

# Henrico County, Virginia



2019-2020

Comprehensive Annual Financial Report  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



**COUNTY OF HENRICO**  
**VIRGINIA**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2020**

**Prepared By  
The Director of Finance**

**HENRICO COUNTY, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**for the Fiscal Year Ended June 30, 2020**

**Table of Contents**

<b><u>INTRODUCTORY SECTION (UNAUDITED)</u></b>	<b><u>PAGE</u></b>	
Letter of Transmittal .....	i – xi	
Certificate of Achievement for Excellence in Financial Reporting.....	xii	
Directory of Officials .....	xiii	
Organization Chart.....	xiv	
 <b><u>FINANCIAL SECTION</u></b>		
		<b><u>EXHIBITS</u></b>
Report of Independent Auditor.....	1 – 2	
Management's Discussion and Analysis (Unaudited).....	3 – 12	
 <b><u>Government-Wide Financial Statements:</u></b>		
Statement of Net Position.....	1	13
Statement of Activities.....	2	14 – 15
 <b><u>Governmental Funds' Financial Statements:</u></b>		
Balance Sheet.....	3	16
Statement of Revenues, Expenditures and Changes in Fund Balances .....	4	17
 <b><u>Proprietary Funds' Financial Statements:</u></b>		
Statement of Net Position.....	5	18
Statement of Revenues, Expenses and Changes in Net Position.....	6	19
Statement of Cash Flows.....	7	20
 <b><u>Fiduciary Funds' Financial Statements:</u></b>		
Statement of Fiduciary Net Position - Agency Funds .....	8	21
Statement of Fiduciary Net Position - Healthcare OPEB Trust Fund.....	9	22
Schedule of Changes in Fiduciary Net Position - Healthcare OPEB Trust Fund .....	10	23
 <b><u>Component Units' Financial Statements:</u></b>		
Statement of Net Position.....	11	24
Statement of Activities.....	12	25
Notes to Financial Statements.....		26 – 112
 <b><u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</u></b>		
 Budgetary Comparison Exhibits:		
Exhibit of Revenues - Budget and Actual - Governmental Funds.....	13	114 – 116
Exhibit of Expenditures - Budget and Actual - Governmental Funds .....	14	117 – 120
 Schedules of Required Supplementary Information:		
Schedule of Changes in the Net Pension Liability and Related Ratios:		
Governmental Activities and Business-type Activities.....	15	121 – 122
School Board Non-Professional Group .....	16	123
Schedule of Contributions.....	17	124
Schedule of School's Proportionate Share of the Net Pension Liability .....	18	125
Schedule of School's Contributions – Teacher's Pension Plan.....	19	126
Notes to Required Supplementary Pension Information .....		127
Schedule of Changes in the Net Healthcare OPEB Liability and Related Ratios.....	20	128
Schedule of Contributions - Healthcare OPEB Trust Fund.....	21	129
Schedule of Investment Returns - Healthcare OPEB Trust Fund.....	22	130
Schedule of Changes in the Net Healthcare OPEB Liability and Related Ratios:		
Governmental Activities and Business-type Activities .....	23	131
Component Units .....	24	132

**HENRICO COUNTY, VIRGINIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**for the Fiscal Year Ended June 30, 2020**

**Table of Contents**

Schedule of Contributions – Healthcare OPEB Trust Fund .....	25	.....	133
Schedule of Changes in the Total Line of Duty OPEB Liability and Related Ratios .....	26	.....	134
Schedule of Contributions for the Line of Duty OPEB Plan .....	27	.....	135
Schedule of School's Proportionate Share of the Net OPEB Liability:			
Teachers Health Insurance Credit OPEB Plan .....	28	.....	136
Schedule of School's Contributions – Teacher's Health Insurance Credit OPEB Plan.....	29	.....	137
Schedule of Proportionate Share of the Net OPEB Liability:			
Group Life Insurance OPEB Plan .....	30	.....	138
Schedule of Contributions – Group Life Insurance OPEB Plan.....	31	.....	139
Schedule of School's Proportionate Share of the Net OPEB Liability:			
Teacher's Group Life Insurance Credit OPEB Plan.....	32	.....	140
Schedule of School's Contributions – Teacher's Group Life Insurance OPEB Plan .....	33	.....	141
Schedule of School's Proportionate Share of the Net OPEB Liability:			
Non-Professional Group Life OPEB Plan.....	34	.....	142
Schedule of School's Contributions – Non-Professional Group Life OPEB Plan.....	35	.....	143
Notes to Required Supplementary OPEB Information.....			144 – 146

