

FY2021 Popular Annual FINANCIAL REPORT



HENRICO COUNTY,
VIRGINIA



For the
Fiscal Year Ended
June 30, 2021

Henrico At A Glance

The County of Henrico is located in central Virginia and surrounds the City of Richmond on the north side of the James River and constitutes about one-third of the Richmond Metropolitan area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the intersection of Interstates 95, 64, and 295 as well as Routes 895 and 288, major rail lines, and the James River, an international port. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico is also conveniently located near oceanic ports in the Tidewater region. Based on recent estimates, 334,389 Henrico County residents live in a well-planned community of 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Henrico follows the County Manager form of governance with a five-member Board of Supervisors elected to four-year terms and representing five managerial districts. These districts are Brookland, Fairfield, Three Chopt, Tuckahoe, and Varina. The County Manager serves at the pleasure of the Board and duties include implementing approved ordinances and policies, appointing Department Directors, and managing the day-to-day operations of the county government.



Message from the Manager

On behalf of the Board of Supervisors and the Finance Department, I am pleased to present the County of Henrico, Virginia Popular Annual Financial Report (PAFR) for the fiscal year 2020-2021. The PAFR is an unaudited summary report of the financial activities and position of the County and was prepared using the audited financial statements included in the June 30, 2021 Annual Comprehensive Financial Report (ACFR) that was given an unmodified opinion by Cherry Bekaert, LLP Certified Public Accountants. The ACFR is delivered to you as part of the County officials' and Board of Supervisors' commitment to keep residents and stakeholders informed of the financial condition of their local government, and our commitment to provide fiscal accountability and stability. The Annual Comprehensive Financial Report, in its entirety, is available online at henrico.us/finance/divisions/accounting/.

Henrico County has remained vigilant to combat the effects of COVID-19 by continuing to deliver quality services that Henrico's citizens expect. County leadership continually examines 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, will allow the County to continue to provide services to our citizens at the level they have come to deserve.

Several major announcements were made this fiscal year. Two of note include Amazon's announcement of a 650,000 square foot, multi-story robotics fulfillment center to be



constructed at Richmond Raceway in Henrico County, adding 1,000 new jobs. Power management company, Eaton, will invest \$3.6 million to move production from California to its facility at 4200 Oakley Court in Henrico County, creating 80 new jobs.

Henrico County received recognition for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2020 from the Government Finance Officers Association of the United States and Canada (GFOA). This was the second consecutive year that the County has received this prestigious award.

As a County, we will continue to remain strong and take steps to ensure we value our core principles. Henrico County has a skilled and talented community, and we have been able to overcome huge challenges during this fiscal year. As we continue to grow and work together, I'm confident that Henrico County will remain a resilient and strong community that is a wonderful place for everyone for decades to come.

Respectfully,

John A. Vithoulkas
County Manager

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Meet The Board of Supervisors



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

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



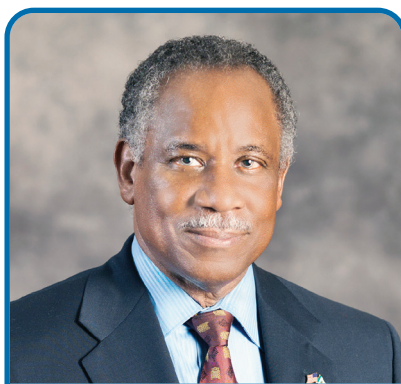
Patricia O'Bannon (Vice Chairman) was first elected in 1995 to the Board of Supervisors to represent the Tuckahoe Magisterial District. She currently serves on the Richmond Regional Transportation Planning Organization and Greater Richmond Partnership as well as other local, state, and national boards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

