued and the value of these permits remained in line with trends for the past few years. In fiscal year 2018 there was a spike in permit values related to construction of a Facebook data center.

Building Permits and Values

Fiscal	Total Dwelling Units (1)		Total Permits Issued (2)	
Year	No.	Value	No.	Value
2010	630	$94,818,517	11,975	$327,605,506
2011	639	115,646,120	12,205	387,596,586
2012	675	117,840,439	13,771	528,859,679
2013	742	127,094,852	14,276	411,502,767
2014	779	141,891,636	13,972	411,113,599
2015	707	120,816,404	13,577	582,961,941
2016	757	132,494,528	13,693	520,972,529
2017	789	146,576,045	15,603	596,817,908
2018	1,089	189,703,945	16,322	1,136,177,550
2019	922	147,847,740	15,922	935,779,209

Source: Henrico County Department of Building Construction and Inspections.
(1) Dwelling Unit is defined as a single-family residence.
(2) Includes all residential and commercial construction.

Building Construction Permit Values by Classification
Fiscal Years Ended June 30
(000's omitted)

	2015	2016	2017	2018	2019
Single Family	$120,816	$132,495	$146,576	$189,704	$147,848
Multi-Family	25,437	7,093	22,829	12,686	54,362
Office	40,818	9,104	16,591	10,746	170,993
Institutional	0	0	11,018	3,777	17,271
Commercial & Etc.	122,682	234,870	231,080	474,516	210,760
Total	$309,753	$383,562	$428,094	$691,429	$601,234

Source: Henrico County Department of Building Construction and Inspections.

Housing

The data in the table below present the characteristics of residential housing in the County. As of December 2019, single family housing units represented approximately 65.6 percent of all residential housing. The percentage of housing stock consisting of multifamily units has remained constant throughout the period.

	2015		2016		2017		2018		2019	
	Units	% of Housing	Units	% of Housing	Units	% of Housing	Units	% of Housing	Units	% of Housing
Single Family	87,902	65.52%	88,291	65.52%	88,803	65.48%	89,848	65.71%	90,209	65.56%
Multi-Family	46,251	34.48%	46,456	34.48%	46,820	34.52%	46,891	34.29%	47,396	34.44%
Total	134,153	100.00%	134,747	100.00%	135,623	100.00%	136,739	100.00%	137,605	100.00%

Source: Continuing, Comprehensive, and Coordinated Transportation Data for Henrico County, Virginia by Traffic Zone (3 C Report), 2015 – 2018. 2019 figures reflect Henrico County Finance Department estimates.

Commerce, Industry and Employment

The County, pre-COVID-19, experienced strong economic growth and has enjoyed a decade of economic recovery and expansion. Real estate reassessments grew, local consumer spending was robust, and the business community was a strength in Henrico. In spite of the economic downturn related to the pandemic, early signs suggest that the residential real estate market will remain strong, local consumer spending has been somewhat resilient, and the business community will be able to rebound.

Henrico County continues to evaluate its governmental practices, identifying areas that exist for greater operational efficiencies, and thereby best utilizing taxpayer provided resources. As evidenced by a long history of prudent financial management - and the distinction of being one of the elite triple AAA rated counties in the U.S. - Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, Henrico County is committed to creating an environment conducive to positive economic growth.

Henrico County residents live in a low-tax, high-quality community with one of the premier public school systems in the nation. The Board of Supervisors has fostered this environment through consistent innovation, effective planning and financial prudence when allocating public resources, while also incrementally reducing tax rates when economically feasible, and exploring less burdensome revenue enhancements when necessary. With an emphasis on superior customer service, sound financial management, and sustainable economic development, Henrico County has been and will continue to be a community of choice.

The Richmond Metropolitan Area continues to garner recognition and accolades regarding its financial strength, talented workforce, and pro-business environment. For example, Forbes named Richmond as one of the "Ten Coolest U.S. Cities to Visit in 2018" and noted that the Shagbark restaurant in Libbie Mill Midtown was "exceptional." Richmond was also named as one of the top 10 U.S. destinations you need to see in 2018 by Lonely Planet and rated #3 on the list of "10 Best Places to Travel in the South in 2018" by Southern Living. The Greater

Richmond Area was ranked in the Top 25 Best Places to Live in 2017 by U.S. News & World Report. The Richmond region was also named a top destination for food travel in 2016, by National Geographic, January 2016. The area was ranked among the top ten up-and-coming tech cities by Realtor.com in 2017; ranked among the top ten best cities to live in the South by Southern Living Magazine in 2017; ranked among the "20 Best Places to Start a Business" by CNBC in August 2016; ranked among the "Top 10 Mid-Sized Cities of the Future" by Foreign Direct Investment (fDi) Magazine in 2017; was ranked among the "10 Best Cities to Relocate To in the U.S." by the Huffington Post in April 2015; as well as being among the "50 Best Places to live in America" by Men's Journal in April 2015. In addition, the Richmond area came in 1st on the list of the top 10 most popular cities to visit, by American Express Travel in May 2015, while also being named the "southern food destination you need to know about" by Conde Nast Traveler in July 2015.

Acknowledgements such as these would not be possible without a strong infrastructure to support the existing business community - such as the 12 Inc. 5000 companies with a significant presence in Henrico County, as well as the many small businesses and entrepreneurial endeavors that drive the County's diverse economy. Henrico County is home to four of the region's ten Fortune 1000 companies and serves as the corporate headquarters for three Fortune 500 companies; Altria, Markel, and Genworth Financial, while The Brink's Company is a Fortune 1000 company. Other companies with a major presence within Henrico are Patient First, SunTrust, Allianz, McKesson, Capital One, Southern States Cooperative, Dominion Energy and Anthem, to name a few. All of these companies have invested heavily in the County, and the Richmond Metropolitan Area has benefited from their presence.

The County's diverse labor pool, low tax structure, regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for outside companies to relocate to, or for existing companies to expand. The latest example of this is Facebook which, in October 2017, announced that it would be investing $1.0 billion by building a new data center in Henrico. To follow that up, in September 2018 Facebook announced that it would commence Phase II of its data center development in Henrico by investing an additional $1.0 billion.

Richmond Raceway, located in Henrico County, has a seating capacity of 60,000 and hosts NASCAR races that attract fans from across the United States. Richmond Raceway is one of the most popular facilities among NASCAR drivers and fans in all of motorsports. Known as America's Premier Short Track, Richmond Raceway annually hosts two NASCAR Doubleheader weekends, featuring the NASCAR Monster Energy Cup Series and NASCAR Xfinity Series. Only three tracks in the U.S. have continuously hosted NASCAR races at their present locations longer than Richmond Raceway. A unique feature of Richmond Raceway's strategic placement within Henrico is that it is accessible within a day's travel to 50 percent of the country's population which makes it a popular destination for race enthusiasts.

Henrico County's employment statistics compare favorably relative to national and state averages. According to the Virginia Employment Commission, as of June 2020, reflecting the impact of the pandemic, the County's unemployment rate (not seasonally adjusted) of 9.0% is almost equal to the Virginia rate of 8.9% and lower than the National rate of 11.2%. Prior to the COVID-19 pandemic, as of November 2019, the County's unemployment rate (not seasonally adjusted) was 2.5%, which was equal to the Virginia rate of 2.5% and lower than the national rate of 3.3%. This historic level of relatively low unemployment is indicative of the fundamental economic strength of the County, as well as the resiliency and perseverance of state and local employers and the County's educated, talented workforce. Reinforcing this assumption is the strength of wages in Henrico County relative to both the Commonwealth and the nation.

For the 2020 assessment of new and existing commercial and residential real estate, the total taxable assessed value for real property of the County was approximately $42.7 billion, representing an increase of about $2.5 billion, or 6.1% compared to 2019. Reassessment for both residential and commercial real estate increased the taxable base by $1.9 billion. In reviewing year-over-year reassessments (excluding new construction) the County's tax base increased 4.7% in 2020.

There are some consistent trends occurring in Virginia's housing market, and in the Central Virginia/Richmond region, with positive trends in the year-over-year median sales price through December 2019. The average sale price for a single-family home in Henrico County was $313,022 in 2019. Henrico statistics indicate an increase in the average sale price of single-family homes for 2019 of $11,262 or 3.7%. In addition, for the fiscal year ended June 30, 2019, total construction permit data, including permits for the construction of single family, residential and commercial dwellings, reflects stability.

In 2018, Henrico ranked 1st in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for 2019 were approximately $5.8 billion, almost a 2.0% increase from 2017. In addition, Henrico is one of the strongest performing localities, economically, in the Commonwealth. These statistics are another indication that the County is a destination for shoppers locally, regionally and statewide. Henrico established itself as a destination for shoppers starting in the 1970s, and this trend has continued more recently with Short Pump Town Center in Western Henrico, 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 were it 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 residents enjoy the lowest tax burden of the 10 largest localities in the Commonwealth. 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 or expand their operations.

Area Total Employment by Place of Residence, 2010- 2019

Year	Henrico County	Unemployment Rate (%)	Chesterfield County	Unemployment Rate (%)	City of Richmond	Unemployment Rate (%)	Hanover County	Unemployment Rate (%)	Goochland County	Unemployment Rate (%)
2010	155,452	7.3	156,307	7.3	96,347	9.5	50,855	6.6	9,733	7.2
2011	159,037	6.7	159,940	6.8	98,520	8.5	51,675	6.0	9,716	6.3
2012	162,158	6.0	162,433	6.1	101,135	7.5	52,111	5.5	9,707	5.6
2013	164,368	5.6	164,793	5.7	102,949	6.8	52,602	5.1	9,837	5.1
2014	167,113	5.1	168,197	5.1	105,385	6.2	53,209	4.6	10,027	4.8
2015	169,285	4.3	170,258	4.3	106,801	5.2	54,043	3.9	10,170	4.2
2016	171,556	3.9	173,432	3.9	109,125	4.7	55,067	3.5	10,402	3.8
2017	173,517	3.7	176,938	3.6	111,758	4.3	56,166	3.3	10,439	3.5
2018	175,546	3.0	179,055	2.9	113,125	3.5	56,844	2.6	10,590	3.0
2019	181,404	2.5	185,113	2.4	116,951	2.9	58,823	2.1	10,984	2.4

Source: Virginia Employment Commission, Local Area Unemployment Statistics, and Bureau of Labor Statistics. 2019 labor statistics represent most recent data available (not annualized).

EMPLOYMENT BY INDUSTRY TYPE

Industry	2019		
	Richmond MSA[(1)(2)]	Henrico County[(1)]	Henrico as a % of Richmond MSA
Agriculture, Forestry, Fishing & Hunting	1,596	59	3.7%
Mining	477	12	2.5
Utilities	1,904	572	30.0
Construction	37,531	9,045	24.1
Wholesale Trade	24,141	7,260	30.1
Information	6,636	3,049	45.9
Finance and Insurance	39,000	16,281	41.7
Real Estate and Rental and Leasing	9,183	4,152	45.2
Professional and Technical Services	40,649	17,302	42.6
Management of Companies and Enterprises	22,786	8,348	36.6
Administrative and Waste Services	44,479	16,024	36.0
Educational Services	8,973	2,581	28.8
Health Care and Social Assistance	86,003	28,373	33.0
Arts, Entertainment, and Recreation	13,244	2,810	21.2
Accommodation and Food Services	54,577	16,883	30.9
Other Services, Ex. Public Admin	22,046	6,615	30.0
Public Administration	40,474	6,126	15.1
Manufacturing	31,627	7,358	23.3
Retail Trade	65,288	22,328	34.2
Transportation and Warehousing	23,926	3,749	15.7
Unclassified Establishments	1,545	414	26.8
Total, All Industries	576,085	179,340	31.1%

Source: Virginia Employment Commission – Quarterly Census of Employment and Wages (QCEW)

(1) Data represents total employment in each locality as of fourth quarter of 2019.

(2) Richmond MSA defined as: Amelia County, Caroline County, Charles City County, Chesterfield County, Dinwiddie County, Goochland County, Hanover County, Henrico County, King William County, New Kent County, Powhatan County, Prince George County, Sussex County, City of Colonial Heights, City of Hopewell, City of Petersburg, and City of Richmond.

Median Household Income

	Calendar Year 2014	Calendar Year 2015	Calendar Year 2016	Calendar Year 2017	Calendar Year 2018
Henrico County	$62,446	$61,934	$63,699	$66,447	$68,572
Commonwealth of Virginia	64,923	65,015	66,149	68,766	71,564
United States	53,657	53,889	55,322	57,652	60,293

Source: U.S. Census Bureau Information; represents the latest information available.

Top 20 Principal Employers

Numerous business types are located within the County and offer employment in such diversified areas as wholesale distribution, contract construction, research and technical manufacturing, marketing and banking. The following table presents data regarding some of the principal employers in the County, which accounted for approximately 23.5% of total employment in the County as of the first quarter of 2019.

	2018			2019 (1)		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Henrico County School Board	5,000-9,999	1	3.6%	5,000-9,999	1	3.7%
County of Henrico	1,000-4,999	2	2.2%	1,000-4,999	2	2.2%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.6%	1,000-4,999	3	1.6%
Henrico Doctors' Hospital (HCA)	1,000-4,999	4	1.6%	1,000-4,999	4	1.6%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	6	1.6%	1,000-4,999	5	1.6%
Capital One Bank	1,000-4,999	5	1.6%	1,000-4,999	6	1.6%
Wal Mart	1,000-4,999	7	1.6%	1,000-4,999	7	1.6%
Wells Fargo Bank NA	1,000-4,999	9	1.6%	1,000-4,999	8	1.6%
United States Postal Service	1,000-4,999	8	1.6%	1,000-4,999	9	1.6%
Apex Systems, Inc.	500-999	10	0.4%	1,000-4,999	10	1.6%
Bank of America	500-999	12	0.4%	500-999	11	1.6%
Kroger	500-999	11	0.4%	500-999	12	0.4%
GNA Corporation	500-999	13	0.4%	500-999	13	0.4%
Ppd Development	500-999	20	0.4%	500-999	14	0.4%
Markel Service, Inc	500-999	15	0.4%	500-999	15	0.4%
T Mobile USA, Inc.	500-999	16	0.4%	500-999	16	0.4%
Suntrust Bank		N.A.		500-999	17	0.4%
Virginia Department of Social Services	500-999	17	0.4%	500-999	18	0.4%
Publix Nc Employee Services LLC	500-999	18	0.4%	500-999	19	0.4%
Access America		N.A.		500-999	20	0.4%
Patient First Corporation	500-999	14	0.4%			
General Medical Corporation	500-999	19	0.4%			
Total Employment	189,571		29.9%	193,395		23.3%

Source: Virginia Employment Commission
Employees and percentage of employment based on size code as published by VEC Monthly (June) Not Seasonally Adjusted Labor Force

(1) 2019 Data as of 1st Qtr 2019 (the most recent data available).
(2) Non-Resident Employer of Henrico County Citizens.