**OTHER SUPPLEMENTAL INFORMATION SCHEDULES**

**Debt Service Fund - Budgetary Comparison Schedules:**

**SCHEDULES**

Schedule of Revenues - Budget and Actual .....	1	.....	149
Schedule of Expenditures - Budget and Actual.....	2	.....	150

**Internal Service Funds' Financial Statements:**

Combining Statement of Net Position.....	3	.....	152
Combining Statement of Revenues, Expenses and Changes in Net Position .....	4	.....	153
Combining Statement of Cash Flows .....	5	.....	154

**Agency Funds' Financial Statements:**

Combining Statement of Assets and Liabilities.....	6	.....	156
Combining Statement of Changes in Assets and Liabilities .....	7	.....	157

**Discretely Presented Component Unit - School Board:**

Combining Balance Sheet.....	8	.....	159
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	9	.....	160
Statement of Fiduciary Net Position.....	10	.....	161
Schedule of Changes in Assets and Liabilities .....	11	.....	162
Schedule of Revenues - Budget and Actual .....	12	.....	163 – 164
Schedule of Expenditures - Budget and Actual .....	13	.....	165

**STATISTICAL SECTION (UNAUDITED)**

**TABLES**

Net Position by Component .....	I	.....	167
Schedule of Changes in Net Position .....	II	.....	168 – 169
Fund Balances - Governmental Funds .....	III	.....	170
Changes in Fund Balances - Governmental Funds .....	IV	.....	171
Assessed Value and Actual Value of Taxable Property .....	V	.....	172
Direct Tax Rates.....	VI	.....	173
Principal Property Tax Payers.....	VII	.....	174
Property Tax Levies and Collections .....	VIII	.....	175
Ratios of Outstanding Debt by Type .....	IX	.....	176
Pledged Revenue Coverage.....	X	.....	177
Demographic and Economic Statistics.....	XI	.....	178
Top Twenty Principal Employers.....	XII	.....	179
Government Employees by Department .....	XIII	.....	180
Operating Indicators by Function.....	XIV	.....	181 – 182
Capital Asset Statistics by Function .....	XV	.....	183



## **INTRODUCTORY SECTION**



COMMONWEALTH OF VIRGINIA  
COUNTY OF HENRICO



John A. Vithoulkas  
County Manager

November 10, 2020

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), as of and for the fiscal year ended June 30, 2020. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors (Board), 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/finance/](http://www.henrico.us/finance/).

The financial statements included in this report conform to the accounting principles generally accepted in the United States of America (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.

Cherry Bekaert LLP, a certified public accounting firm, audited the County's financial statements included and certain other information within this report as documented in their Report of Independent Auditor. 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. Cherry Bekaert 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

The Honorable Board of Supervisors  
November 10, 2020

June 30, 2020, are fairly presented, in all material respects, in conformity with GAAP. The Report of Independent Auditor 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 such 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 Uniform Guidance 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 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, 343,258 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 who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board 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, appointing the County's Department Directors, and managing the day-to-day operations of the County government, while

The Honorable Board of Supervisors  
November 10, 2020

also serving as 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 County roads with Virginia Department of Transportation funds, 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, as the Primary Government, as well as two discretely presented component units - the County of Henrico School Board (School Board) and the James River Juvenile Detention Commission (JRJDC), which are both 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 the budget through a series of public meetings, 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. Budgetary restrictions are established at the governmental function level (e.g., 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. Budget to actual comparisons are provided in this report for governmental funds where an appropriated annual budget has been legally adopted. These comparisons are presented in the Required and Other Supplementary Information Sections of this CAFR.