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



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

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



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

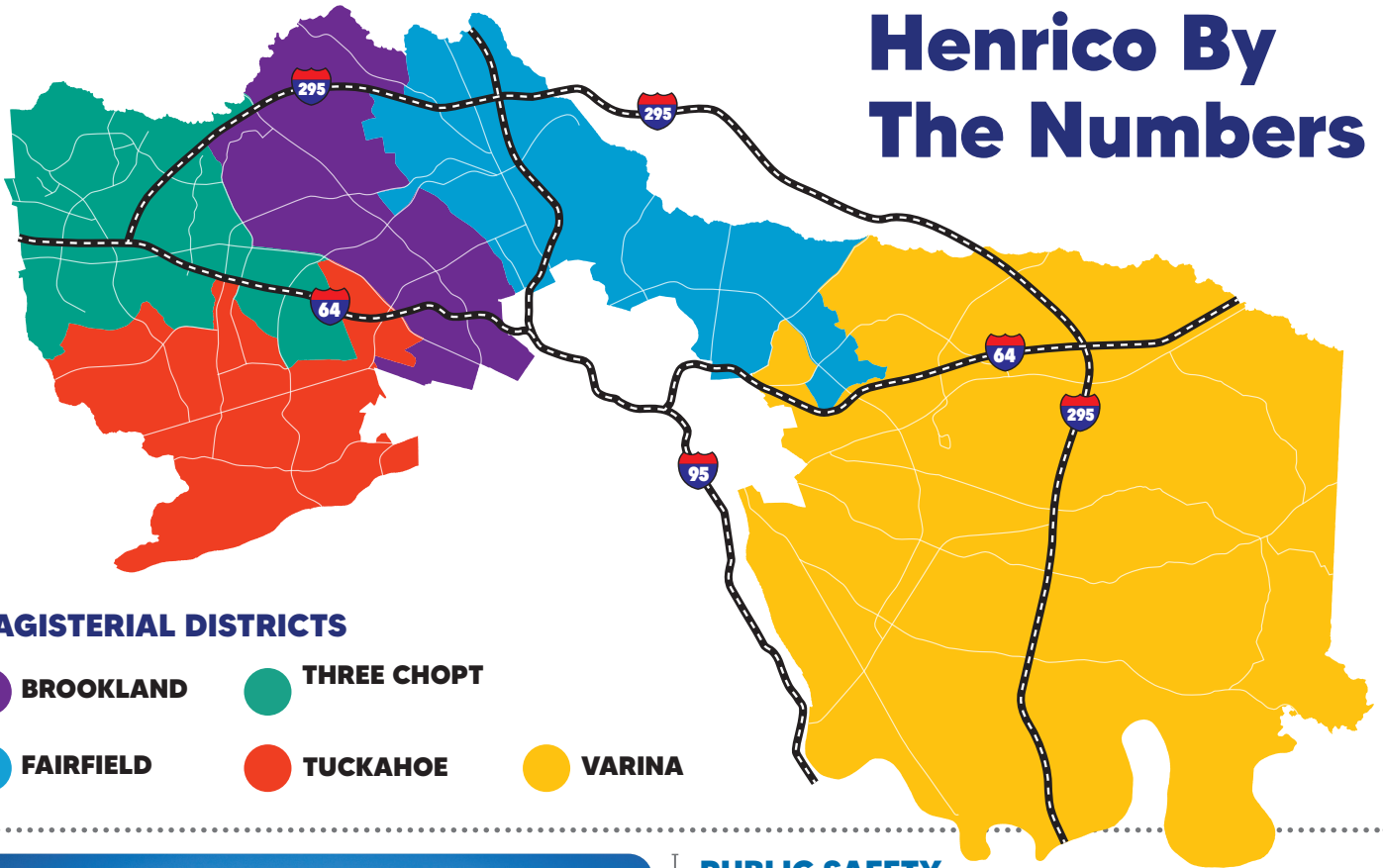
Mr. Thornton is a graduate of Virginia Union University in Richmond and The American University, Washington, D.C. He retired as a French Professor at Virginia Union in 2014.



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

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

Henrico By The Numbers



MAGISTERIAL DISTRICTS

- BROOKLAND**
- THREE CHOPT**
- FAIRFIELD**
- TUCKAHOE**
- VARINA**



EDUCATION

Cost Per Student	\$11,074
Teaching Positions	4,076
Student/Teacher Ratio	12
Elementary Schools	46
Middle Schools	12
High Schools	9
2020 Graduates	3,679
Scholarships Accepted	\$17.80 Million

PARKS, RECREATION AND CULTURAL

Park Visitations	4,400,000
Library Visits	750,000



COUNTY EMPLOYEES

<i>Full time equivalents</i>	
General	4,267
Schools	7,146
Total Employees	11,413
Citizen Ratio	29.30

PUBLIC SAFETY

Calls for Police Service	194,905
Traffic Arrests	46,925
Criminal Arrests	21,813
Civil Papers Served	130,000
Calls for Fire Service	45,521
Calls for EMS & Rescue	37,955
Building Permits Issued	16,624
Inspections	87,600



PUBLIC WORKS

Lane Miles Maintained	3,553
Traffic Signals Maintained	159
Plans Reviewed	2,050
Miles of Water Mains	1,657