Economic Development

Twelve Inc. 5000 companies have a significant presence in Henrico County, as well as many small businesses and entrepreneurial endeavors that drive the County's diverse economy. Henrico County is home to four of the region's ten Fortune 1000 companies and serves as the corporate headquarters for three Fortune 500 companies; Altria, Markel, and Genworth Financial. Other companies with a major presence within Henrico are Patient First, SunTrust, Allianz, McKesson, Capital One, Southern States Cooperative, Dominion Energy and Anthem.

The County's diverse labor pool, low tax structure, regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for outside companies to relocate to, or for existing companies to expand. One example of this is Alfa-Laval, which announced its plans to expand and add a new brazed heat exchanger production line to their plant in Eastern Henrico. This expansion will create 15 new jobs. Alfa-Laval has been a part of the Henrico business community for 30 years.

Lumber Liquidators, the largest specialty retailer of hardwood flooring in North America, moved its headquarters from Toano to Henrico County in late 2019. The Henrico facility in White Oak houses approximately 200 employees. The County continues to attract attention to and investment in key economic development nodes including White Oak Technology Park, the Regency Mall area, the Westwood area, and around the western most parts of Broad Street near Short Pump.

Henrico also announced in September 2019 the acquisition of the 1,184-acre Wilton Farm on the James River which presents a prime economic development site in the years ahead. The County plans to work with the community to create a vision for the property. In addition, the County recently purchased property at the Virginia Center Commons mall where, through a public-private partnership, a 220,000+ square foot indoor sports and convocation center will be constructed with proceeds of revenue bonds issued in April, 2020 by the Economic Development Authority of Henrico County. The private partner will also redevelop another large portion of the site with hotel, retail and residential uses.

Cybersecurity

The County, like many other municipalities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other such attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the County will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. To transfer and share these risks, the County has purchased a $5 million Cyber liability insurance policy that covers a broad range of impacts, including security breach, security liability, and extortion, among other areas. The County's Department of Information Technology includes a dedicated cyber security team that focuses on system-wide hardware and software mitigation solutions, back-ups for redundancy or critical records and system processes, as well as limitations on user downloads and system uses. Further, to assess and mitigate threats as a result of human error, the County encourages security awareness with training throughout the workforce.

TAX BASE DATA

The following data is presented to illustrate characteristics of the assessed value of real and personal property, which are major sources of County-derived revenue. Of Henrico's $42.7 billion in taxable real estate in 2020, 32.5% was classified as commercial.

	Assessed Value (000s)				
	Residential & Commercial		Public Service Corp (1)		Total Taxable
Year	Real Property	Personal Property	Real Property	Personal Property	Assessed Value
2010	$32,016,975	$3,068,020	$976,312	$3,704	$36,065,011
2011	31,702,148	3,208,453	988,146	3,324	35,902,071
2012	30,666,925	3,432,535	980,339	3,433	35,083,232
2013	30,776,112	3,586,164	938,957	3,143	35,304,376
2014	31,908,424	3,585,703	908,401	3,305	36,405,833
2015	33,103,077	3,766,963	962,217	2,529	37,834,786
2016	34,175,523	4,013,147	1,004,054	2,222	39,194,946
2017	35,742,298	4,087,035	1,129,400	2,130	40,960,863
2018	37,893,754	4,241,370	1,162,001	1,994	43,299,119
2019	40,203,888	4,610,809	1,195,272	2,225	46,012,194

Source: Henrico County Department of Finance.

(1) State Corporation Commission and Henrico County Comprehensive Annual Financial Reports for the fiscal years ended June 30, 2010 through 2019.

Property Tax Rates

Tax Rates
(per $100 of Assessed Value)(1)

Calendar Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi-Conductor
2010	$0.87	$3.50	$1.00	$1.60	$0.40
2011	0.87	3.50	1.00	1.60	0.40
2012	0.87	3.50	1.00	1.60	0.40
2013	0.87	3.50	1.00	1.60	0.40
2014	0.87	3.50	1.00	1.60	0.40
2015	0.87	3.50	0.30	1.60	0.30
2016	0.87	3.50	0.30	0.50	0.30
2017	0.87	3.50	0.30	0.50	0.30
2018	0.87	3.50	0.30	0.50	0.30
2019	0.87	3.50	0.30	0.50	0.30

Source: Henrico County Department of Finance.

(1) There are no overlapping tax rates within the 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 vehicles and for the handicapped are taxed at the rate of $.01 per $100 of assessed value.

Property Tax Levies and Collections for Last Ten Fiscal Years

Property tax rates are established each year by the Board of Supervisors during the annual budget process. Property tax rates for the past ten calendar years are as set forth in the table below:

LAST TEN FISCAL YEARS

		Collections within the Fiscal Year of Levy			Total Collections to Date	
Year	Original Fiscal Year Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2010	$365,521,825	$357,859,027	97.9%	$ 7,479,652	$365,338,679	99.90%
2011	349,268,894	336,136,985	96.2	12,830,649	348,967,634	99.90
2012	347,803,213	341,709,567	98.2	5,359,194	347,068,761	99.80
2013	357,613,295	351,926,258	98.4	5,368,128	357,294,386	99.95
2014	361,689,033	358,676,284	99.2	2,067,461	360,743,745	99.70
2015	373,467,423	357,897,136	95.8	14,263,496	372,160,632	99.70
2016	376,051,530	370,592,134	98.5	5,220,897	375,813,031	99.90
2017	389,341,072	384,815,669	98.8	4,288,915	389,104,584	99.95
2018	409,079,914	404,970,529	99.0	3,002,249	407,972,778	99.70
2019	433,549,534	429,914,099	99.2	N/A(1)	429,914,099	99.20

Source: County of Henrico Comprehensive Annual Financial Report, Fiscal year ended 2019.
(1) Fiscal year 2019 collections in subsequent years will be available as of the next reporting period.

Vehicle and Business License Receipts
Last Ten Fiscal Years

Fiscal Year	Vehicle Receipts	Business Receipts	Fiscal Year	Vehicle Receipts	Business Receipts
2010	$6,181,742	$27,313,048	2015	$6,573,762	$32,086,401
2011	6,253,599	27,525,602	2016	6,916,081	33,520,678
2012	6,275,819	28,486,699	2017	7,199,016	35,432,437
2013	6,472,365	29,640,707	2018	7,246,984	35,618,257
2014	6,714,426	29,827,991	2019	7,387,991	38,307,817

Source: County of Henrico Comprehensive Annual Financial Report, fiscal years ended 2010-2019 Exhibit of Revenues.

Principal Taxpayers as of June 30, 2019

The following data shows the assessed value of the real and personal property of the ten largest holders of real property and personal property in the County as of June 30, 2019. The estimated assessed value of real and personal property of these large entities in the County represents approximately 5.63% of the projected total assessed value of all real property and personal property of $46,012,194,000. This total also includes Public Service Corporation properties assessed by the State Corporation Commission.

HENRICO COUNTY, VIRGINIA
PRINCIPAL PROPERTY TAX PAYERS
TWO MOST RECENT FULL CALENDAR YEARS AND TEN YEARS AGO
(Unaudited)

		Calendar Year 2019			Calendar Year 2018			Calendar Year 2010		
Taxpayer	Type of Business	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	$765,639,021	1	1.66%	$733,004,791	1	1.69%	$ 440,809,316	1	1.22%
Short Pump Town Centers LLC (Queensland) (1)	Retail and Offices	415,937,900	2	0.90%	-	N/A	-	-	N/A	-
General Services Corporation	Apartments	401,133,500	3	0.87%	340,371,500	3	0.79%	199,359,400	7	0.55%
The Wilton Companies	Offices, Retail & Warehouses	253,490,300	4	0.55%	235,137,900	4	0.54%	222,756,700	5	0.62%
Highwoods Properties	Offices and Warehouses	242,129,000	5	0.53%	232,100,000	5	0.54%	258,164,500	4	0.72%
Weinstein Family	Apartments	242,113,500	6	0.53%	219,034,900	6	0.51%	151,335,400	10	0.42%
HCA Health Services of VA	Hospital	207,074,274	7	0.45%	190,630,418	8	0.44%	-	N/A	-
Verizon	Utility	198,843,391	8	0.43%	200,853,119	7	0.46%	308,808,485	3	0.86%
Gumenick	Apartments and Retail	197,889,100	9	0.43%	169,699,600	9	0.39%	164,089,300	8	0.45%
Breeden Companies	Apartments and Retail	175,937,400	10	0.38%	160,360,300	10	0.37%	-	N/A	-
Forest City (Short Pump TC, White Oak, etc) (1)	Retail and Offices	-	N/A	-	444,656,600	2	1.03%	370,297,200	2	1.03%
United Dominion Realty Trust	Apartments	-	N/A	-	-	N/A	-	152,852,800	9	0.42%
Liberty Property, LP	Warehouses and Offices	-	N/A	-	-	N/A	-	210,474,600	6	0.58%
Totals		$3,100,187,386		6.74%	$2,925,849,128		6.76%	$2,478,947,701		6.87%
Total Assessed Values		$46,012,195,329			$43,299,118,150			$36,065,011,440		

Source: County of Henrico Director of Finance

(1) Short Pump Town Centers LLC bought Forest City in July 2018

DEBT ADMINISTRATION

Issuance and Authorization of Bonded Indebtedness

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, Chapter 26, Title 15.2 of the Code of Virginia of 1950, as amended, a county in Virginia is authorized to issue general obligation bonds secured by a pledge of its full faith and credit. For the payment of such bonds the governing body of a county is required to levy, if necessary, an ad valorem tax on all property in the county subject to local taxation. Although the issuance of general obligation bonds by Virginia counties is not subject to any limitation on amount, counties are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum, or unless such issuance is for refunding bonds or is through the Virginia Public School Authority, the Literary Fund, or other state agency prescribed by law. Payment of general government and school bonded indebtedness is provided for in the Debt Service Fund of the County.

Revenue bonds of a county are payable from revenues of the undertaking and do not require a referendum thereon. Payment of water and sewer utility revenue bonds is provided for in the County's Water and Sewer Enterprise Fund.

As of July 2, 2020, the County's unaudited outstanding bonded indebtedness was as follows*:

General Obligation Bonds	$614,020,000
Water and Sewer Revenue Bonds	$411,975,000
Subtotal	$1,025,995,000
Less: Water and Sewer Revenue Bonds	(411,975,000)
Total Net Debt	$614,020,000

Source: Henrico County Department of Finance.
*Excludes all Economic Development Authority Revenue Bonds issued for the benefit of the County and subject to annual appropriation by the County. As of the date of issuance of the Series 2020 Water and Sewer Revenue Bonds, the outstanding principal amount of all Water and Sewer Revenue Bonds of the County will be $452,290,000.

General Obligation Bond Amortization Requirements

Principal and interest payments on the unaudited outstanding general obligation bonded indebtedness of the County as of July 2, 2020 are presented in the following table:

Total General Obligation Bonds

Fiscal Year Ending June 30	Principal	Interest	Total
2021	$38,605,000	$22,804,548	$61,409,548
2022	44,185,000	22,786,421	66,971,421
2023	46,655,000	20,670,145	67,325,145
2024	46,075,000	18,566,191	64,641,191
2025	46,105,000	16,381,056	62,486,056
2026	44,265,000	14,199,158	58,464,158
2027	40,445,000	12,145,545	52,590,545
2028	36,865,000	10,265,041	47,130,041
2029	35,345,000	8,569,290	43,914,290
2030	28,650,000	7,132,425	35,782,425
2031	27,965,000	5,877,257	33,842,257
2032	23,940,000	4,846,012	28,786,012
2033	20,615,000	4,116,260	24,731,260
2034	20,610,000	3,484,273	24,094,273
2035	20,610,000	2,881,165	23,491,165
2036	20,605,000	2,301,998	22,906,998
2037	20,605,000	1,707,620	22,312,620
2038	20,605,000	1,097,993	21,702,993
2039	15,485,000	580,406	16,065,406
2040	10,520,000	236,775	10,756,775
2041	5,265,000	52,650	5,317,650
Total	$614,020,000	$180,702,227	$794,722,227

Source: Henrico County Department of Finance.

*Totals may not add due to rounding. Includes the $121,525,000 General Obligation Pubic Improvement and Refunding, Series 2020A and Series 2020B issued by the County on July 2, 2020, the $105,115,000 General Obligation Public Improvement Bonds, Series 2019 issued by the County on October 9, 2019 and the $24,930,000 General Obligation Public Improvement Refunding Bonds, Series 2020 issued by the County on April 16, 2020.

EDA Lease Revenue Bond Amortization Requirements

Principal and interest payments on the unaudited outstanding Economic Development Authority (EDA) obligations payable from leases with the County as of April 2, 2020 are presented in the following table:

Total Leases with the Economic Development Authority

Fiscal Year Ending June 30	Principal	Interest	Total
2020	$ 6,200,000	$ 745,712	$ 6,945,712
2021	8,980,000	1,590,785	10,570,785
2022	8,980,000	1,533,728	10,513,728
2023	6,210,000	1,363,071	7,573,071
2024	6,255,000	1,261,856	7,516,856
2025	6,305,000	1,159,274	7,464,274
2026	6,350,000	1,054,223	7,404,223
2027	3,000,000	945,677	3,945,677
2028	3,055,000	891,143	3,946,143
2029	3,110,000	832,963	3,942,963
2030	3,175,000	771,091	3,946,091
2031	3,240,000	706,111	3,946,111
2032	3,305,000	637,741	3,942,741
2033	3,380,000	565,358	3,945,358
2034	3,455,000	489,345	3,944,345
2035	2,695,000	414,480	3,109,480
2036	2,760,000	348,957	3,108,957
2037	2,830,000	278,689	3,108.689
2038	2,905,000	203,436	3,108,436
2039	2,985,000	124,677	3,109,677
2040	3,070,000	42,197	3,112,197
Total	$92,245,000	$15,960,516	$108,205,515

Source: Henrico County Department of Finance. Debt service payments with respect to EDA Lease Revenue Bonds are subject to annual appropriation by the County. Table includes the $10,115,000 EDA Tax-Exempt Revenue Bond (Henrico County Land Acquisition Project), Series 2019 issued by the EDA for the benefit of the County on November 1, 2019 and the $50,000,000 EDA Revenue Bonds, Series 2020A (Henrico County Indoor Sports Facility Project) (Federally Taxable) and the $5,530,000 EDA Revenue Bonds, Series 2020B (Henrico County Government Project) (Tax-Exempt), issued on April 2, 2020.