### **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-AAA 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).

Given the unsteady economic climate brought about by COVID-19, Henrico County remains even more committed to evaluating our governmental practices, identifying opportunities for greater operational efficiencies and thereby best utilization of taxpayer provided resources. As evidenced

The Honorable Board of Supervisors  
November 10, 2020

by a long history of prudent financial management - and the distinction of being one of only 49 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, especially in the given climate, one certainty that does exist is that Henrico County will continue to sustain an environment conducive to stability and 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. The Board 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 19 *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 2020 *Inc. 5000* list averaged 360.9 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, which in October 2017, announced a \$1.0 billion investment to build a new state-of-the-art data center within the County boundaries, followed up by a September 2018 Facebook announcement of an additional \$750 million investment in the data center complex, making its total investment \$1.75 billion. In August 2020, Facebook announced that its long-awaited Henrico Data Center is officially online and will require 200 people to keep it running. Additionally, in 2020 Kroger Mid-Atlantic announced it would be relocating its division office to Henrico County by early 2021. 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 2019 the County's unemployment rate (not seasonally adjusted) of 2.4 percent is equal to that of Virginia (2.4 percent) and considerably lower than that of the U.S. (3.4 percent). However, impacts from the COVID-19 pandemic caused unemployment rates to increase into double digits in April 2020. It is important to note that the national unemployment rate has decreased from 10.2 percent in July to 8.4 percent in August and Virginia has seen a similar decrease. Henrico's July value is reported as 8.6 percent, nearly flat from 8.7 percent in June. Continuing unemployment claims data for Virginia are indicating a downward trend promising stabilization for Henrico.

The Honorable Board of Supervisors  
November 10, 2020

The County's real estate tax base continues to experience growth as the total taxable assessed value of real property as of January 2020 was approximately \$42.7 billion, representing an increase of about \$2.5 billion compared to 2019. The increase in existing residential and commercial properties totaled 4.7 percent, while new residential and commercial construction increased \$585 million. The increase in reassessments is similar to the prior year's 4.5 percent increase.

A decrease in available inventory during the 2<sup>nd</sup> quarter of 2020 compared to the same time last year lead to an increase in home prices, with a median sales price increase of \$12,000, or 4.3%. In addition, for the fiscal year ended June 30, 2020, 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 3.9 percent when compared to FY2018-19. The value of those permits totaled over \$660 million.

Henrico County is still one of the Commonwealth's leaders in retail sales, ranking third in total annual taxable sales, behind only the Counties of 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 2019 were \$5.73 billion, remaining steady from 2018. These statistics are just another indication that the County remains a destination for shoppers locally, regionally and from throughout the Commonwealth. 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 activities, bringing in \$11.3 million during FY20, a 19.3 percent decrease from FY19 directly driven by the reduction in both business and personal travel in the four months of FY20 due to the COVID-19 pandemic. For 2019, Henrico experienced \$993.9 million of visitor spending, or a 3.2 percent increase over 2018, ranking the County fifth in the Commonwealth in domestic travel expenditures. 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 Henrico-specific revenues.

On November 5, 2013, voters in Henrico County approved a referendum that would allow the Board 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 approved an ordinance to levy this tax at its February 25, 2014 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 FY2016 to FY2020, the County has received an average of \$28.6 million a year, significantly exceeding estimates.

The Honorable Board of Supervisors  
November 10, 2020

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 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 addition, Henrico has increased the Business Professional Occupancy License tax exemption from \$100,000 in 2018 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/>.

#### **General Guidelines:**

The County 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 affords the ability to obtain the most competitive and lowest available interest rates when financing long-term capital improvement projects.

The County will utilize technological advances as a means of increasing employee productivity and reducing the need for new positions.

The County 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 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.

The Honorable Board of Supervisors  
November 10, 2020

### **Capital Improvement Program Guidelines:**

The County will develop a Five-Year Capital Improvement Program (CIP) annually, inclusive of the capital needs of the Henrico County Public Schools. The Board will approve a CIP after legal advertising and public hearing requirements have been met.

The County's CIP 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 related 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 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

The Honorable Board of Supervisors  
November 10, 2020

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 revenues 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:

FY16: 15.0%  
FY17: 15.0%  
FY18: 15.0%  
FY19: 15.0%  
FY20: 15.0%

Effective June 30, 2012, the Board reduced the rate from 18% to the current rate of 15%. The County will continue to monitor this percentage during the annual budget process for future fiscal years and 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.