Henrico Local Economy



TOP TEN EMPLOYERS

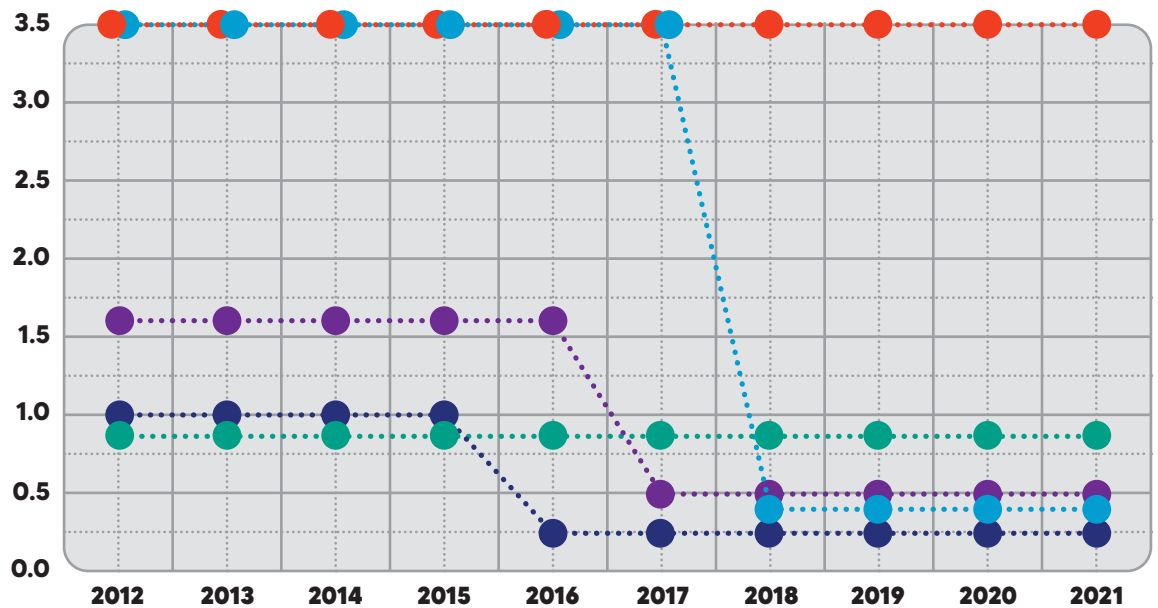
- Henrico County School Board
- County of Henrico
- Bon Secours Richmond
- Henrico Doctors' Hospital
- Capital One Bank
- Anthem
- Walmart
- United States Postal Service
- Wells Fargo Bank NA
- Bank of America

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

2021 TAX RATES

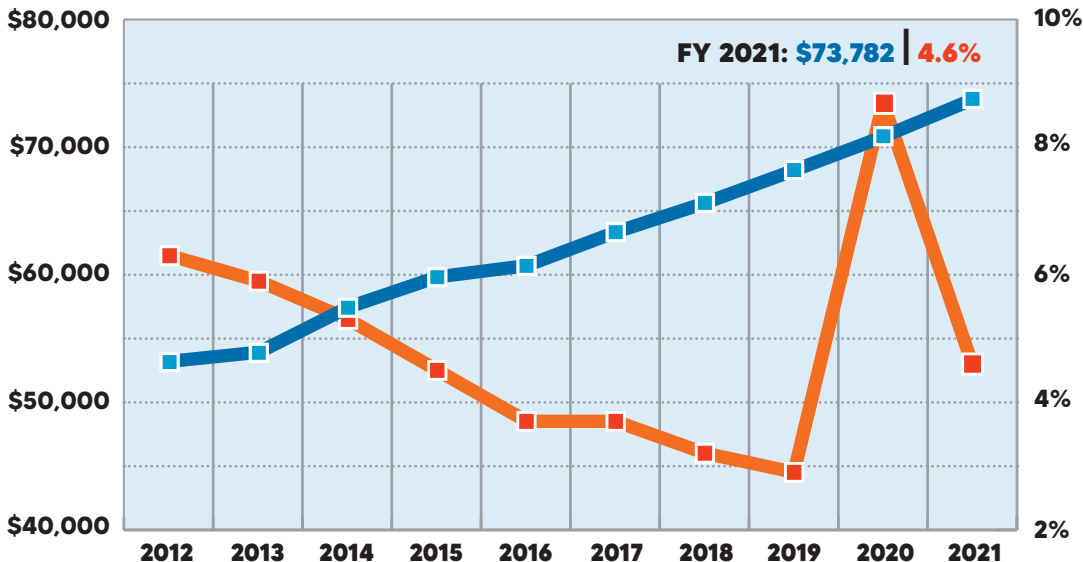
- Real Property \$0.87
- Tangible Personal Property \$3.50
- Machinery & Tools/ Semi-Conductor \$0.30
- Aircraft \$0.50
- Data Center \$0.40

HENRICO COUNTY TAX TRENDS FOR THE LAST TEN YEARS



2021 UNEMPLOYMENT RATE AND PER CAPITA INCOME

■ Per Capita Income ■ Unemployment Rate



Did you know?