Debt Ratios

The following data is presented to show trends in the relationship of the net long term indebtedness of the County to the estimated market value of taxable property in the County and the trend of debt service requirements as a percentage of General Fund and School Operating disbursements.

Trend of Net-Long-Term Indebtedness as Percentage of Assessed Value of Taxable Property

Fiscal Year Ended June 30	Net Long-term Indebtedness[(1)]	Assessed Value	Percentage
2010	$450,490,623	$36,065,011,000	1.25%
2011	492,201,006	35,902,071,000	1.37%
2012	527,997,590	35,083,231,701	1.50%
2013	489,407,589	35,304,375,594	1.40%
2014	452,550,000	36,405,833,000	1.24%
2015	410,755,000	37,834,786,000	1.10%
2016	406,150,000	39,194,949,000	1.04%
2017	464,530,000	40,960,863,000	1.13%
2018	424,685,000	43,299,119,000	0.98%
2019	480,305,000	46,012,194,000	1.04%

Source: Henrico County Department of Finance.

(1) Includes general obligation bonds and the County's subject to appropriation EDA lease revenue bonds outstanding as of June 30, 2019. Table does not include (i) the County's $105,115,000 General Obligation Public Improvement Bonds, Series 2019 issued on October 9, 2019, (ii) the $10,115,000 EDA Tax-Exempt Revenue Bond (Henrico County Land Acquisition Project), Series 2019 issued by the EDA for the County on November 1, 2019, (iii) the $50,000,000 EDA Revenue Bonds, Series 2020A (Henrico County Indoor Sports Facility Project) (Federally Taxable) and the $5,530,000 EDA Revenue Bonds, Series 2020B (Henrico County Government Project) (Tax-Exempt), issued on April 2, 2020, (iv) the $24,930,000 General Obligation Public Improvement Refunding Bonds, Series 2020 issued by the County on April 16, 2020, and (v) the $121,525,000 General Obligation Public Improvement and Refunding Bonds, Series 2020A and Series 2020B issued by the County on July 2, 2020.

Trend of Debt Service Requirements as Percentage of General Disbursements

Fiscal Year	Debt Service Requirements[(1)]	Disbursements[(2)]	Percentage
2010	$56,070,508	$965,043,838	5.81%
2011	52,021,536	938,824,056	5.54
2012	55,325,286	951,640,390	5.81
2013	60,902,606	962,099,871	6.33
2014	58,747,033	1,007,135,736	5.83
2015	57,676,778	1,011,225,959	5.70
2016	56,086,434	1,029,532,864	5.45
2017	58,843,763	1,078,925,592	5.45
2018	56,988,406	1,100,373,499	5.18
2019	64,405,006	1,166,762,617	5.52

Source: Henrico County Department of Finance.

(1) Includes interest and other debt service costs on general obligation bonds and the County's subject to appropriation EDA lease revenue bonds outstanding as of June 30, 2019. Table does not include (i) the County's $105,115,000 General Obligation Public Improvement Bonds, Series 2019 issued on October 9, 2019, (ii) the $10,115,000 EDA Tax-Exempt Revenue Bond (Henrico County Land Acquisition Project), Series 2019 issued by the EDA for the County on November 1, 2019, (iii) the $50,000,000 EDA Revenue Bonds, Series 2020A (Henrico County Indoor Sports Facility Project) (Federally Taxable) and the $5,530,000 EDA Revenue Bonds, Series 2020B (Henrico County Government Project) (Tax-Exempt), issued on April 2, 2020, (iv) the $24,930,000 General Obligation Public Improvement Refunding Bonds, Series 2020 issued by the County on April 16, 2020, and (v) the $121,525,000 General Obligation Public Improvement and Refunding Bonds, Series 2020A and Series 2020B issued by the County on July 2, 2020.

(2) Includes General, Special Revenue and Debt Service Funds.

Lease Commitments and Contractual Obligations and EDA Lease Revenue Bonds

The County is obligated to make payments under various capital and operating leases for computer hardware, automotive vehicles, equipment, and the leasing of an office building, as well as payments with respect to EDA lease revenue bonds issued for the benefit of the County outstanding as of June 30, 2019. In accordance with legal requirements, all lease obligations are contingent upon the Board of Supervisors appropriating funds for each year's payments. Future minimum lease payments on obligations entered into through June 30, 2019 under these capital and operating leases for fiscal years ending June 30 are as follows:

Fiscal Year Ending June 30	Amount
2020	$18,766,130
2021	17,537,695
2022	14,427,121
Thereafter	14,918,399
Total Minimum Lease Payments	$65,649,345
Less Amount Representing Interest	3,733,308
Present Value of All Future Minimum Lease Payments	$61,916,037

Contingent Liabilities

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 does the county have knowledge of any condition which impairs a third-party's property or person.

Joint Ventures

Capital Region Airport Commission. The Capital Region Airport Commission (the "Commission") was created in 1975 pursuant to Virginia statute. On January 1, 1976, the Commission became effective, and the County and the City of Richmond entered into an agreement with the Commission, which was responsible for the operation of the Richmond International Airport ("Airport"). As part of the agreement, 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 Commission for a 40% interest in the venture. The Counties of Chesterfield and Hanover became Commission participants in fiscal year 1984 and fiscal year 1986, respectively. The Commission operates independently as a separate political subdivision, with four participating member jurisdictions, as described below.

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the governing bodies of the City of Richmond, the County of Henrico and the County of Chesterfield and two members being appointed by the County of Hanover governing body. The 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 statutes require that the 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 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 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 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	9.12
	100.00%

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 Capital Region Airport Commission can be obtained from its administrative office at 1 Richard E. Byrd Terminal Drive, Suite C, Richmond International Airport, Virginia 23250-2400 or at www.flyrichmond.com/index/php/about-us/financials.

Greater Richmond Convention Center Authority. The Greater Richmond Convention Center Authority (the "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, Code of Virginia (1950). The local governments participating in the incorporation of the Convention Authority were the City of Richmond and the Counties of Henrico, Chesterfield and Hanover. The Convention Authority is governed by a five-member board comprised of the chief administrative officer of each of the four incorporating local governments 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 Greater Richmond Convention Center. The primary purpose of the Convention Authority is to issue revenue bonds to finance the expansion of the facility and to construct access, streetscape, or other on-site/off-site improvements. After the completion of the project, the Convention Authority assumed 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 8.0 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of $13,959,448 for transient occupancy tax to the Convention Authority during the year ended June 30, 2019.

Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, Post Office Box 40, Chesterfield, Virginia 23832.

Central Virginia Transportation Authority. The Central Virginia Transportation Authority (the "CVTA") is a newly established regional authority created by the Virginia General Assembly to provide funding for transportation projects in the Counties of Henrico, Chesterfield, Goochland, Hanover, New Kent and Powhatan, as well as the Town of Ashland and the City of Richmond (collectively, the "CVTA Member Localities"). The CVTA's authority became effective July 1, 2020. The CVTA will receive the revenues from a new 0.7% sales and use tax to be imposed in the CVTA Member Localities starting in October 2020, in addition to a new wholesale tax of 7.6 cents per gallon of gas and 7.7 cents per gallon of diesel fuel which became effective in the CVTA Member Localities in July 2020. Pursuant to the CVTA's statute, 50% of the revenues received by the CVTA will be distributed proportionally to the CVTA Member Localities, 35% of the revenues will be disbursed at the discretion of the CVTA governing board for transportation projects that benefit the CVTA Member Localities, and 15% of the revenues will be distributed to the Greater Richmond Transit Company. The CVTA has the authority to issue bonds to finance transportation projects in the CVTA Member Localities. The CVTA governing board consists of representatives of the CVTA Member Localities, representatives from the Virginia General Assembly and the Commonwealth Transportation Board, in addition to certain non-voting *ex-officio* representatives. Voting on actions taken by the CVTA governing body are weighted, with more votes given to the most populous CVTA Member Localities, as follows: any vote of any of the representatives of Henrico, Chesterfield and the City of Richmond counts for four votes for each such representative, any vote of the representative of Hanover County counts for three votes, any vote of any of the representatives of Goochland, New Kent and Powhatan counts for two votes for each of such representatives, and any vote of any of the representatives of Ashland and the County of Charles City counts for one vote for each such representative. In addition, the CVTA representatives of the General Assembly and the Commonwealth Transportation Board each get one vote per representative. The CVTA statute requires that each of the CVTA Member Localities maintains local funding of transportation needs at least equal to 50% of the funding level as of July 1, 2019 (such level to be adjusted annually commencing with fiscal year 2023).

Employee Retirement and Pension Plans

All full-time, salaried permanent employees of Henrico County are automatically enrolled in the Virginia Retirement System ("VRS"), except law enforcement officers, who are enrolled in the Law Enforcement Officers Retirement System, which is also administered by VRS. Retirement, group life insurance coverage, disability and death benefits are provided under these plans. The County fully funds the VRS Board of Trustees certified contribution rates for all General Government employees. Professional instructional personnel in the Henrico County School System are also automatically enrolled in the VRS, but in accordance with Chapter 1, Title 51.1 of the Code of Virginia (1950), the employer contribution costs are partially borne by the Commonwealth of Virginia and the contribution rates for professional instructional personnel are established by the Virginia General Assembly. The Henrico County School System fully funds the contribution rates established by the Virginia General Assembly. Additional information concerning the Employee Retirement and Pension Plans and Other Post-Employment Benefits is contained in the financial statements of the County attached as APPENDIX B, see Notes 9, 10, 11, 12, 13, 14, and 15.

Other Post-Employment Benefits

Expenses associated with retirees' health benefits are funded annually on a cash basis. Current Henrico County retirees who qualify for health benefits receive an implicit subsidy by participating in the active employee health care risk pool; as well, the County offers a health care credit based upon years of service. Eligibility for health care benefits is based on the retiree being immediately eligible to receive a VRS monthly retirement payment. Under age 65, the retiree and his or her dependents can remain in the County's health and dental plans and pay the full active premium. Over age 65, a retiree and his or her dependents move to a Medicare plan. Certain classes of employees are eligible for a health care credit paid through VRS.

Retirees who are not eligible for the VRS Health Care Credit may qualify for the County supplement. Retirees must have a minimum of 20 full years of VRS service, 10 years of which must be with the County. The supplement will be paid only to eligible retirees who choose to remain in the County's plan. This supplement is $3 per month for each full year of service.

In June 2015, GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. The County adopted Statement No. 75 for fiscal year ended June 20, 2018. For purposes of measuring the net postemployment healthcare OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense and the additions to/deductions from net fiduciary position have been determined on the same basis as they were reported as of June 30, 2018. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value. At June 30, 2019, the County's Governmental Activities and School Board reported a net postemployment healthcare OPEB liability of $12,828,343 or 49.27 percent, and $12,328,175 or 47.35 percent for its proportionate share of the net pension liability. For the fiscal year ended June 30, 2019, the County's Governmental Activities and School Board recognized healthcare OPEB expense of ($201,431) and $1,419,133 respectively. The County's Governmental Activities recognized line of duty OPEB expense of $2,166,675. See Note 12 in the financial statements attached as APPENDIX B for additional information.

Capital Improvement Program

The information in this Section is supplemented by, and subject to, the information set forth above under the heading "COVID-19 PANDEMIC."

The County's Capital Improvement Program (the "CIP") represents those infrastructure improvements needed over the next five years by the County and provides for the orderly and systematic financing and acquisition of public improvements. In evaluating each of the proposed projects, the CIP process takes into account such factors as population growth, density, economic development concerns, the County's fiscal ability, and the desired service levels. The amount appropriated for capital projects each year is based on the CIP in effect at the time of the development of the County's budget. Recommendations in subsequent CIP's may result in revisions to the amounts appropriated for specific projects.

The fiscal year 2021 CIP totals $41.5 million and includes minimal new funding for infrastructure due to COVID-19. The funded projects in the fiscal year 2021 CIP include only debt-funded projects from the 2016 referendum, including $5 million for Taylor Park, $4 million for Deep Run Park, and $5 million for the Richmond-Henrico Turnpike. There is also funding made available for select water and sewer rehabilitation projects to be financed with the proceeds of the Water and Sewer System Revenue Bonds, Series 2020A (Tax-Exempt).

Projects shown in fiscal year 2022-2025 in the following chart are representative of projects requested by departments, and are subject to appropriation in the approved budgets for those years. The following is a summary of the approved CIP for fiscal year 2020 and fiscal year 2021 and proposed expenditures for the subsequent four fiscal years.