Henrico County has earned a reaffirmation of our AAA ratings from all three bond rating agencies for the past 19 years, 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, 49 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 a triple AAA rating from all 3 rating agencies, reaffirmed as recently as September 2020, making the County one of only 13 public utilities nationally to achieve and maintain this highest-possible rating. Henrico County has capitalized on its premier credit rating by taking advantage of historically low interest rates. In fact, the County earned its lowest interest rate on record, 1.49% on \$121.4 million in general obligation bonds sold in June 2020.

On June 14, 2016, the Board passed a resolution asking Henrico County's Circuit Court to order a

The Honorable Board of Supervisors  
November 10, 2020

referendum vote for November 8, 2016. Voters overwhelmingly approved bond debt of \$272.6 million for schools, \$87.1 million for parks, \$24 million for libraries, \$22.1 million for fire facilities and \$14 million for roads. The sale of bonds in June 2020 was the fourth and final one from this bond referendum. For the Education projects, many of the renovation projects are completed or nearly completed and the replacements of J.R. Tucker High School and Highland Springs High School are under construction. For general government projects, the Fire Training facility and new Fairfield Library recently opened, the Staples Mill Fire Station will soon be under construction, and several of the park projects are in the design phase.

Henrico County has completed Phase I of the Cobb's Creek Reservoir project by acquiring all related 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 properties. 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 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 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., are progressing in their project plan. The Detailed Design Review, which is the construction and technology deployment plan for the new network, is expected to be complete by the end of calendar year 2020. Construction of the tower sites is progressing with five nearly complete, four existing sites retrofitted to accommodate the new equipment, four new towers awaiting construction, and one newly leased tower awaiting modification. The system staging/fixed network equipment inventory milestone was recently completed and work is progressing on the fixed network equipment installation milestone. Phase one to the subscriber unit deployment/installation has taken place and Phase two is expected to take place during the first quarter of calendar year 2021. Expenditures are tracking with the described deployment progress of the project and are on target with what was originally projected.

FY20 saw some major announcements including the relocation of T-Mobile Customer Experience Center to eastern Henrico County, ultimately resulting in the creation of 500 new jobs. ASGN

The Honorable Board of Supervisors  
November 10, 2020

Incorporated, a leading provider of IT and professional consulting services, announced a \$12.4 million investment to move its corporate headquarters from California to the County. Moore, a direct marketing company, announced a \$31 million investment in modern equipment to establish a Richmond Print Group and reopen the Colortree Group facility, which was abruptly closed in June 2019, bringing back at least 239 jobs. SimpliSafe, a leading producer of self-installed home security systems, will invest \$5.5 in new customer support center in the Willow Lawn area of Henrico County, creating at least 572 new jobs. The County, along with the Henrico Economic Development Authority, have worked hard to secure these projects and the new jobs and investments will have a tangible, incremental impact on tax revenues and increase visibility of the County nationally.

While taking into consideration the economic ravages of the COVID-19 pandemic, the County adopted a \$1.3 billion budget for FY21 reflecting almost \$100 million in reductions from the original proposed budget put forth in early March. To account for the anticipated decrease in revenues, the adopted FY21 budget includes a minimum 5% reduction to operating budgets for all County departments, hiring freezes for certain County departments, and the deferral of cash funded capital projects. These actions allowed the County to adopt a balanced budget for FY21 even with the economic uncertainty that is COVID-19.

Fiscal Year 2020 was the thirteenth fiscal year of 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's coverages, 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**

Of immediate concern is the impact of the COVID-19 public health emergency on the economy. Initial projections reflected a significant impact on consumer spending, which would greatly impact the County's Sales & Use Tax collections and Food & Beverage (Meals) Tax collections. These revised projections led to the FY2021-22 Approved Annual Fiscal Plan including nearly \$100 million in reductions to balance the budget. While some revenue collections have not been impacted as greatly as was initially anticipated, unemployment levels remain elevated compared to before the pandemic and this could be a head wind for future growth.

Another concern Henrico will continue to monitor is retail sales. As more consumers continue to shift toward online sales, brick-and-mortar locations continue to see decreased volume directly reducing the County's sales tax revenue. However, as the State adopted legislation allowing for the collection of sales tax on internet sales in the wake of the *Wayfair* decision, this concern has been somewhat mitigated.

The Honorable Board of Supervisors  
November 10, 2020

Because economic indicators having the greatest impact on the County's revenues often lag, County 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 and deserve.