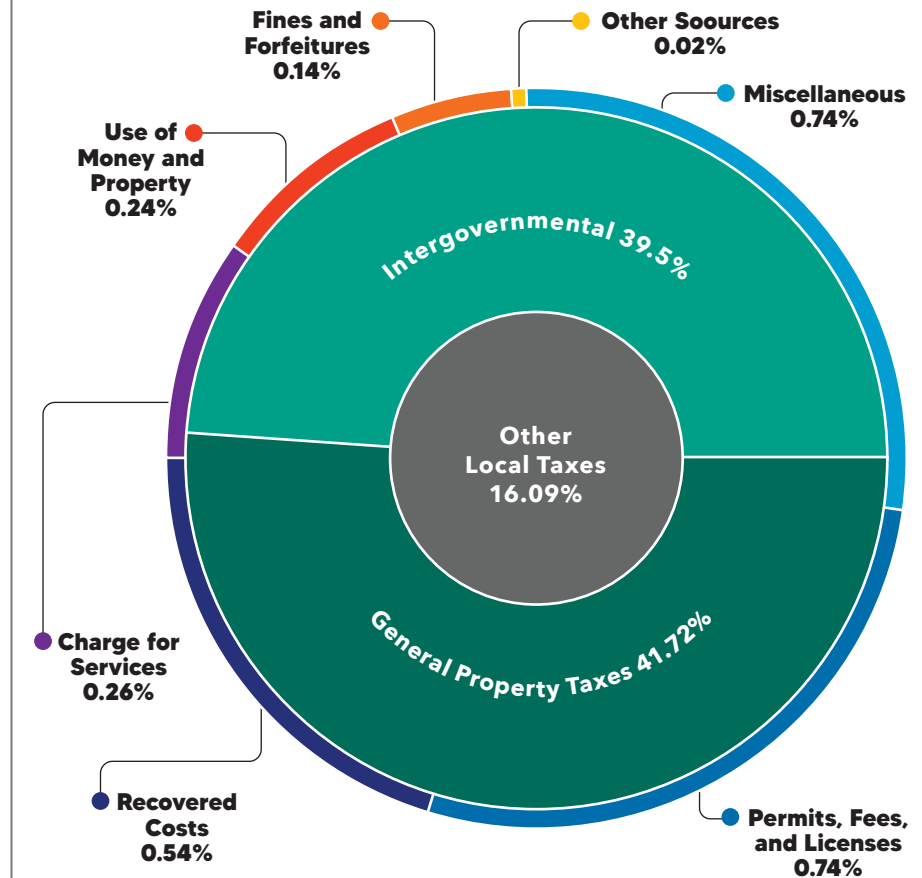
Expenditures for Education of \$602.2 million and Public Safety of \$211.2 million represent 76.1% of total expenditures for the County's Combined General Fund.

Where The Money Comes From

County and School Board General Funds accounts for all revenues of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, local sales taxes, license and permit fees, and revenues received from the Commonwealth of Virginia. The County's component units include the School Board and James River Juvenile Detention Center, however, for purposes of this report, only the School Board component unit is included.

Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half of calendar year 2020 and the first half of calendar year 2021 real property tax. The Real estate tax revenue collected during fiscal year 2021 was \$382.0 million, an increase of \$17.2 million or 4.7% from fiscal year 2020 due to increased property values. Through prudent financial management, Henrico County has maintained the lowest real estate rate among Virginia's ten largest localities.

FISCAL YEAR 2021 REVENUE SOURCES



GENERAL FUND RESULTS - REVENUES

For the Fiscal Years Ended June 30, FY21

Revenues	Governmental Funds	Component Unit School Board	Combined General Fund	FY20 Comparison	FY19 Comparison	\$ Change (FY21-20)
General						
property taxes.....	487,532,127	-	487,532,127	466,198,104	447,469,395	21,334,023
Other local taxes	188,049,081	-	188,049,081	183,290,660	186,843,818	4,758,421
Licenses and permits	8,611,055	6,669	8,617,724	8,620,648	7,800,531	(2,924)
Fines and forfeitures	1,678,666	-	1,678,666	1,885,334	2,146,622	(206,668)
Use of money and property	2,830,644	-	2,830,644	13,106,965	16,054,752	(10,276,321)
Charges for services	3,038,960	31,760	3,070,720	3,579,388	4,329,505	(508,668)
Miscellaneous	5,694,126	3,004,947	8,699,073	8,922,332	10,364,855	(223,259)
Recovered costs	6,181,811	134,667	6,316,478	6,937,082	5,787,389	(620,604)
Intergovernmental ...	161,717,025	299,907,165	461,624,190	433,409,639	405,588,016	28,214,551
TOTAL REVENUES	865,333,495	303,085,208	1,168,418,703	1,125,950,152	1,086,384,883	42,468,551
Other Sources						
Capital Lease obligations.....	242,547	6,057	248,604	555,605	21,565,513	(307,001)
TOTAL REVENUE AND OTHER SOURCES	865,576,042	303,091,265	1,168,667,307	1,126,505,757	1,107,950,396	42,161,550