Capital Improvement Program Summary
Fiscal Year 2020-21 through Fiscal Year 2024-25

By Department	Approved FY2019-2020	Approved FY2020-21	Requested FY2020-21	Requested FY2021-22	Requested FY2022-23	Requested FY2023-24	Requested FY2024-25	Total Requested
Capital Projects Fund								
Education	$193,500,000	$0	$106,364,948	$31,500,000	$307,129,032	$244,908,224	$179,388,202	$869,290,406
Fire	8,000,000	0	493,522	16,325,950	10,778,629	13,918,867	24,918,950	66,435,918
General Services	3,650,000	0	9,425,818	44,311,799	26,757,316	25,601,520	19,541,595	125,638,048
Information Technology	1,500,000	0	3,440,000	1,800,000	750,000	1,900,000	1,600,000	9,490,000
Information Technology - GIS	150,000	0	150,000	150,000	150,000	150,000	150,000	750,000
Mental Health	0	0	0	11,000,000	1,000,000	1,715,458	11,642,042	25,357,500
Non-Departmental	2,000,000	0	0	0	0	0	0	0
Police	6,000,000	0	7,834,548	1,252,100	6,599,921	1,525,904	0	17,212,473
Public Library	0	0	0	694,513	686,502	0	0	1,381,015
Public Works - Drainage	0	0	0	4,301,347	11,766,354	28,759,354	2,999,950	47,827,005
Public Works - Roadway	11,005,000	5,000,000	14,250,000	13,250,000	4,250,000	5,450,000	15,280,000	52,480,000
Public Works - Stormwater	2,348,000	0	2,448,000	2,448,000	2,448,000	2,448,000	2,448,000	12,240,000
Recreation	14,950,000	9,000,000	16,000,862	23,717,034	24,243,240	3,389,444	3,232,016	70,582,596
Sheriff	0	0	366,271	622,762	0	0	37,055,498	38,044,531
Total	**$243,103,000**	**$14,000,000**	**$160,773,969**	**$151,373,505**	**$396,558,994**	**$329,766,771**	**$298,256,253**	**$1,336,729,492**
Vehicle Replacement Reserve								
Education	4,000,000	0	0	0	0	0	0	0
Fire	3,300,000	0	0	0	0	0	0	0
Police	2,624,800	0	0	0	0	0	0	0
Total	**$9,924,800**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Enterprise Fund - Utilities								
Public Utilities - Sewer	62,000,000	19,650,000	19,650,000	48,250,000	65,800,000	43,950,000	101,450,000	279,100,000
Public Utilities - Water	7,650,000	7,850,000	7,850,000	7,050,000	11,950,000	9,050,000	16,350,000	52,250,000
Total	**$69,650,000**	**$27,500,000**	**$27,500,000**	**$55,300,000**	**$77,750,000**	**$53,000,000**	**$117,800,000**	**$331,350,000**
Grand Total	**$322,677,800**	**$41,500,000**	**$188,273,969**	**$206,673,505**	**$474,308,994**	**$382,766,771**	**$416,056,253**	**$1,668,079,492**

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

The following statements are brief summaries of certain provisions of the Bond Resolution. Such statements do not purport to be complete, and reference is made to the Bond Resolution, copies of which are on file and available at the office of the Clerk of the Board of Supervisors.

The following includes a brief summary of the 2018 Amendments as described herein and as described elsewhere in this Official Statement under the heading "AMENDMENTS TO THE BOND RESOLUTION". By virtue of their purchase of the Series 2020 Bonds, the holders of the Series 2020 Bonds will consent, and will be deemed to have consented to, the 2018 Amendments, and will be deemed to have waived any requirements of the Bond Resolution for the giving of written consent or for formal notice of the 2018 Amendments. On and as of the date of issuance of the Series 2020 Bonds, the beneficial owners of 70.67% of the Bonds outstanding under the Bond Resolution will have consented to the 2018 Amendments, and thereupon, the 2018 Amendments shall become effective for all Bonds outstanding under the Bond Resolution.

The following includes a brief summary of the 2020 Amendments as described herein under the heading "SUMMARY OF THE 2020 AMENDMENTS" and as described elsewhere in this Official Statement under the heading "AMENDMENTS TO THE BOND RESOLUTION". The 2020 Amendments shall be applicable when the holders of the requisite 66 2/3% of outstanding principal amount of the Bonds under the Bond Resolution shall have consented to the 2020 Amendments as required by the Bond Resolution (hereinafter, the "Effective Date"), except as otherwise set forth in the 2020 Supplemental Resolution. By virtue of their purchase of the Series 2020 Bonds, the beneficial owners of the Series 2020 Bonds shall consent to, and shall be deemed to have consented to, the 2020 Amendments, and shall waive, and shall be deemed to have waived, all requirements of the Bond Resolution for the giving of written consent to the 2020 Amendments or for receipt of any formal notice of the 2020 Amendments. On and as of the date of issuance of the Series 2020 Bonds, the holders of approximately 31.92% of all Bonds outstanding under the Bond Resolution will have consented to the 2020 Amendments.

Construction Fund

The proceeds of any Additional Bonds and Bond Anticipation Notes issued for the purpose of financing the acquiring, constructing, reconstructing, improving, extending or enlarging of the System are to be deposited into the Water and Sewer System Construction Fund (the "Construction Fund").

Moneys in the Construction Fund shall be used only in carrying out the acquiring, constructing, reconstructing, improving, extending or enlarging of the System and shall be so applied by the County, including the reimbursement of any advances made by the County from its General Fund or other available funds of the County for such purposes. If, after payment of all such costs, any moneys remain in the Construction Fund, the balance shall be applied to other improvements, extensions and enlargements of the System. All earnings derived from investments made from moneys in the Construction Fund shall be credited to that fund and shall be applied as are other moneys to the credit of such fund.

Collection and Disposition of Revenues

The Bonds, together with the interest thereon, shall be payable solely from the Revenues of the System, which are pledged to the payment of the principal of and interest on the Bonds and to the security thereof in accordance with the Bond Resolution. The County has covenanted that it will pay into the Water and Sewer Revenue Fund (the "Revenue Fund") all Revenues of the System and that all Revenues shall be trust funds in the hands of the County and shall be applied only as provided in the Bond Resolution.

"Revenues" under the Bond Resolution shall mean and include all income, revenues and moneys derived by the County from the ownership, possession, operation, management or control of the Water and Sewer System, and without limiting the generality of the foregoing, shall include all income, revenues and moneys derived by the County from the rates, charges, fees and rentals established and collected for the sale, furnishing or supplying of the services, facilities and commodities of the Water and Sewer System; income, revenues and moneys derived by the County from rates, charges, fees and rentals established for the privilege of connecting to the Water and Sewer System; to the extent provided in Section 10 of the Bond Resolution, earnings on the investment of moneys held under the Bond Resolution; the proceeds of the sale or other disposition of all or any part of the Water and Sewer System; the proceeds of insurance and condemnation awards received with respect to the Water and Sewer System; any income, revenues and moneys derived by the County pursuant to the Water and Sewer System Unification Agreement; and contributions from any source, including contributions from the County

The Revenues shall be applied and expended for the following purposes and in the following order of priority (except as otherwise permitted by the Bond Resolution and as provided for in the Supplemental Resolution) to the following accounts, heretofore created, in the Revenue Fund:

1. *Operation and Maintenance Account:* On the first business day of each month there shall be credited to the Operation and Maintenance Account in the Revenue Fund such moneys as are determined to be necessary to pay the expenses of operating and maintaining the System during such month. Such expenses of operation and maintenance shall include (a) salaries, wages, employee benefits, costs of materials and supplies, costs of water, costs of power, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs of billings and collections, costs of insurance, costs of audits, taxes, if any, a properly allocable share of County administrative and overhead expenses, and any other costs with respect to any services, facilities or commodities which are required for operating and maintaining the System and (b) payments for water, water supply, water treatment and water transmission for water distributed by the System or for the transmission, treatment and disposal of sewage collected by the System (i) made to other governmental bodies or (ii) made for the use, services and facilities of or commodities supplied by plants and properties of the County which are acquired, constructed or operated as separate utility systems. The moneys credited to the Operation and Maintenance Account shall be applied to the payment of the expenses of operating and maintaining the System.

2. *Interest Account, Principal Account and Sinking Fund Account:* For the purpose of providing for the payment of the interest on the Series 2020 Bonds, on or before each May 1 and November 1, commencing May 1, 2021 there shall be credited to the Interest Account an amount such that, if the same amount were so paid and credited to the Interest Account on such May 1 and November 1, the aggregate of the amounts so credited to the Interest Account, would on such date be equal to the installment of interest then falling due on the Series 2020 Bonds. The County has provided or shall provide in the Supplemental Resolutions authorizing the Bonds or Bond Anticipation Notes for such credits to be made in such amounts and at such times sufficient to pay when due each such installment of interest.

For the purpose of providing for the payment of the principal of the Series 2020 Bonds issued as Serial Bonds, not later than each May 1 on which such Series 2020 Bonds issued as Serial Bonds shall become due and payable, there shall be credited to the Principal Account an amount such that, the aggregate of the amounts so credited to the Principal Account, together with any other moneys theretofore credited to the Principal Account, would on such date be equal to the installment of principal of such Series 2020 Bonds then falling due. For the purpose of providing moneys to retire any Series 2020 Term Bonds, not later than each May 1 on which sinking fund installments shall be due on any such Series 2020 Term Bonds, there shall be credited to the Sinking Fund Account for the purpose of retiring the Series 2020 Term Bonds, an amount such that the aggregate of the amounts so credited to such account, together with other moneys theretofore credited to such account, would on such date be equal to the sinking fund installment on such Series 2020 Term Bonds coming due on such date. The County has provided or shall provide in the Supplemental Resolutions authorizing the Bonds for such credits to be made in such amounts and at such times sufficient to pay when due each such installment of principal or sinking fund payment.

In the event of the issuance of Additional Bonds or Bond Anticipation Notes (as defined herein), the foregoing credits are required to be increased as may be necessary to provide for the payment of principal of and interest on such Additional Bonds and interest on such Bond Anticipation Notes.

The moneys credited to such accounts shall be transferred by the County's Director of Finance to the paying agents in such amounts and at such times as shall be necessary to pay the principal of and premium, if any, and interest on the Bonds and interest on the Bond Anticipation Notes as the same become due and payable.

3. *Reserve Account:* In order to provide a reserve for the payment of interest on the Bonds and Bond Anticipation Notes and the principal of and premium, if any, on the Bonds, there shall be maintained on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement (as defined in the Bond Resolution) for the Bonds. Subject to the provisions of the Bond Resolution with respect to the credits to the Reserve Account upon the issuance of Additional Bonds, the moneys on deposit in the Revenue Fund for credit to the Reserve Account shall always be maintained at an amount at least equal to the maximum annual Debt Service Requirement for any year for all Bonds at the time outstanding and if at any time the moneys in the Revenue Fund credited to the Reserve Account are less than such amount, there shall be credited to this account from the first moneys available therefor in the Revenue Fund, after all credits referred to in paragraphs (1) and (2) above have been met, such amounts as shall be necessary until there is again on credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement. In the event of the issuance of Additional Bonds, unless upon the delivery of such Additional Bonds there shall already be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect after the issuance of such Additional Bonds, (1) there shall be paid into the Revenue Fund for credit to the Reserve Account such amount, if any, of the proceeds of the sale of such Additional Bonds as the County may determine, so that there shall then be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect immediately after the issuance of such Additional Bonds, or (2) if there shall not be paid into the Revenue Fund for credit to the Reserve Account proceeds of such Additional Bonds in an amount so there shall then be on credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect immediately after the issuance of such Additional Bonds, there shall be credited to the Reserve Account from time to time such amounts as the County may determine, of the moneys available therefor after all credits referred to in paragraphs (1) and (2) above have been met, so that no later than five (5) years from the date of such Additional Bonds there shall be on deposit in the Revenue Fund for credit to the Reserve Account an amount equal to the maximum annual Debt Service Requirement to be in effect after the issuance of such Additional Bonds. The moneys in the Revenue Fund to the credit of the Reserve Account shall be applied solely for the purpose of paying the interest on Bonds and Bond Anticipation Notes and the principal of and premium, if any, on the Bonds when due, whether at their maturity or upon the redemption or purchase thereof, and shall be so used and applied whenever there are insufficient moneys in the Revenue Fund on credit to the Interest Account, Principal Account and Sinking Fund Account for such purposes.

In lieu of the deposit of moneys into the Reserve Account, or in substitution therefor or any part thereof from time to time, the County may cause to be so credited a surety bond or an insurance policy, payable to the County for the benefit of the holders of the Bonds, or a letter of credit in an amount equal to the difference between the maximum Debt Service Requirement for such Bonds and the amounts then on deposit in the Reserve Account. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of notice as required thereunder) on any interest payment due on which moneys will be required to be withdrawn from the Reserve Account, and applied to the payment of the principal or interest on any Bonds and such withdrawals cannot be made by amounts credited to the Reserve Account The insurer providing such surety bond or insurance policy shall be an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in the highest rating category by any of Fitch Investors Service, L.P., Standard & Poor's Corporation or Moody's Investors Service, Inc., or their successors, or any insurer who holds the highest policyholder rating accorded insurers by A.M. Best & Co. or any comparable service. If Fitch Investors Service, L.P., Moody's Investors Service or Standard & Poor's Corporation then rates the Bonds, the insurer shall be one whose municipal bond insurance policies are rated in the highest rating category by the respective rating agency rating the Bonds. The letter of credit issuer shall be a bank or trust company which is rated not lower than the second highest rating category by Fitch Investors Service, L.P., Standard & Poor's Corporation or Moody's Investors Service, Inc., or their successors, and the letter of credit itself shall be rated in the highest category of either such rating agency; *provided* that if any of Fitch Investor's Service, L.P., Moody's Investors Service or Standard & Poor's Corporation then rates the Bonds the letter of credit issuer and the letter of credit itself shall both be rated in the aforementioned categories of the respective agency rating the Bonds. If a disbursement is made pursuant to a surety bond, an insurance policy or a letter of credit provided pursuant to this paragraph, the County shall be obligated either (i) to reinstate the maximum limits of such surety bond, insurance policy or letter of credit or (ii) to deposit into the Revenue Fund for credit to the Reserve Account, funds in the amount of the disbursement trade under such surety bond, insurance policy or letter of credit, or a combination of such alternatives, as shall provide that the amount credited to the Reserve Account, equals the maximum Debt Service Requirement, such amounts to be provided from the first available moneys after payments to the Interest Account, Principal Account and Sinking Fund Account in the Revenue Fund. Any interest or fees shall be paid from available moneys after payment to the Interest Account, Principal Account and Sinking Fund Account in the Revenue Fund.