#### **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* (Certificate) to the County for its CAFR for the fiscal year ended June 30, 2019. This was the thirty-ninth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate, a government must publish an easily readable, efficiently organized, and GAAP compliant CAFR, while also satisfying applicable legal requirements.

A Certificate is valid for a period of one year only. We believe that this CAFR you are reading continues to meet the Certificate's requirements and we are submitting it to the GFOA to a fortieth year.

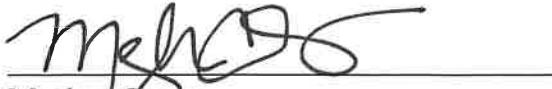
#### **Acknowledgements**

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



Meghan Coates  
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, 2019

*Christopher P. Monell*

Executive Director/CEO

**COUNTY OF HENRICO, VIRGINIA**  
**Directory of Officials**  
**June 30, 2020**

**BOARD OF SUPERVISORS**

Thomas M. Branin, Chairman .....	Three Chopt District
Daniel J. Schmitt, Vice Chairman .....	Brookland District
Tyrone E. Nelson .....	Varina District
Frank J. Thornton .....	Fairfield District
Patricia S. O'Bannon .....	Tuckahoe District

**ADMINISTRATIVE OFFICIALS**

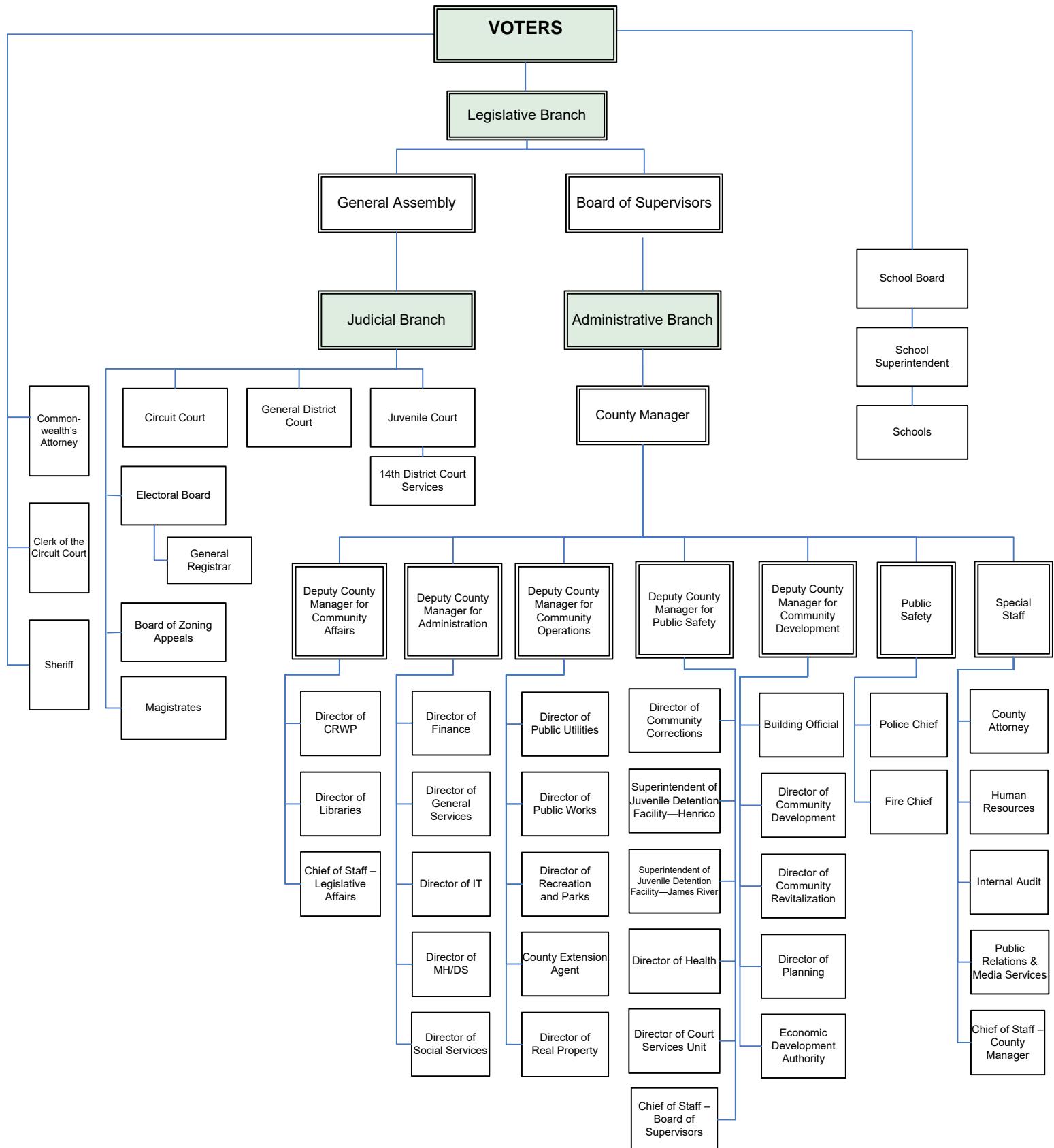
John A. Vithoulkas .....	County Manager
W. Brandon Hinton .....	Deputy County Manager for Administration
Vacant .....	Deputy County Manager for Community Development
Steven J. Yob .....	Deputy County Manager for Community Operations
Anthony E. McDowell .....	Deputy County Manager for Public Safety
Monica L. Smith-Callahan .....	Deputy County Manager for Community Affairs
Meghan Coates .....	Director of Finance
Joseph (Tom) T. Tokarz, II .....	County Attorney