Where The Money Goes

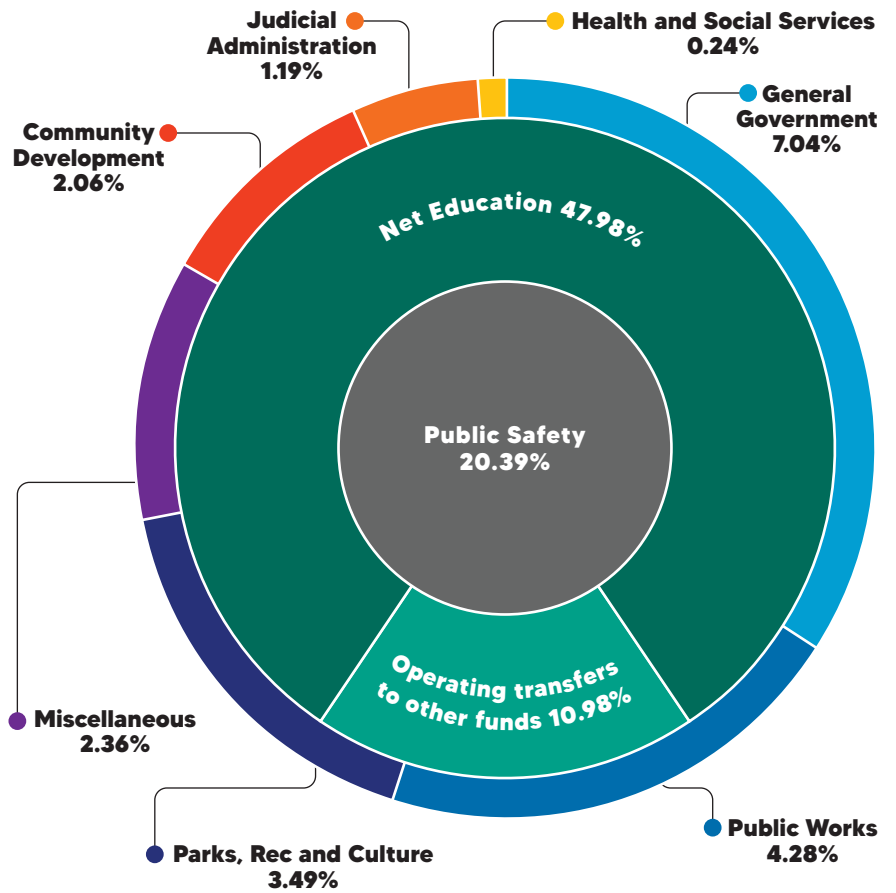
Revenue collected by the County and School Board is expended for goods and services provided to County residents. The chart identifies the major expenditure categories and reflects the commitment the Board has to serving the community. The County's component units are the School Board and James River Juvenile Detention Center, however, for purposes of this report, only School Board component unit is included. For the fiscal year ended June 30, 2021, the governmental funds reflect a combined fund balance of \$783.7 million, an increase of \$112.3 million from fiscal year 2020.

Education and Public Safety represent approximately 68% of Fund expenditures and demonstrate that Education and Public Safety are two of the County's highest financial priorities and commitments.

Did you know?

Expenditures for Education of \$497.2 million and Public Safety of \$211.2 million represent 68.4% of total expenditures for the County's Combined General Fund.

FISCAL YEAR 2021 EXPENDITURES



GENERAL FUND RESULTS - EXPENDITURES

For the Fiscal Years Ended June 30, FY21

Expenditures	Governmental Funds	Component Unit School Board	Combined General Fund	FY20 Comparison	FY19 Comparison	\$ Change (FY21-20)
General Government	72,952,802	-	72,952,802	72,008,900	71,186,977	943,902
Judicial Administration	12,308,544	-	12,308,544	11,842,556	11,325,715	465,988
Public Safety	211,292,966	-	211,292,966	206,397,562	196,062,839	4,895,404
Public Works	44,374,920	-	44,374,920	54,569,872	55,966,276	(10,194,952)
Health and Social Services	2,484,119	-	2,484,119	2,537,998	2,432,912	(53,879)
Parks, recreation, and culture	36,148,711	-	36,148,711	37,782,922	37,029,570	(1,634,211)
Community Development	21,332,877	-	21,332,877	24,884,307	25,943,567	(3,551,430)
*Education	207,841,132	289,392,703	497,233,835	518,669,672	510,520,540	(21,435,837)
Miscellaneous	24,415,804	-	24,415,804	23,127,793	24,767,577	1,288,011