Any surety bond insurance policy or letter of credit must be unconditional and irrevocable. To the extent such surety bond, insurance policy or letter of credit expires prior to the final maturity of the Bonds, the County shall provide prior to termination of such bond policy or letter of credit a substitute surety bond, insurance policy or letter of credit complying with the provisions hereof or shall provide from Revenues, an amount such that there will be deposit on the Reserve Account, an amount equal to the maximum Debt Service Requirement.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Reserve Account, shall cease to have a rating as described above, the County shall use reasonable efforts to replace such surety bond, insurance policy or letter of credit with one issued by an insurer having a rating so described, but shall not be obligated to pay, or commit to pay, increased fees, expenses or interest in connection with such replacement or to deposit Revenues in the Account, in lieu of replacing such surety bond, insurance policy or letter of credit with another.

From and after the Effective Date of the 2020 Amendments, the Reserve Account shall be required to be maintained at an amount equal to the maximum annual Debt Service Requirement on any outstanding Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds, and Series 2019 Bonds. As described herein, from and after the Effective Date of the 2020 Amendments, Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account, and funds in the Reserve Account allocable to the debt service on the Series 2020 Bonds shall be released at the direction of the County at any time on or after the Effective Date of the 2020 Amendments. From and after any such release from the Reserve Account, the Series 2020 Bonds shall no longer be secured by the Reserve Account. See "SUMMARY OF THE 2020 AMENDMENTS" herein.

4. *Accounts which may be created:* In the event any payments on hedge agreements, support agreements or other financial agreements, other than payments constituting principal of, premium, if any, and interest on, Bonds, shall be secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for the payment and security of the Bonds, a separate account shall be established in the Revenue Fund for the payment thereof and payments to such account shall be made from Revenues at the time and after Revenues are disbursed to the Interest, Principal and Sinking Fund Accounts in the Revenue Fund.

5. *Other purposes:* Money on deposit in the Revenue Fund not required to make the payments or credits referred to in paragraphs (1), (2), (3) and (4) above shall constitute surplus funds and may be used to make all renovations, replacements, renewals and repairs to the System as are necessary to maintain the System in good condition. Such moneys may, however, also be used for making up insufficiencies in any account in the Revenue Fund; for paying the costs of acquisition or construction of plants and properties to comprise part of the System; for paying the cost of reconstructions, improvements, enlargements or extensions to the System; for redeeming or purchasing Bonds; for accelerating the payments required to be made into the Reserve Account; for the making of advances, in anticipation of repayment from evidences of indebtedness or other moneys, for the purpose of acquiring and constructing plants and properties for the storage, supply and treatment of water or the treatment and disposal of sewage, including associated transmission facilities, which the County has elected to acquire, construct and operate as separate utility systems; for the carrying out of any other provisions of the Bond Resolution; for the payment of the principal of and premium, if any, and interest on Bond Anticipation Notes; for the payment of bonds, notes, certificates of indebtedness or other evidences of indebtedness secured by a lien on and pledge of the Revenues of the System junior to the payment and security of the Bonds; for the payment of taxes, assessments or other governmental charges; or for any other lawful purpose of the County with respect to the System.

Covenant as to Rates and Charges

The County covenants to establish, maintain, revise and collect rates and charges for the services, facilities and commodities sold, furnished or supplied through the facilities of the System sufficient to provide the following:

A. Revenues to pay all costs of and expenses in connection with the proper operation and maintenance of the System, to pay the principal of and premium, if any, and interest on the Bonds and interest on any Bond Anticipation Notes, to pay all costs and expenses in connection with all necessary repairs, replacements or renewals of the System and all taxes, assessments or other governmental charges lawfully imposed on the System or on the Revenues therefrom or payments in lieu thereof, to make all credits to the Interest Account, Principal Account, Sinking Fund Account and Reserve Account required by the Bond Resolution and to pay all other amounts which the County may now or hereafter become obligated to pay from the Revenues of the System; and

B. Net Operating Revenues (as defined below) in each year to be at least equal to 1.25 times the aggregate of (a) the Debt Service Requirement during such year on all Bonds at the time outstanding and (b) the interest during such year on all Bond Anticipation Notes at the time outstanding.

"Operating Revenues" as used in the Bond Resolution means the Revenues of the System, but excluding from Revenues in such calculation any income, revenues or moneys derived from (i) rates, charges, fees and rentals for the privilege of connecting to the System, (ii) earnings on investments and the proceeds of the sale of investments, (iii) the proceeds of the sale or other disposition of all or any part of the System and (iv) the proceeds of insurance and condemnation awards received with respect to the System.

"Net Operating Revenues" under the Bond Resolution means Operating Revenues after deduction of the ordinary expenses of operation and maintenance of the System.

From and after the Effective Date of the 2020 Amendments, the definitions of Operating Revenues and Net Operating Revenues for all purposes of the Bond Resolution, including the calculation of the rate covenant and the tests for the incurrence of Additional Bonds, will be amended to include connection fees and income from investments and from the sale of investments. See "SUMMARY OF THE 2020 AMENDMENTS" herein.

Issuance of Additional Obligations

The County shall not issue any bonds, notes, certificates of indebtedness or other evidences of indebtedness having in any way a lien and charge on the Revenues prior to the lien and charge created by the Bond Resolution for the payment and security for the Bonds.

Additional Bonds. The County may issue Additional Bonds payable and secured equally and ratably with the Bonds then outstanding for any purpose connected with or pertaining to the System, now or hereafter authorized by law, upon compliance with the following conditions:

1. The County shall not be in default of any provision of the Bond Resolution;

2. There shall not be any deficiency in any of the accounts in the Revenue Fund, including the Interest Account, the Principal Account, the Sinking Fund Account or the Reserve Account in the Revenue Fund; and

3. One-half of the Net Operating Revenues during any twenty-four (24) consecutive months (the "Base Period") out of the thirty (30) months immediately preceding the issuance of the Additional Bonds, shall have been not less than 1.25 times the maximum Debt Service Requirement to accrue during any year on the Bonds then outstanding and such Additional Bonds.

If any changes have been made and are in effect at the time of the issuance of the Additional Bonds in the rates and charges for the services, facilities and commodities of the System (exclusive of changes in the rates and charges for the privilege of connecting to the System) which were not in effect during all or any part of the Base Period, the Net Operating Revenues for the Base Period shall be adjusted by the Consulting Engineer to reflect the results which would have occurred in the Net Operating Revenues if such changes in the rates and charges had been in effect during all the Base Period; *provided, however,* that (i) unless the changes in the rates and charges shall result in a decrease in Net Operating Revenues or (ii) unless the changes in the rates and charges shall have been in effect at least six (6) months prior to the issuance of the Additional Bonds, the adjustment in the Net Operating Revenues for any part of the Base Period in which the changes in the rates and charges were not in effect, shall reflect not in excess of seventy-five percent (75%) of the changes in the Operating Revenues resulting from the changes in the rates and charges.

In the event the expenses of operation and maintenance of the System during the Base Period include payments to the City of Richmond, Virginia, for the treatment and disposal of sewage of the County, the acquisition and construction of facilities for the treatment and disposal of which the Additional Bonds are being issued (or for which Bond Anticipation Notes to be paid from the Additional Bonds have been issued), then the Net Operating Revenues during the Base Period may be increased by an amount equal to forty percent (40%) of such payments.

Net Operating Revenues during the first full fiscal year following the date upon which the project or undertaking for which the Additional Bonds are being issued, is anticipated to be completed and be ready for use, as estimated by a Consulting Engineer, shall be not less than one and twenty-five hundredths (1.25) times the maximum Debt Service Requirement to accrue during any year on the Bonds then outstanding and such Additional Bonds.

Bond Anticipation Notes. The County may issue bonds, notes, certificates of indebtedness or other evidences of indebtedness payable as to interest ("Bond Anticipation Notes") on a parity with the principal of and interest on Bonds issued under the Bond Resolution, upon compliance with the Bond Resolution, including the following conditions:

1. The County shall not be in default of any provision of the Bond Resolution;

2. There shall not be any deficiency in any of the accounts in the Revenue Fund, including the Interest Account, the Principal Account, the Sinking Fund Account or the Reserve Account in the Revenue Fund; and

3. Unless the proposed Bond Anticipation Notes are being issued solely for the purpose of extending or renewing other Bond Anticipation Notes, one-half of the Net Operating Revenues (as defined hereinbefore) during any consecutive twenty-four (24) months (the "Base Period") out of the thirty (30) months immediately preceding the issuance of the Bond Anticipation Notes shall have been not less than one and one-quarter (1.25) times the maximum aggregate in any year of (a) the Debt Service Requirement on the Bonds then outstanding and (b) that amount which would be required to pay the principal of and interest (unless capitalized) on any Bond Anticipation Notes then outstanding (if any) and the proposed Bond Anticipation Notes, on the assumptions that (i) the principal of all the Bond Anticipation Notes matured annually over thirty (30) years from the date of the proposed Bond Anticipation Notes, commencing with the first anniversary of the date of the proposed Notes, (ii) all the Bond Anticipation Notes bore interest at the rate on the Bond Anticipation Notes to be issued, with such interest being payable annually on each anniversary of the date of the proposed Bond Anticipation Notes and (iii) the totals in each year of the principal of and interest payable on all the Bond Anticipation Notes and the Debt Service Requirement on the Bonds then outstanding shall be substantially equal.

Refunding Bonds. The County may issue Additional Bonds without compliance with any other conditions for the purpose of refunding at any time within one year prior to maturity thereof any of the Bonds for the payment of which the County does not have sufficient funds. Any Additional Bonds issued for such purpose shall mature, and any sinking fund credit therefor shall commence, in a year later than the last stated maturity of any Bond then outstanding which is not so refunded.

The County may also issue Additional Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any of the Bonds; *provided* that the Debt Service Requirement on account of the Refunding Bonds and the Bonds which are not refunded shall not be greater in any year in which the Bonds not refunded are to be outstanding than the Debt Service Requirement in such year if the Bonds to be refunded were not so refunded.

From and after the Effective Date of the 2020 Amendments, the definitions of "Operating Revenues" and "Net Operating Revenues" for all purposes under the Bond Resolution, including the calculation of the tests for incurrence of Additional Bonds and Refunding Bonds, will be amended to provide that connection fees and income from investments and sales of investments shall be included in the computation of "Operating Revenues" and "Net Operating Revenues" for purposes of the Bond Resolution. In addition, from and after the Effective Date of the 2020 Amendments, Refunding Bonds may be issued upon satisfaction the requirements for incurrence of Additional Bonds summarized above. See "SUMMARY OF THE 2020 AMENDMENTS" herein.

Subordinate Indebtedness. The Bond Resolution provides that nothing therein shall prohibit the County from issuing other bonds, notes, certificates of indebtedness or other evidences of indebtedness having a lien on the Revenues which is junior and subordinate to the lien on such Revenues created by the Bond Resolution for the payment and security of the Bonds.

Separate Utility System Indebtedness. The Bond Resolution provides that nothing contained therein shall prohibit the County from issuing bonds to acquire or construct water or sewer facilities, which the County has elected to acquire, construct or operate as utility systems separate from the System, and which bonds are payable solely from the revenues or other income derived from the ownership or operation of such separate utility system; *provided, however,* that the Consulting Engineer shall certify that the acquisition or construction or operation of such separate utility system will not result in a reduction of the Revenues or Net Operating Revenues below the amounts covenanted by the County in the Bond Resolution to be produced.

Hedge Agreements, Support Agreements or Other Financial Agreements; Variable Rate Bonds. The Bond Resolution provides that nothing shall prohibit or prevent, or be deemed or construed to prohibit or prevent, (i) the County from entering into hedge agreements, support agreements or other financial agreements under which payments (including but not limited to, fees, charges, expenses but excluding any termination, indemnification or other payments intended to pay any person for loss of benefits under such agreement) are payable from Revenues and secured by a lien on and pledge of Revenues on a parity with the lien on and pledge of the Revenues created for payment and security of the Bonds; *provided* such payments shall meet the requirements of the Resolutions and (ii) the County from issuing variable rate bonds.

Annual Budget

Prior to the commencement of each fiscal year there shall be filed with the Clerk of the Board of Supervisors a proposed budget of contemplated expenditures and estimated revenues of the System during such ensuing fiscal year (the "Budget"). The Budget shall contain an itemized plan of all such expenditures and revenues and such other information as may be required by law. Not later than seven (7) days prior to the commencement of such fiscal year, the Board of Supervisors shall hold a public hearing on the Budget at which any Bondholder or his representative may appear and present objections to the Budget. Notice of such hearing together with a copy of the Budget shall be mailed, at least seven (7) days prior to the hearing, to each Bondholder who has filed with the Board of Supervisors a written request therefor.

Investments of Moneys

Moneys in the Revenue Fund on credit to the Interest Account, the Principal Account and the Sinking Fund Account shall be invested in Investment Securities (as defined below) so as to mature in amounts and at times (as permitted by law) so that the principal of and interest and premium, if any, on the Bonds can be paid when due, whether at maturity thereof or upon the redemption or the purchase thereof.

Moneys in the Revenue Fund on credit to the Reserve Account shall be invested in Investment Securities of the types described in items (i) through (iv) of the definition of Investment Securities below so as to mature or be subject to redemption within such period as permitted by law but not to exceed twelve (12) years from the date of investment and in any event not later than the final maturity date of any Bonds then outstanding.

Income derived from investments made pursuant to the preceding two paragraphs shall be treated as Revenues of the System and used and applied as are all other Revenues but shall not be included in any calculation of Revenues for purposes of the rate covenant of the County. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS – Covenant as to Rates and Charges".