**ELECTED SCHOOL BOARD**

Roscoe D. Cooper III, Chair .....	Fairfield District
Michelle F. "Micky" Ogburn, Vice Chair .....	Three Chopt District
Kristi B. Kinsella .....	Brookland District
Alicia S. Atkins .....	Varina District
Marcie F. Shea .....	Tuckahoe District

**ADMINISTRATIVE OFFICIALS - SCHOOLS**

Dr. Amy E. Cashwell .....	Superintendent of Schools
Dr. Beth Teigen .....	Chief of Staff
Chris Sorensen .....	Chief Financial Officer
Dr. Lesley Hughes .....	Chief Learning Officer
Lenny Pritchard .....	Chief of Operations
Francine Bouldin .....	Chief Human Resources Officer
Andy Jenks .....	Chief of Communications and Community Engagement
Dr. Monica Manns .....	Chief of Equity, Diversity and Opportunity Officer
Dr. Ingrid Granberry Grant .....	Chief of School Leadership



## Report of Independent Auditor

To the Honorable Members of the Board of Supervisors  
County of Henrico, Virginia

### Report on the Financial Statements

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, 2020, 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 accounting principles generally accepted in the United States of America; 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.

### ***Auditor's 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 auditor's 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, and the pension and other postemployment benefits trend information, as listed within 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.

### ***Supplementary 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 Introductory Section, Other Supplementary Information Schedules, and Statistical Section, as listed within the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information Schedules are the responsibility of management and were 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 Supplementary Information Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections 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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020, on our consideration of the County of Henrico, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Henrico, Virginia's internal control over financial reporting and compliance.



Richmond, Virginia  
November 6, 2020

**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 as of the end of fiscal year June 30, 2020 (FY 2020). 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 2020**

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$685.2 million. General revenues of \$728.5 million exceeded expenses, net of program revenues, by \$43.2 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$2,621.6 million at June 30, 2020 (Exhibit 1).