TOTAL EXPENDITURES.....633,151,875 289,392,703.....922,544,578 951,821,582..... 935,235,973 (29,277,004)

Other Uses

Operating Transfers to Other Funds 113,815,639 - 113,815,639 181,934,172 170,743,816 (68,118,533)

TOTAL EXPENDITURES AND OTHER USES ...746,967,514 289,392,703.....1,036,360,217 1,133,755,754 1,105,979,789 (97,395,537)

*Component Unit School Board expenditures are shown net (gross expenditures of \$492,357,385 reported on Schedule 9 less adjustment of multi-fund reporting of \$202,964,682)

Schedule of Activities

GENERAL FUND BALANCE FOR FISCAL YEARS ENDED JUNE 30, 2021 (\$ in millions)

Maintaining a healthy fund balance enables the County's conservative approach to finances and enables the County to continue to receive its highly coveted triple-AAA bond rating.

	Combined Fund Balance	Governmental Funds	Component Unit School Board	Combined General Fund
Total Fund Balance, June 30, 2020	\$264.8		16.217	\$281.0
Plus Revenue and Other Sources	865.33		303.08	1,168.4
Less Expenditures	-746.70		-289.40	-1,036.10
Total Fund Balance, June 30, 2021	\$383.4		\$29.9	\$413.3

PRIMARY GOVERNMENT NET POSITION

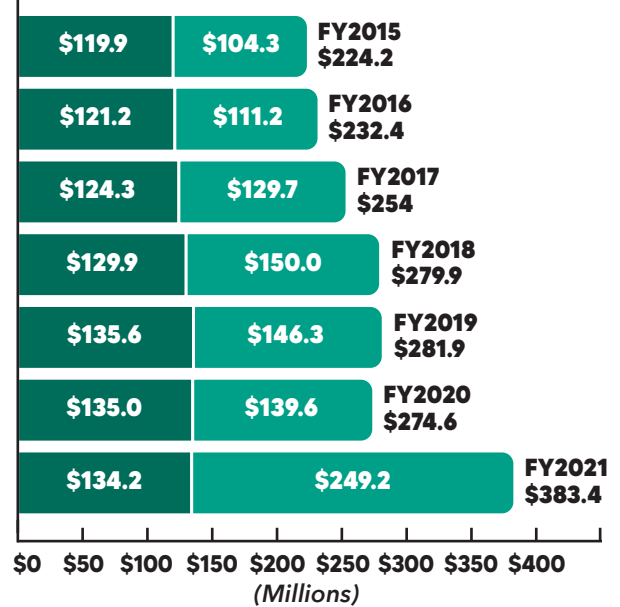
The Governmental Accounting Standards Board (GASB) defines Net Position as: Assets + Deferred Outflows less Liabilities + Deferred Inflows. In other words, Net Position of governmental activities reflects the difference between all economic assets and liabilities, both short-term and long-term. This chart summarizes the revenues and expenses (in millions) for all the County's activities for the fiscal years ended June 30, 2020 and 2021. More detail can be found in Exhibits 1 and 2 of the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2021.

The County's net position increased by 8.3%, or \$218.4 million to \$2,840.4 million from 2,622.0 million. Both Governmental Activities and Business-type Activities contributed to the increase in net position. The governmental activities grew at three times the rate of the business activities, in part because as of June 30, 2021, the County discontinued reporting the operations of Belmont Golf Course as an enterprise fund.

The net position of the County's governmental activities increased by 12.5%, or \$174.5 million to \$1,570.7 million (Exhibit 2). Net Investment in Capital Assets increased by \$40.7 million due to capital assets acquired and debt payments. Restricted net position increased by \$40.7 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net position improved by \$93.1 million to 116.7 million at June 30, 2021, due mainly to the changes in the deferred pension and OPEB outflows and inflows.