2018 Amendments to definition of "Investment Securities"

"Investment Securities", as amended by the 2018 Amendments, shall mean any of the following which are legal investments under the laws of the Commonwealth of Virginia: (i) direct and general obligations of, or obligations unconditionally guaranteed by, the United States of America, (ii) obligations of the Federal Land Banks, Federal Home

Loan Banks, Federal National Mortgage Association, Federal Intermediate Credit Banks, Federal Banks for Cooperatives, International Bank for Reconstruction and Development and Asian Development Bank and direct and general obligations of any agencies of the United States of America not included in the foregoing listing, (iii) (a) direct and general full faith and credit obligations of the Commonwealth of Virginia, and (b) any investments permitted under the Virginia Investment of Public Funds Act (VA Code of 1950 §2.2-4500 *et seq*., as amended), any investments permitted under the Virginia Government Non-Arbitrage Act (VA Code of 1950 §2.2-4700 *et seq*., as amended), and any investments permitted under the Virginia Local Government Investment Pool Act (VA Code of 1950 §2.2-4600 *et seq*., as amended) which are permitted under the laws of the Commonwealth, including the Virginia Public Finance Act (VA Code of 1950 §15.2-2600 *et seq*., as amended) for funds of the type proposed to be invested, (iv) unlimited tax direct and general obligations of any political unit in the Commonwealth of Virginia, to the payment of which the full faith and credit of such political unit is pledged; *provided* that such obligations are rated in either of the two highest rating categories by a nationally recognized bond rating agency, and (v) certificates of deposit secured as provided by law of national banking associations located in Virginia and banks and trust companies organized under Virginia law. **(Definition as amended by the 2018 Amendments)**

Reports and Audits

The County shall keep, separate from all other records and accounts, proper books and accounts showing correct and complete entries of all financial transactions pertaining to the System. The holders of any of the Bonds shall have the right to inspect such books, records and accounts and to inspect the System. Within one hundred eighty (180) days following the close of each fiscal year the County shall cause an audit of such books and accounts of the System to be made by an independent firm of certified public accountants, showing the receipts and disbursements for and on account of the System. Each such audit shall include, *inter alia,* (i) a statement of revenues, expenses and retained earnings of the System for such fiscal year, including operating and maintenance expenses in reasonable detail and a statement of cash flow, and (ii) a balance sheet as of the end of such fiscal year, showing separately the cash and investments credited to the funds and accounts required by the Bond Resolution.

Insurance

The County shall carry insurance on the facilities comprising the System of the kinds which are usually carried upon similar water and sewer systems, including fire, extended coverage and general liability, and additional insurance as shall be determined by the County; *provided, however,* that the County may self-insure to the extent customary with utilities operating similar properties. The proceeds of any policies for general liability shall be paid into the Revenue Fund for credit to the Operation and Maintenance Account and be used in paying the claims on account of which they were received. All moneys received for other losses shall be paid into the Revenue Fund and used for making good the damage in respect to which they were paid; *provided, however,* that the County shall not be required to make good such damage, if in the judgment of the County, the property involved is no longer useful or profitable in the operation of the System or necessary to produce or maintain the Revenues thereof, or which is to be or has been replaced by other property so as not to impair the operation of the System

Additional Covenants of the County

The County (i) shall proceed with all reasonable dispatch with any acquisition, construction, reconstruction, improvement, extension or enlargement to be financed from the proceeds of any Additional Bonds or otherwise financed from the Revenues of the System, (ii) shall maintain all franchises, licenses and permits necessary to the operation of the System or as may be required by law, (iii) shall operate the System as a revenue-producing facility, (iv) shall maintain the System in good repair and working order, (v) shall retain management of, and control over, the System, including the rates, fees and charges and revenues thereof, (vi) shall fulfill all of its agreements, covenants and obligations contained in certain agreements between the County and the City of Richmond, Virginia, regarding wastewater facilities (see the section "THE SYSTEM – Agreements with the City of Richmond" in Appendix A), (vii) shall fulfill all of its agreements, covenants and obligations contained in the Unification Agreement (as defined in the section "THE SYSTEM – History and Development" in Appendix A), and shall not amend the same in any manner adverse to the interest of any Bondholder, (viii) shall not acquire and construct and operate plants and properties used for or pertaining to the storage, supply and treatment of water or the treatment and disposal of sewage, including associated transmission facilities, as separate utility systems, unless in the opinion of a consulting engineer such acquisition and construction and operation will not result in a reduction of the Revenues or Net Operating Revenues below the amounts covenanted in the Bond Resolution by the County to be produced, (ix) shall comply with the requirements of Section 103 and Sections 141 through 150 of the Internal Revenue Code of 1986 throughout the term of the Bonds, (x) shall not permit bonds to be issued by any sanitary district, if such bonds (a) shall be payable in any way from the Revenues prior to or on a parity with the payments to be made to the Operation and Maintenance Account, the Interest Account, the Principal Account, the Sinking Fund Account and the Reserve Account or (b) shall be secured by a lien on the Revenues equal or superior to the lien thereon of the Bonds, and (xi) shall not dispose of or encumber the System or property thereof or interest therein; *provided, however,* that nothing in the Bond Resolution shall prohibit the County from disposing of any property which in its judgment is no longer useful in the operation of the System, or necessary to produce the Revenues thereof, or which is to be replaced by other property so as not to impair the operations of the System Any moneys received from such disposition may be used to acquire or construct new properties to replace the properties disposed of or to acquire or construct new properties to constitute part of the System.

Events of Default, Bondholder Remedies

The Bond Resolution provides that each of the following shall constitute an Event of Default:

1. Failure to pay the principal of and premium, if any, on the Bonds when due;

2. Failure to pay interest on any Bond or Bond Anticipation Note or any sinking fund installment, when due;

3. Failure to perform any other covenant or agreement contained in the Bond Resolution, which failure shall have continued for sixty (60) days after notice thereof from the holders of not less than 20% of the outstanding Bonds; *provided, however*, that if any such failure shall be such that it cannot be cured or corrected within a sixty (60) day period, it shall not constitute an Event of Default if curative or corrective action is instituted within such period and diligently pursued until the failure or performance is cured or corrected;

4. Except as permitted by the Bond Resolution, the sale or transfer of any properties constituting a part of the System, or the voluntary forfeiture of any of its licenses, franchises, permits, privileges, easements or rights of way necessary in the operation of the System;

5. The instituting of any proceeding with the consent of the County for the purpose of effecting a composition between the County and its creditors, the claim of such creditors being payable from the Revenues of the System or for the purpose of adjusting the claims of such creditors pursuant to any federal or State statute;

6. The entering of an order or decree appointing a receiver of the System or any of the properties thereof or interests therein;

7. The assumption of control by a court, under the provision of any applicable bankruptcy laws of the System or any of the properties thereof, and such control shall not be terminated within 90 days from the date of such assumption, or the approval by a court of a petition for the reorganization of the System or rearrangement of the obligations of the County under the Bond Resolution; or

8. If the County shall for any reason be rendered incapable of fulfilling its obligations under the Bond Resolution.

Upon the occurrence of an Event of Default, the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding may declare the principal of all the outstanding Bonds, and all accrued and unpaid interest thereon, to be due and payable immediately. That provision is subject to the condition that, if at any time after such declaration and before any further action has been taken, all arrears of interest on the Bonds and Bond Anticipation Notes and principal of the Bonds shall be paid and all other Events of Default, if any, which shall have occurred shall have been remedied, then the holders of a majority in principal amount of the outstanding Bonds may waive such default and annul such declaration.

If an Event of Default shall have occurred and be continuing, the holders of not less than 25% in principal amount of the outstanding Bonds may call a meeting of the holders of Bonds for the purpose of electing a bondholders' committee (the "Bondholders' Committee"). At such meeting the holders of not less than a majority in principal amount of the outstanding Bonds must be present in person or by proxy in order to constitute a quorum for the transaction of business. A quorum being present at such meeting, the Bondholders present may, by a majority of the votes cast, elect one or more persons, who may or may not be Bondholders, to the Committee. The Bondholders' Committee is empowered to exercise, as trustee for the Bondholders, all the rights and powers conferred on any bondholder in the Bond Resolution.

Upon the occurrence of an Event of Default the holders of not less than 25% in principal amount of the Bonds then outstanding or any committee or trustee therefor shall be entitled to the appointment of a receiver by any court of competent jurisdiction. Any such receiver may be appointed upon the application to the Circuit Court of the Fourteenth Judicial Circuit of the Commonwealth of Virginia, or to any other court of competent jurisdiction in the Commonwealth of Virginia. Any receiver so appointed may enter and take possession of the System, operate, maintain and repair the same, impose and prescribe rates, rentals, fees or charges and receive and apply all Revenues thereafter arising therefrom and in the same manner as the County itself might do.

In case an Event of Default shall occur, subject to the provisions referred to in the three next preceding paragraphs, the holder of any outstanding Bond shall have the right, for the equal benefit of all holders of the Bonds, to protect the rights vested in such holders by the Bond Resolution by such appropriate judicial proceeding as such holder shall determine, either by suit in equity or by action at law.

Modification of Bond Resolution

The County may without consent of any Bondholder make any modification of or amendment to the Bond Resolution required to cure any ambiguity or error contained therein, make any amendments thereto to grant to the Bondholders additional rights, or make an amendment thereto for the purpose of providing for the issuance of Additional Bonds or Bond Anticipation Notes.

The holders of two-thirds in principal amount of the outstanding Bonds shall have power to authorize any modifications proposed by the County of the Bond Resolution; *provided* that without the consent of the holder of each Bond affected thereby, no modification shall be made which will (a) extend the time of payment of the principal of or the interest on any Bond or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, (b) give to any Bond any preference over any other Bond secured equally and ratably therewith, (c) create any pledge prior to or on a parity with the pledge afforded by the Bond Resolution, (d) deprive any Bondholder of the security afforded by the pledge of the Bond Resolution or (e) reduce the percentage in principal amount of the Bonds required to authorize any modification to the Bond Resolution.

If payment of debt service on a series of Additional Bonds is insured or otherwise credit enhanced, the issuer of the policy or credit enhancement may, at the option of the County, be considered as the Bondholder of such series for purposes of consenting to amendments.

When there shall no longer be outstanding under the Bond Resolution any of the Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds and Series 2019 Bonds, the Bond Resolution shall be amended to provide that amendments to the Bond Resolution requiring consent of the Bondholders may be made with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Bonds, except those amendments for which the Bond Resolution requires the consent of all holders affected thereby. See "SUMMARY OF THE 2020 AMENDMENTS" herein.

Defeasance

The obligations of the County under the Bond Resolution and liens, pledges and covenants of the County therein provided for, shall be fully discharged and satisfied as to any Bond and such Bond shall no longer be deemed to be outstanding thereunder when such Bond shall have been purchased by the County and cancelled or destroyed, or when principal of such Bond and redemption premium, if any, plus interest on such principal to the due date thereof, either (a) shall have been made or (b) shall have been provided for by irrevocably depositing with a paying agent for such Bond moneys sufficient to make such payment or direct and general obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America maturing in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, as is more fully set forth in the Bond Resolution.

SUMMARY OF THE 2020 AMENDMENTS

The 2020 Supplemental Resolution provides for certain amendments to the Bond Resolution (the "2020 Amendments") to become effective at such time as such 2020 Amendments shall have been consented to by the holders of at least 66 2/3% of outstanding Bonds under the Bond Resolution (the "Effective Date"), except as otherwise set forth in the 2020 Supplemental Resolution. The 2020 Amendments provide for the following amendments to the Bond Resolution to become effective from and after the Effective Date: (1) Additional Bonds issued under the Bond Resolution shall not be required to be secured by the Reserve Account and funds in the Reserve Account allocable to the debt service on the Series 2020 Bonds may be released at any time on or after the Effective Date at the direction of the County; (2) the definitions of "Operating Revenues" and "Net Operating Revenues" for all purposes of the Bond Resolution at any time on or after the Effective Date, including computation of the rate covenant required by the Bond Resolution, shall be amended to allow the inclusion in the computation of "Operating Revenues" and "Net Operating Revenues" of connection fees and charges and earnings on investments and proceeds of the sale of investments; (3) paragraph (B) of Section 18 of the Bond Resolution shall be amended to provide that Refunding Bonds can be issued upon satisfaction of the conditions set forth in subparagraphs 1, 2 and 3 of paragraph A of Section 18 of the Bond Resolution; and (4) when there shall no longer be outstanding under the Bond Resolution any of the Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds and Series 2019 Bonds, the Bond Resolution shall be amended to provide that amendments to the Bond Resolution requiring consent of the Bondholders may be made with the consent of the holders of at least a majority in aggregate principal amount of the outstanding Bonds, except as otherwise provided in the 2020 Supplemental Resolution.

The 2020 Amendments were approved by the Board of Supervisors, to become effective on the Effective Date, as set forth in Section 13 of the 2020 Supplemental Resolution. Section 13 of the 2020 Supplemental Resolution is excerpted hereinbelow.

> "SECTION 13. Amendments to Resolution. The amendments set forth in this Section 13 (the "Amendments") shall be effective at such time as such Amendments have been consented to by the holders of at least sixty-six and two-thirds percent (66 2/3%) of outstanding Bonds under the Resolution (hereinafter the "Effective Date"), except as otherwise set forth below. By virtue of their purchase of the Bonds authorized by this Supplemental Resolution (for the purposes of this Section 13, such Bonds shall be referred to in this Section 13 as the "Series 2020 Bonds"), the holders of such Series 2020 Bonds shall consent, and shall be deemed to have consented, to the Amendments to the Original Resolution set forth below.
>
> Subject to the foregoing, the Resolution is hereby amended as follows:
>
> (A) **Debt Service Reserve Account**. (1) The Original Resolution shall be amended and read to provide that, from and after the Effective Date, the Reserve Account established under the Resolution shall secure only such series of Bonds as shall be designated by the County at the time of sale thereof as being secured by the Reserve Account, subject to paragraph (A)(4) below. Notwithstanding anything in the Resolution to the contrary, Additional Bonds issued on or after the Effective Date shall not be required to be secured by the Reserve Account and the holders of any such series of Bonds as may be designated by the County at the time of sale thereof as not being secured by the Reserve Account shall have no rights to payment from funds on deposit in any Reserve Account established now or hereafter under the Resolution.
>
> (2) From and after the Effective Date, and subject to paragraph (A)(4) below, paragraph E under the heading "PRIORITY SECOND" in Section 9 of the Original Resolution shall be amended to provide that the amount required to be maintained in the

Reserve Account shall be equal to the maximum Debt Service Requirement for any year for all outstanding Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds and Series 2019 Bonds issued under the Resolution.

(3) From and after the Effective Date, any Reserve Account established for any series of Bonds issued on or after the Effective Date to be secured by a Reserve Account shall be maintained in an amount equal to the Reserve Account requirement for such series of Bonds as shall be set forth in any Supplemental Resolution relating to such series of Bonds.

(4) From and after the Effective Date, the Reserve Account, if any, established for the Series 2020 Bonds may, at the option of the County, without the consent of the holders of the Series 2020 Bonds, be released, and the funds on deposit therein shall thereupon be used by the County for any purpose permitted by the Resolution.