The General Fund, on a current financial resource basis, reported expenditures and other financing uses in excess of revenues and other financing sources by (\$1.6 million) (Exhibit 4) after making transfers out of \$146.6 million, which include transfers to the Capital Projects Fund for \$45.7 million, Special Revenue Fund for \$30.3 million and Debt Service Fund for \$70.6 million. In addition, the General Fund contributed \$266.5 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 report of the independent auditor, 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 funds' Balance Sheet and within the governmental funds' 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, and 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, which 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 flows. 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, 2019 and 2020:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2019	2020	2019	2020	2019	2020	2019	2020
Current and Other Assets	\$755.1	\$1,034.9	\$277.1	\$242.8	\$1,032.2	\$1,277.7	\$68.9	\$91.1
Capital Assets	1,530.3	1,613.1	1,417.4	1,467.1	2,947.7	3,080.2	306.0	311.9
<b>Total Assets</b>	<b>2,285.4</b>	<b>2,648.0</b>	<b>1,694.5</b>	<b>1,709.9</b>	<b>3,979.9</b>	<b>4,357.9</b>	<b>374.9</b>	<b>403.0</b>
<b>Deferred Outflow of Resources</b>	57.6	66.6	12.6	12.2	70.2	78.8	90.1	111.5
Long-term Liabilities	573.2	699.4	465.3	449.8	1,038.5	1,149.2	38.4	30.0
Net Pension Liability	157.3	189.1	11.2	13.4	168.5	202.5	413.2	465.7
Net OPEB Liability	57.2	67.5	1.9	2.1	59.1	69.6	78.2	82.2
Other Liabilities	123.7	134.1	39.9	30.2	163.6	164.3	8.5	29.9
<b>Total Liabilities</b>	<b>911.4</b>	<b>1,090.1</b>	<b>518.3</b>	<b>495.5</b>	<b>1,429.7</b>	<b>1,585.6</b>	<b>538.3</b>	<b>607.8</b>
<b>Deferred Inflow of Resources</b>	77.6	227.3	3.8	2.0	81.4	229.3	110.1	54.2
Net Position:								
Net Investment in Capital Assets	1,208.4	1,245.2	1,059.9	1,026.9	2,268.3	2,272.1	279.0	295.2
Restricted	212.0	128.3	30.4	30.4	242.4	158.7	12.4	10.8
Unrestricted (deficit)	(66.5)	23.6	94.6	167.3	28.1	190.9	(474.8)	(453.5)
<b>Total Net Position (deficit)</b>	<b>\$1,353.9</b>	<b>\$1,397.1</b>	<b>\$1,184.9</b>	<b>\$1,224.6</b>	<b>\$2,538.8</b>	<b>\$2,621.7</b>	<b>\$(183.4)</b>	<b>\$(147.5)</b>

The County's net position increased by 3.3%, or \$83.0 million to \$2,621.8 million from 2,538.8 million, an overall improvement resulting from the increase in net position for both the Governmental and Business-Type Activities (Exhibit 1).

The net position of the County's governmental activities increased by 3.2%, or \$43.2 million to \$1,397.1 million (Exhibit 2). Net Investment in Capital Assets increased by \$36.8 million due to capital assets acquired and debt payments. Restricted net position decreased by \$83.7 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net deficit improved by \$90.1 million to 23.6 million at June 30, 2020, due mainly to the changes in the deferred pension and OPEB outflows and inflows (Exhibit 1).

The net position of business-type activities increased by 3.4%, or \$39.8 million from \$1,184.9 million to \$1,224.7 million (Exhibit 2). Unrestricted net position available for the continuing operation of the water and sewer and golf course activities was \$167.4 million as of June 30, 2020 (Exhibit 1).