GENERAL FUND BALANCE

Unassigned Assigned/Restricted



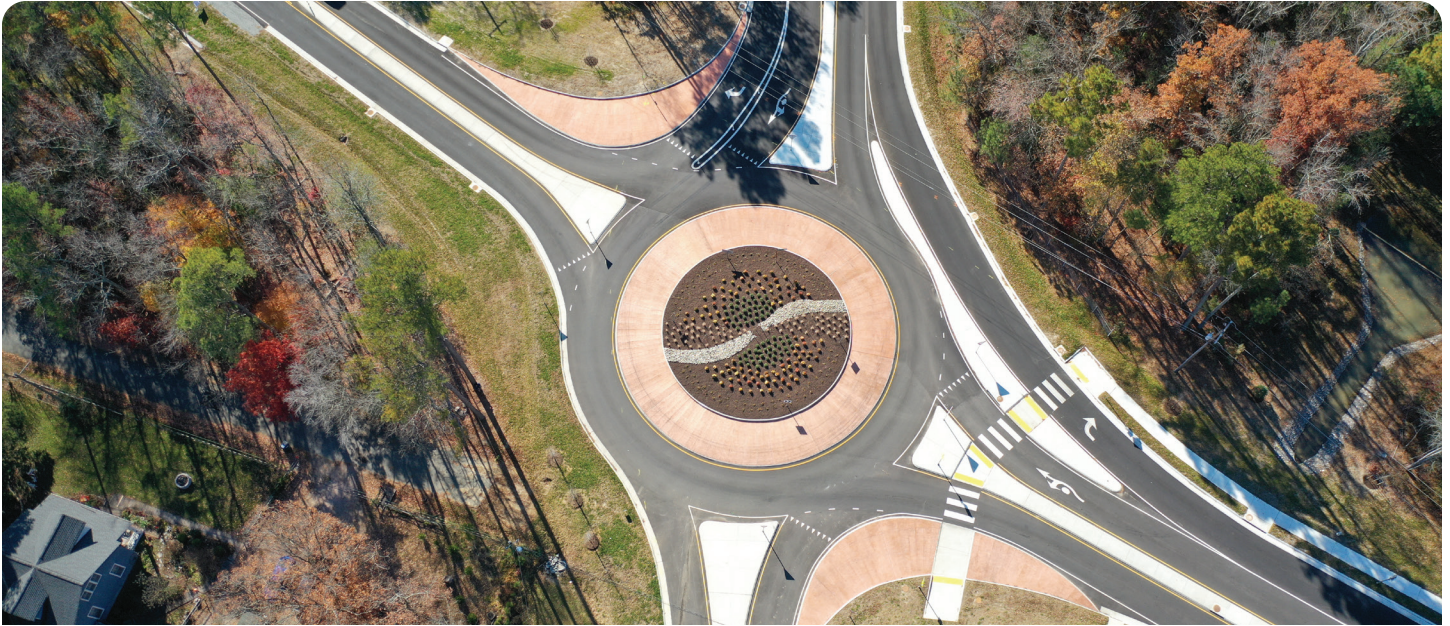
The chart above shows the combined General Fund balance, including Component Unit School Board.

SUMMARY OF CHANGES IN NET POSITION

Total Primary Government For the Fiscal Years Ended June 30, 2021 (\$-millions)

	2020	2021
Program Revenues		
Charges for services	\$169.8	\$167.9
Operating grants & contributions	\$178.5	\$185.0
Capital grants & contributions	\$7.0	\$7.3
General Revenues		
Property tax	\$468.7	\$489.3
Local sales and use tax	\$69.9	\$75.6
Business licenses	\$39.6	\$38.6
Other taxes	\$78.0	\$78.5
Unrestricted grants & contributions	\$68.5	\$102.9
Revenue from use of money	\$19.0	\$2.5
Recovered costs & miscellaneous	\$6.0	\$2.3
•TOTAL REVENUES	\$1,104.9	\$1,149.9
Expenses		
General government administration	\$157.1	\$137.3
Judicial administration	\$13.1	\$13.7
Public safety	\$213	\$218.4
Public works	\$87.5	\$78.8
Health and welfare	\$82.1	\$68.8
Education	\$269.1	\$215.1
Parks, recreation and culture	\$45.5	\$44.4
Community development	\$28.5	\$24.7
Interest on long-term debt	\$12.5	\$15.1
Water and sewer	\$113.1	\$115.8
Belmont Park golf course	\$0.6	\$-
•TOTAL EXPENSES	\$1,022.0	\$932.1
Increase in net position	\$82.9	\$217.8
Beginning net position	\$2,538.9	\$2,622.7
•ENDING NET POSITION	\$2,621.8	\$2,840.5