(B) **Covenant as to Rates and Charges**. From and after the Effective Date, the definition of "Operating Revenues" as defined in Section 14 of the Original Resolution shall be amended and restated for all purposes of the Resolution, including for the purposes of Section 18 of the Original Resolution, as follows: ""Operating Revenues" means the Revenues after deduction therefrom of any income, revenues and moneys derived from (i) the proceeds of the sale or other disposition of all or any part of the Water and Sewer System, and (ii) the proceeds of insurance and condemnation awards received with respect to the Water and Sewer System."

(C) **Amendments to the Resolution**. From and after the date on which there shall no longer be any Outstanding Series 2013 Bonds, Series 2014 Bonds, Series 2016 Bonds, Series 2018 Bonds or Series 2019 Bonds under the Resolution, paragraph 2 of Section 25 of the Original Resolution shall be amended to provide that amendments to the Resolution requiring the consent of the holders of Bonds shall be permitted and shall become effective upon the consent of the holders of not less than a majority in aggregate principal amount of the outstanding Bonds; provided, however, that, without the consent of the holder of each Bond affected thereby, no modification shall be made which will (a) extend the time of payment of the principal of or the interest on any Bond or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof, (b) give to any Bond any preference over any other Bond secured equally and ratably therewith, (c) create any pledge prior to or on a parity with the pledge afforded by the Resolution, (d) deprive any holder of the security afforded by the pledge of the Bond Resolution, or (e) reduce the percentage in principal amount of the Bonds required to authorize any modification to the Resolution.

(D) **Issuance of Refunding Bonds**. From and after the Effective Date, paragraph B of Section 18 of the Original Resolution shall be amended to provide that, in lieu of satisfaction of the requirements for issuance of Refunding Bonds set forth in such paragraph B, Refunding Bonds may also be issued upon delivery of a certificate of the Director of Finance of the County demonstrating satisfaction of the conditions set forth in subparagraphs 1, 2 and 3 of paragraph A of Section 18 of the Original Resolution."

APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

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APPENDIX E

DTC BOOK-ENTRY ONLY SYSTEM AND GLOBAL CLEARANCE PROCEDURES

Clearing Systems

This Appendix E describes how ownership of the Series 2020 Bonds is to be transferred and how the principal of and interest on the Series 2020 Bonds are to be paid to and credited by DTC while the Series 2020 Bonds are registered in its nominee's name. References herein to the "Bonds" shall mean the Series 2020 Bonds.

The information in this section concerning DTC, Euroclear Bank SA/NV as operator of the Euroclear System ("Euroclear") and Clearstream Banking, S.A., Luxembourg ("Clearstream Banking") (DTC, Euroclear and Clearstream Banking together, the "Clearing Systems"), and DTC's book-entry-only system has been provided by DTC, Euroclear and Clearstream Banking for use in disclosure documents such as this Official Statement. DTC will act as the initial securities depository for the Bonds. Euroclear and Clearstream Banking are participants of DTC and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders.

The information set forth below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect and the Issuer and the Underwriters expressly disclaim any responsibility to update this Official Statement to reflect any such changes. The information herein concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor the Underwriters take any responsibility for the accuracy or completeness of the information set forth herein. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. The Issuer and the Underwriters will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Series 2020 Bonds, or redemption or other notices, to participants of the Clearing Systems ("Participants") (2) Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC or the other Clearing Systems will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants (hereinafter defined) are on file with DTC.

DTC Book-Entry-Only System

Clearing Systems

DTC will act initially as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct

Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company of DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction.

Transfers of beneficial ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co., or such other DTC nominee, does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond Resolution. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Series 2020A Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed, unless other arrangements are made between the Issuer and DTC.

If less than all of the Series 2020B Bonds of a maturity are called for prior redemption, the particular Series 2020B Bonds or portions thereof to be redeemed shall be allocated on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that, so long as the Series 2020B Bonds are held in book-entry form, the selection for redemption of such Series 2020B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2020B Bonds will be selected for redemption, in accordance with DTC procedures, by lot.

The County intends that redemption allocations of Series 2020B Bonds made by DTC shall be made on a pro rata pass-through distribution of principal basis as described above. However, neither the County nor the Underwriters can provide any assurance that DTC, DTC's direct and indirect participants or any other intermediary will allocate the redemption of Series 2020 Bonds on such basis.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC, or its successors, may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, the Issuer may appoint a substitute Securities Depository, provided it is qualified under any applicable laws to provide such services. In the event that neither a successor nor substitute Securities Depository is obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor Securities Depository). Under such circumstances, the Issuer may appoint a substitute Securities Depository, provided it is qualified under any applicable laws to provide such services. In the event that a substitute Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Euroclear and Clearstream Banking

Euroclear and Clearstream Banking have advised the Issuer as follows:

Euroclear and Clearstream Banking each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream Banking provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream Banking also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream Banking have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream Banking customers are worldwide financial Issuers, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and

Clearstream Banking is available to other Issuers that clear through or maintain a custodial relationship with an account holder of either system, either directly or indirectly.

Clearing and Settlement Procedures

Any Bonds sold in offshore transactions will be initially issued to investors through the book-entry facilities of DTC, for the account of its participants, including but not limited to Euroclear and Clearstream Banking. If the investors are participants in Clearstream Banking and Euroclear in Europe, or indirectly through organizations that are participants in the Clearing Systems, Clearstream Banking and Euroclear will hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream Banking's and Euroclear's names on the books of their respective depositories. In all cases, the record holder of the Bonds will be DTC's nominee and not Euroclear or Clearstream Banking. The depositories, in turn, will hold positions in customers' securities accounts in the depositories' names on the books of DTC. Because of time zone differences, the securities account of a Clearstream Banking or Euroclear participant as a result of a transaction with a participant, other than a depository holding on behalf of Clearstream Banking or Euroclear, will be credited during the securities settlement processing day, which must be a business day for Clearstream Banking or Euroclear, as the case may be, immediately following the DTC settlement date. These credits or any transactions in the securities settled during the processing will be reported to the relevant Euroclear participant or Clearstream Banking participant on that business day. Cash received in Clearstream Banking or Euroclear as a result of sales of securities by or through a Clearstream Banking participant or Euroclear participant to a DTC Participant, other than the depository for Clearstream Banking or Euroclear, will be received with value on the DTC settlement date but will be available in the relevant Clearstream Banking or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream Banking participants or Euroclear participants will occur in accordance with their respective rules and operating procedures. Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Banking participants or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in the system in accordance with its rules and procedures and within its established deadlines in European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Banking participants or Euroclear participants may not deliver instructions directly to the depositories.

The Issuer will not impose any fees in respect of holding the Bonds; however, holders of book-entry interests in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in the Clearing Systems.

Initial Settlement

Interests in the Bonds will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream Banking accounts will follow the settlement procedures applicable thereto and applicable to DTC. Book-entry interests in the Bonds will be credited by DTC to Euroclear and Clearstream Banking participants' securities clearance accounts on the business day following the date of delivery of the Bonds against payment (value as on the date of delivery of the Bonds). DTC participants acting on behalf of purchasers electing to hold book-entry interests in the Bonds through DTC will follow the delivery practices applicable to securities eligible for DTC's Same Day Funds Settlement system. DTC participants' securities accounts will be credited with book-entry interests in the Bonds following confirmation of receipt of payment to the Issuer on the date of delivery of the Bonds.

Secondary Market Trading

Secondary market trades in the Bonds will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear, Clearstream Banking or DTC, as the case may be, in accordance with their respective procedures. Book-entry interests in the Bonds may be transferred within Euroclear and within Clearstream Banking and between Euroclear and Clearstream Banking in accordance with procedures established for these purposes by Euroclear and Clearstream Banking. Book-entry interests in the Bonds may be transferred within DTC in accordance with procedures established for this purpose by DTC. Transfer of book-entry interests in the Bonds between Euroclear or Clearstream Banking and DTC shall be effected in accordance with procedures established for this purpose by Euroclear, Clearstream Banking and DTC.

Special Timing Considerations

Investors should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Bonds through Euroclear or Clearstream Banking on days when those systems are open for business. In addition, because of time-zone differences, there may be complications with completing transactions involving Clearstream Banking and/or Euroclear on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Bonds, or to receive or make a payment or delivery of Bonds, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg if Clearstream Banking is used, or Brussels if Euroclear is used.

Clearing Information

The Issuer and the Underwriters expect that the Series 2020 Bonds will be accepted for clearance through the facilities of Euroclear and Clearstream Banking. The international securities identification number, common code and/or CUSIP number for the Series 2020 Bonds are set out on the inside cover page of this Official Statement.

General

None of Euroclear, Clearstream Banking or DTC is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time.

Neither the Issuer, the Underwriters nor any of their agents will have any responsibility for the performance by Euroclear, Clearstream Banking or DTC or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

Limitations

For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Issuer and the Paying Agent will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting. So long as Cede & Co. is the registered owner of the Bonds, references in this Official Statement to registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Because DTC is treated as the owner of the Bonds for substantially all purposes, Beneficial Owners may have a restricted ability to influence in a timely fashion remedial action or the giving or withholding of requested consents or other directions. In addition, because the identity of Beneficial Owners is unknown to the Issuer or DTC, it may be difficult to transmit information of potential interest to Beneficial Owners in an effective and timely manner. Beneficial Owners should make appropriate arrangements with their broker or dealer regarding distribution of information regarding the Bonds that may be transmitted by or through DTC.

The Issuer will have no responsibility or obligation with respect to:

- the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any Beneficial Ownership interest in any Bonds;
- the delivery to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any notice with respect to any Bonds including, without limitation, any notice of redemption with respect to any Bonds;
- the payment to any Direct Participant or Indirect Participant or any other person, other than a registered owner as shown in the bond register kept by the Trustee, of any amount with respect to the principal of, premium, if any, or interest on, any Bonds; or
- any consent given by DTC or its nominee as registered owner.

Prior to any discontinuation of the book entry only system hereinabove described, the Issuer and the Trustee may treat Cede & Co. (or such other nominee of DTC) as, and deem Cede & Co. (or such other nominee) to be, the absolute registered owner of the Bonds for all purposes whatsoever, including, without limitation:

- the payment of principal, premium, if any, and interest on the Bonds;
- giving notices of redemption and other matters with respect to the Bonds;
- registering transfers with respect to the Bonds; and
- the selection of Bonds for redemption.

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX F

PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated October 13, 2020, is executed and delivered in connection with the issuance of $25,705,000 principal amount of Water and Sewer System Revenue Bonds, Series 2020A (Tax-Exempt) and $118,675,000 principal amount of Water and Sewer System Refunding Revenue Bonds, Series 2020B (Federally Taxable) (the "Bonds"), of the County of Henrico, Virginia (the "County"), and pursuant to a resolution duly adopted by the Board of Supervisors of the County on November 23, 1977, as amended and supplemented, and a supplemental resolution adopted by the Board of Supervisors on September 22, 2020 (the "Resolution"). Capitalized terms used in this Certificate shall have the respective meanings specified above or in Article I hereof. Pursuant to the Resolution, the County agrees as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1. Definitions. The following terms used in this Certificate shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) the financial information and operating data with respect to the County for each fiscal year as set forth in Appendix A to the Official Statement in the sections "THE SYSTEM – Rates and Charges", "THE SYSTEM – Largest Accounts", "THE SYSTEM – System Statistics", "SUMMARY OF REVENUES AND EXPENSES OF THE SYSTEM", "HISTORICAL DEBT SERVICE COVERAGE", "ANNUAL DEBT SERVICE REQUIREMENTS" and "WATER AND SEWER SYSTEM CAPITAL IMPROVEMENT PLAN" and (ii) information regarding amendments to this Certificate required pursuant to Sections 4.2(d) and (e) of this Certificate.

The descriptions contained in Section 1.1(1)(i) hereof of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information. Any Annual Financial Information containing modified financial information or operating data shall explain, in narrative form, the reasons for the modification and the impact of the modification on the type of financial information or operating data being provided.

(2) "Audited Financial Statements" means the annual financial statements, if any, of the County, audited by such auditor as shall then be required or permitted by State law or the Resolution. Audited Financial Statements shall be prepared in accordance with GAAP; *provided, however,* that, pursuant to Section 4.2(a) and (e) hereof, the County may from time to time, if required by federal or State legal requirements, modify the accounting principles to be followed in preparing its financial statements. Notice of any such modification required by Section 4.2(a) hereof shall include a reference to the specific federal or State law or regulation describing such accounting principles or other description thereof.

(3) "Counsel" means Hawkins Delafield & Wood LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) "Financial Obligation" means "financial obligation" as such term is defined in the Rule. The term *financial obligation* as defined in the Rule means (a) a debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or guarantee of the Financial Obligations described in clauses (a) and (b). The term *financial obligation* shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(5) “GAAP” means generally accepted accounting principles for governmental units as prescribed by the Governmental Accounting Standards Board, the Financial Accounting Standards Board or any successor to the duties and responsibilities of either of them.

(6) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934 or any successor thereto or to the functions of the MSRB contemplated by this Certificate.

(7) “Notice Event” means any of the following events with respect to the Bonds, whether relating to the County or otherwise:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(vii) modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(xiii) the consummation of a merger, consolidation or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(8) "Official Statement" means the Official Statement, dated September 29, 2020, of the County relating to the Bonds.

(9) "Rule" means Rule 15c2-12 promulgated by the SEC under the Securities and Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Certificate, including any official interpretations thereof issued either before or after the effective date of this Certificate which are applicable to this Certificate.

(10) "SEC" means the United States Securities and Exchange Commission.

(11) "State" means the Commonwealth of Virginia.

(12) "Unaudited Financial Statements" means the same as Audited Financial Statements, except the same shall not have been audited.

(13) "Underwriter" means J.P. Morgan Securities LLC, as representative of the Underwriters of the Bonds.

ARTICLE II

THE UNDERTAKING

SECTION 2.1. Purpose. This Certificate is being executed and delivered solely to assist the Underwriters in complying with paragraph (b)(5) of the Rule.

SECTION 2.2. Annual Financial Information. (a) The County shall provide Annual Financial Information for the County with respect to each fiscal year of the County, commencing with fiscal year beginning July 1, 2020, by no later than nine (9) months after the end of the respective fiscal year, to the MSRB.

(b) The County shall provide, in a timely manner, notice of any failure of the County to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

SECTION 2.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 2.2(a) hereof, the County shall provide Audited Financial Statements, when and if available, to the MSRB.

SECTION 2.4. Notice Events. (a) If a Notice Event occurs, the County shall provide, in a timely manner not in excess of ten (10) business days after the occurrence of such Notice Event, notice of such Notice Event to the MSRB.

(b) Any notice of a defeasance of Bonds shall state whether the Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

SECTION 2.5. Additional Information. Nothing in this Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Information or notice of a Notice Event hereunder, in addition to that which is required by this Certificate. If the County chooses to do so, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Information or notice of a Notice Event hereunder.

SECTION 2.6. Additional Disclosure Obligations. The County acknowledges and understands that other federal and State laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the County and that, under some circumstances, compliance with this Certificate without additional disclosures or other action may not fully discharge all duties and obligations of the County under such laws.

SECTION 2.7. Previous Non-Compliance. The County has agreed in certain of its existing continuing disclosure undertakings relating to certain of its outstanding general obligation bonds to provide certain financial and operating data (the "Annual Report"), including certain data relating to taxable retail sales in the County, vehicle and business license receipts of the County, and certain information relating to the County's five-year capital improvement plan (collectively referred to herein as the "Supplemental Information"). For the fiscal years ended June 30, 2012 through June 30, 2016, inclusive, this Supplemental Information was not included in the Annual Reports filed by the County on the MSRB's EMMA website. On April 24, 2017 the County filed a failure to file notice on EMMA relating to the Supplemental Information, together with the Supplemental Information required for the fiscal years ended June 30, 2012 through June 30, 2016. The County has also agreed in certain disclosure undertakings to provide certain information as to the County's budgeted annual fiscal plan in its Annual Report. Although the Annual Reports filed by the County on the EMMA website for the fiscal years ended June 30, 2015 through June 30, 2018, inclusive, provided the website address of the County where such annual fiscal plan information was posted, the County failed to include such annual fiscal plan information in the Annual Reports filed on EMMA. On February 24, 2020, the County filed a notice on the EMMA website relating to the late filing of such information, together with the required information relating to the County's budgeted annual fiscal plan for the fiscal years ended June 30, 2016 through June 30, 2019, inclusive. On July 2, 2020, the County defeased certain of its general obligation bonds. Although the County gave timely instructions to the escrow agent to give notice of defeasance of such bonds on EMMA, and the escrow agreement relating to such defeased bonds was also timely posted on EMMA, the escrow agent posted such notice of defeasance on EMMA eight days late.

ARTICLE III

OPERATING RULES

SECTION 3.1. Reference to Other Documents. It shall be sufficient for purposes of Section 2.2 hereof if the County provides Annual Financial Information by specific reference to documents (i) available to the public on the MSRB Internet website (currently, www.emma.msrb.org) or (ii) filed with the SEC. The provisions of this Section 3.1 shall not apply to notices of Notice Events pursuant to Section 2.4 hereof.

SECTION 3.2. Submission of Information. Annual Financial Information may be provided in one document or multiple documents and at one time or in part from time to time.

SECTION 3.3. Dissemination Agents. The County may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the County under this Certificate and revoke or modify any such designation.

SECTION 3.4. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet website address of which is www.emma.msrb.org.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 3.5. Fiscal Year. (a) The County's current fiscal year is July 1 to June 30, and the County shall promptly notify the MSRB of each change in its fiscal year.

(b) Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than twelve (12) calendar months.

ARTICLE IV

EFFECTIVE DATE, TERMINATION, AMENDMENT AND ENFORCEMENT

SECTION 4.1. Effective Date; Termination. (a) This Certificate shall be effective upon the issuance of the Bonds.

(b) The County's obligations under this Certificate shall terminate upon legal defeasance, prior redemption or payment in full of all of the Bonds.

(c) This Certificate, or any provision hereof, shall be null and void in the event that (i) the County shall have received an opinion of Counsel, addressed to the County, to the effect that those portions of the Rule which require this Certificate, or any such provision, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed or otherwise, as shall be specified in such opinion, and (ii) the County shall have delivered copies of such opinion to the MSRB.

SECTION 4.2. Amendment. (a) This Certificate may be amended by written certificate of the Director of Finance of the County, without the consent of the holders of the Bonds if all of the following conditions are satisfied: (i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the County or the type of business conducted thereby, (ii) this Certificate as so amended would have complied with the requirements of the Rule as of the date of this Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (iii) the County shall have received an opinion of Counsel, addressed to the County, to the same effect as set forth in clause (ii) above, (iv) the County shall have received an opinion of Counsel, addressed to the County, or a determination by an entity, in each case unaffiliated with the County (such as Bond Counsel), to the effect that the amendment does not materially impair the interests of the holders of the Bonds and (v) the County shall have delivered copies of such opinions and amendment to the MSRB.

(b) This Certificate may be amended by written certificate of the Director of Finance of the County, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date hereof which is applicable to this Certificate, (ii) the County shall have received an opinion of Counsel to the effect that performance by the County under this Certificate as so amended will not result in a violation of the Rule and (iii) the County shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Certificate may be amended by written certificate of the Director of Finance of the County, without the consent of the holders of the Bonds, if all of the following conditions are satisfied: (i) the County shall have received an opinion of Counsel, addressed to the County, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of the Staff of the SEC and (ii) the County shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Certificate results in a change in the types of financial information or operating data provided pursuant to this Certificate, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made pursuant to Section 4.2(a) hereof to the accounting principles to be followed by the County in preparing its financial statements, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative and, to the extent reasonably feasible, quantitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

SECTION 4.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Certificate shall constitute a contract with and inure solely to the benefit of the holders from time to time of the Bonds, except that beneficial owners of Bonds shall be third-party beneficiaries of this Certificate. The provisions of this Certificate shall create no rights in any person or entity except as provided in this subsection (a) and subsection (b) of this Section 4.3.

(b) The obligations of the County to comply with the provisions of this Certificate shall be enforceable by the holders of the Bonds, including beneficial owners thereof. The rights of the Bondholders to enforce the provisions of this Certificate shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the County's obligations under this Certificate. In consideration of the third-party beneficiary status of beneficial owners of Bonds pursuant to subsection (a) of this Section 4.3, beneficial owners shall be deemed to be holders of Bonds for purposes of this subsection (b).

(c) Any failure by the County to perform in accordance with this Certificate shall not constitute a default under the Resolution and any rights and remedies provided by the Resolution upon the occurrence of a default shall not apply to any such failure.

(d) This Certificate shall be construed and interpreted in accordance with the laws of the State, without regard to its conflict of laws rules, and any suits and actions arising out of this Certificate shall be instituted and tried only in the Circuit Court of the County or the United States District Court for the Eastern District of Virginia, Richmond Division; *provided, however,* that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first above written.

COUNTY OF HENRICO, VIRGINIA

By: ________________________________
Director of Finance

APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

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APPENDIX G

PROPOSED FORM OF OPINION OF BOND COUNSEL

October 13, 2020

Board of Supervisors
of the County of Henrico
Henrico, Virginia

Dear Members of the Board of Supervisors:

$25,705,000 COUNTY OF HENRICO, VIRGINIA, WATER AND SEWER SYSTEM REVENUE BONDS, SERIES 2020A (TAX-EXEMPT)	$118,675,000 COUNTY OF HENRICO, VIRGINIA, WATER AND SEWER SYSTEM REFUNDING REVENUE BONDS, SERIES 2020B (FEDERALLY TAXABLE)

At your request we have examined into the validity of $25,705,000 aggregate principal amount of Water and Sewer System Revenue Bonds, Series 2020A (Tax Exempt) (the "Series 2020A Bonds") and $118,675,000 aggregate principal amount of Water and Sewer System Refunding Revenue Bonds, Series 2020B (Federally Taxable) (the "Series 2020B Bonds", and collectively with the Series 2020A Bonds, the "Bonds"), of the County of Henrico, Virginia (the "County"). The Bonds of each Series are dated the date of their issuance, are issuable in fully registered form in the denomination of $5,000 each or any integral multiple thereof, and are numbered from No. R-2020A/B-1 upwards in order of issuance. The Bonds of each Series mature on May 1 in each of the years and in the principal amounts set forth below, with the Bonds maturing in a particular year bearing interest payable on May 1, 2021 and semiannually on each May 1 and November 1 thereafter at the interest rate per annum stated opposite such year, to wit:

Series 2020A			Series 2020B		
Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2029	$760,000	5.000%	2021	$2,140,000	0.227%
2030	795,000	5.000	2022	1,295,000	0.327
2031	835,000	5.000	2023	1,300,000	0.399
2032	875,000	5.000	2024	4,285,000	0.515
2033	920,000	5.000	2025	4,305,000	0.635
2034	965,000	4.000	2026	4,330,000	0.823
2035	1,005,000	4.000	2027	6,485,000	0.953
2036	1,045,000	3.000	2028	6,555,000	1.130
2037	1,080,000	3.000	2029	7,155,000	1.230
2038	1,110,000	3.000	2030	7,245,000	1.330
2039	1,145,000	3.000	2031	7,340,000	1.450
2040	1,175,000	3.000	2032	7,445,000	1.550
2041	1,215,000	3.000	2033	7,560,000	1.660
2042	1,250,000	3.000	2034	7,680,000	1.760
2046	5,380,000	3.000	2035	7,820,000	1.810
2050	6,150,000	4.000	2040	21,200,000	2.317
			2044	14,535,000	2.417

The Bonds of each Series are subject to redemption prior to maturity as set forth therein.

The Bonds recite that they are issued by the County under and pursuant to and in full compliance with the Constitution and statutes of the Commonwealth of Virginia, including Chapter 26 of Title 15.2 of the Code of Virginia, 1950 (the same being the Public Finance Act of 1991), a resolution duly adopted by the Board of Supervisors of the County on November 23, 1977, as amended and supplemented, and a resolution supplemental thereto duly adopted by such Board on September 22, 2020 (collectively, the "Resolution"), for the purpose of financing the costs of acquisition, construction, reconstruction, improvement, extension and enlargement of the unified water supply and sanitary sewerage system in the County and refunding certain outstanding Bonds issued under the Resolution.

We have examined (i) the Constitution and statutes of the Commonwealth of Virginia, (ii) certified copies of the proceedings of the Board of Supervisors of the County authorizing the issuance, sale and delivery of the Bonds, (iii) such other papers, instruments, documents and proceedings as we have deemed necessary or advisable and (iv) a specimen Bond of such issue.

In our opinion, the Bonds have been duly authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia and constitute valid and legally binding special obligations of the County payable solely from and secured equally and ratably solely by a lien and charge on the revenues derived from the operation of the water and sewer system of the County on a parity with bonds heretofore issued on a parity with the Bonds, and any bonds, and interest on bond anticipation notes, which hereafter may be issued under the Resolution on a parity with the Bonds, subject, however, to the prior payment from such revenues of the expenses of operation and maintenance of the water and sewer system, all as set forth and provided in the Resolution.

It is to be understood that the rights of the holders of the Bonds and the enforceability thereof may be subject to judicial discretion, to the exercise of the sovereign police powers of the Commonwealth of Virginia and the constitutional powers of the United States of America and to valid bankruptcy, insolvency, reorganization, moratorium and other laws affecting the relief of debtors.

It is also our opinion that, under existing statutes and court decisions and assuming continuing compliance by the County with certain tax covenants described herein, interest on the Series 2020A Bonds (i) is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. In rendering our opinion, we have relied on certain representations, certifications of fact and statements of reasonable expectations made by the County in connection with the Series 2020A Bonds, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2020A Bonds from gross income under Section 103 of the Code.

In our opinion, interest on the Series 2020B Bonds is not excludable from gross income for federal income tax purposes.

It is also our opinion that under existing law of the Commonwealth of Virginia, the interest on the Bonds is not includable in computing the Virginia income tax.

We express no opinion regarding other federal or Commonwealth of Virginia tax consequences arising with respect to the Bonds. We are rendering our opinion under existing statutes and court decisions as of the issue date of the Bonds, and we assume no obligation to update, revise or supplement our opinion after the issue date of the Bonds to reflect any action thereafter taken or not taken, or any facts or circumstances that may thereafter come to our attention, or changes in law or interpretations thereof that may thereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters.

Very truly yours,

APPENDIX H

PRINCIPAL PAYDOWN FACTOR TABLE

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APPENDIX H

PRINCIPAL PAYDOWN FACTOR TABLE

PRO RATA PASS-THROUGH DISTRIBUTION OF PRINCIPAL ON SERIES 2020B BONDS

Series 2020B 2.317% Term Bonds Due May 1, 2040

Principal Paydown Date May 1	MandatorySinking Fund/Paydown Amounts(1)	Paydown Amount per $5,000	Remaining Balance per $5,000	Paydown Factor	Remaining Bond Factor
2036	$7,965,000	$1,878.54	$3,121.46	0.375708	0.624292
2037	3,195,000	753.54	2,367.92	0.150708	0.473585
2038	3,270,000	771.23	1,596.70	0.154245	0.319340
2039	3,345,000	788.92	807.78	0.157783	0.161557
2040	3,425,000	807.78	0.00	0.161557	0.000000

(1) Subject to change in the event of certain optional redemptions or purchases of Series 2020B Bonds and subject to DTC's (or other securities depository) operational procedures on the mandatory sinking fund redemption date.

Series 2020B 2.417% Term Bonds Due May 1, 2044

Principal Paydown Date May 1	MandatorySinking Fund/Paydown Amounts(1)	Paydown Amount per $5,000	Remaining Balance per $5,000	Paydown Factor	Remaining Bond Factor
2041	3,505,000	$1,205.71	$3,794.29	0.241142	0.758858
2042	3,590,000	1,234.95	2,559.34	0.246990	0.511868
2043	3,675,000	1,264.19	1,295.15	0.252838	0.259030
2044	3,765,000	1,295.15	0.00	0.259030	0.000000

(1) Subject to change in the event of certain optional redemptions or purchases of Series 2020B Bonds and subject to DTC's (or other securities depository) operational procedures on the mandatory sinking fund redemption date.

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COUNTY OF HENRICO, VIRGINIA