Capital Assets

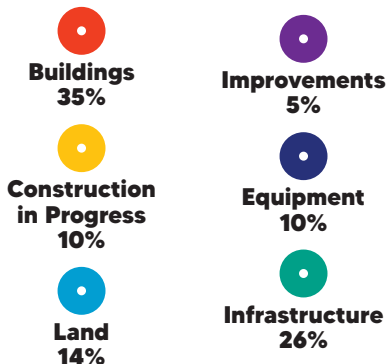
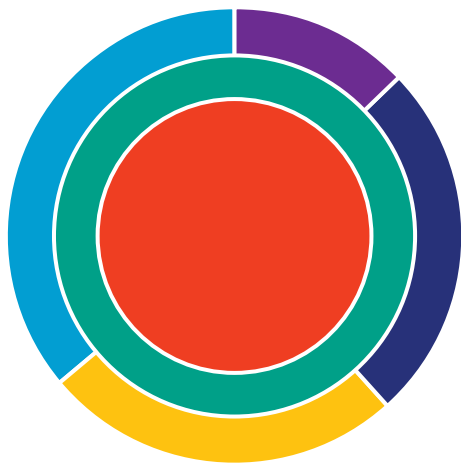


Henrico County finished construction of a single-lane roundabout at Woodman and Greenwood roads in fall 2021. Designed to promote safe, efficient travel, the roundabout supports an eastward extension of Woodman that will connect with Brook Road via J.E.B. Stuart Parkway.

As illustrated in the chart below, at the end of fiscal year, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,748.5

million, which represents a net increase of \$134.3 million or 8.3% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

TOTAL CAPITAL ASSETS: FY21



FY 2021 TOTAL GOVERNMENTAL CAPITAL ASSETS

Capital Assets	Primary Government
Land.....	\$406,720,755
Construction in Progress.....	\$295,027,320
Buildings.....	\$981,076,916
Infrastructure.....	\$741,043,990
Equipment.....	\$294,110,133
Improvements.....	\$125,303,161
Total Capital Assets.....	\$2,843,282,275
Accumulated Depreciation.....	\$(1,094,805,854)

TOTAL CAPITAL ASSETS..... \$1,748,476,421

Did you know?

The County 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 Cities of Richmond and Colonial Heights, the Counties of Chesterfield and Hanover, and the Capital Regional Airport Commission awarded individual contracts for this project in June of 2016.



The County's Credit Rating

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

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

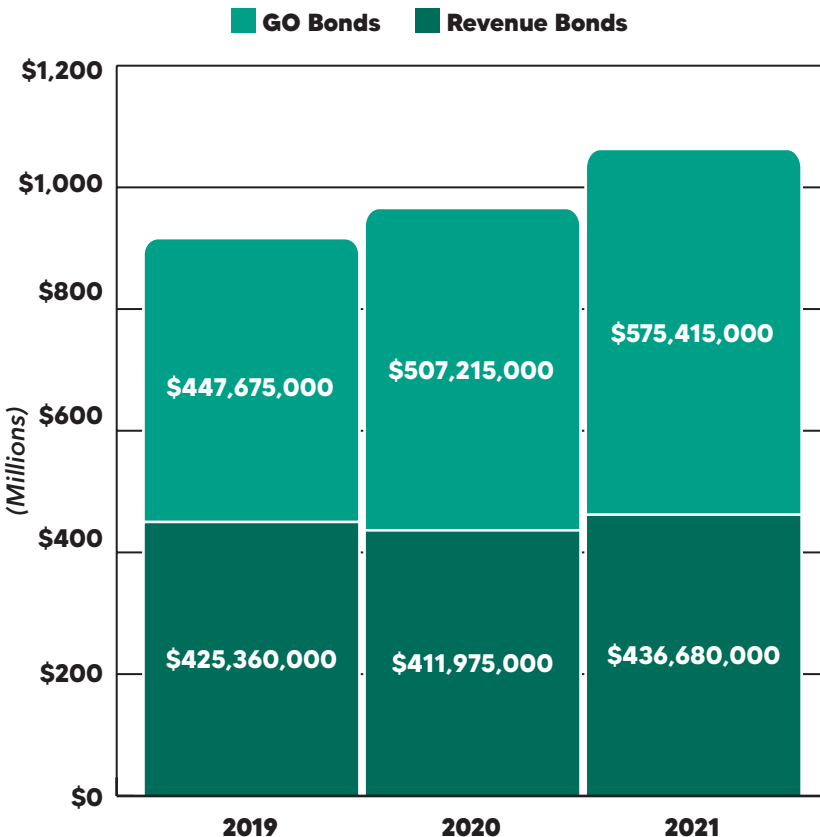
BOND PROGRAM	MOODY'S	S&P GLOBAL	FITCH RATINGS
General Obligation	Aaa	AAA	AAA
Water & Sewer Revenue	Aaa	AAA	AAA

The County's Debt

A long-term debt affordability analysis is 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 documents that the County is maintaining the following prescribed ratios and is 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%

OUTSTANDING DEBT AS OF JUNE 30, 2021



The County's Mission

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

**Do you like this report?
What other information would you
like to see contained in this report?
Please let us know by contacting:**

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