The net deficit of the aggregate discretely presented component units improved 19.5%, or \$35.8 million from (\$183.3) million to (147.5) million. Net Investment in Capital Assets increased by \$16.1 million due to capital assets acquired and debt payments. Unrestricted net deficit improved by \$21.3 million to (453.5) million at June 30, 2020 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, 2019 and 2020:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for Services	\$45.1	\$44.5	\$117.8	\$125.3	\$162.9	\$169.8	\$12.0	\$10.5
Operating Grants and Contributions	157.8	178.5	-	-	157.8	178.5	325.3	336.3
Capital Grants and Contributions	-	-	6.1	7.0	6.1	7.0	0.1	0.1
<b>General Revenues:</b>								
Property Taxes	446.9	468.7	-	-	446.9	468.7	-	-
Other Taxes	191.4	187.5	-	-	191.4	187.5	-	-
Other	73.9	72.3	18.1	21.1	92.0	93.4	5.2	2.5
Payment from Primary Government	-	-	-	-	-	-	228.6	266.5
<b>Total Revenues</b>	<b>\$915.1</b>	<b>\$951.5</b>	<b>\$142.0</b>	<b>\$153.4</b>	<b>\$1,057.1</b>	<b>\$1,104.9</b>	<b>\$571.2</b>	<b>\$615.9</b>
<b>Expenses:</b>								
General Government	94.5	157.1	-	-	94.5	157.1	-	-
Judicial Administration	12.8	13.1	-	-	12.8	13.1	-	-
Public Safety	205.3	212.9	-	-	205.3	212.9	5.1	5.8
Public Works	91.6	87.5	-	-	91.6	87.5	-	-
Health and Welfare	79.9	82.1	-	-	79.9	82.1	-	-
Education	240.0	269.1	-	-	240.0	269.1	535.8	574.2
Parks, Recreation and Cultural	43.4	45.5	-	-	43.4	45.5	-	-
Community Development	28.7	28.5	-	-	28.7	28.5	-	-
Interest on Long-term Debt	13.6	12.5	-	-	13.6	12.5	-	-
Water and Sewer	-	-	112.5	113.1	112.5	113.1	-	-
Golf Course	-	-	0.9	0.6	0.9	0.6	-	-
<b>Total Expenses</b>	<b>809.8</b>	<b>908.3</b>	<b>113.4</b>	<b>113.7</b>	<b>923.2</b>	<b>1,022.0</b>	<b>540.9</b>	<b>580.0</b>
<b>Change in Net Position</b>	<b>105.3</b>	<b>43.2</b>	<b>28.6</b>	<b>39.7</b>	<b>133.9</b>	<b>82.9</b>	<b>30.3</b>	<b>35.9</b>
<b>Net Position (deficit), beginning of year</b>	<b>1,248.6</b>	<b>1,353.9</b>	<b>1,156.3</b>	<b>1,184.9</b>	<b>2,404.9</b>	<b>2,538.8</b>	<b>(\$213.7)</b>	<b>(\$183.4)</b>
<b>Net Position (deficit), end of year</b>	<b>\$1,353.9</b>	<b>\$1,397.1</b>	<b>\$1,184.9</b>	<b>\$1,224.6</b>	<b>\$2,538.8</b>	<b>\$2,621.7</b>	<b>(\$183.4)</b>	<b>(\$147.5)</b>

## REVENUES

For the fiscal year ended June 30, 2020, revenues from governmental activities totaled \$951.5 million, an increase of \$36.4 million from fiscal year 2019. Real estate tax revenue is the County's

largest revenue source and reflects the recognition of the second half of calendar year 2019 and the first half of calendar year 2020 real property tax. The Real estate tax revenue collected during fiscal year 2020 was \$364.8 million, an increase of \$19.2 million or 5.6% from fiscal year 2019 (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 2020.

During fiscal year 2020, the County collected \$85.2 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 \$122.2 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, 2020, the County accrued \$18.5 million for the first half of the calendar year.

Business-type activities produced total revenues of \$153.4 million, an increase of \$11.4 million from fiscal year 2019. The largest business-type source of revenue is the County's Water and Sewer activity, which produced \$124.9 million in charges for services and \$7.0 million in capital grants and contributions (Exhibit 2).

## **EXPENSES**

For the fiscal year ended June 30, 2020, expenses for governmental activities totaled \$908.3 million, an increase of \$98.6 million from fiscal year 2019 (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 \$266.5 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 \$113.7 million, an increase of \$0.3 million or 0.3% over fiscal year 2019 (Exhibit 2). The Water and Sewer activity accounts for \$113.1 million of the total expenses of \$113.7 million.

## **FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

For the fiscal year ended June 30, 2020, the governmental funds reflect a combined fund balance of \$672.3 million, an increase of \$74.9 million from fiscal year 2019 (Exhibit 4). The General Fund accounts for \$265.8 million (Exhibit 4) of the total combined balance. This is a decrease of \$1.6 million or 0.6% from the General Fund balance of \$267.3 million recorded at June 30, 2019. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$28.8 million from fiscal year 2019. The largest increases occurred in General property taxes, which increased by \$18.7 million and intergovernmental grants, which increased by \$16.9 million. At the same time, General Fund Expenditures increased by \$46.3 million or 7.1% from fiscal year 2019. Other Financing Uses improved by \$15.7 million or 9.7% from fiscal year 2019. Finally, the following items affected the fund balance and should be noted:

- The General Fund transferred \$45.7 million to the Capital Projects Fund to finance various capital projects, \$30.3 million to the Special Revenue Fund and \$70.6 million for debt service.

- The General Fund contributed \$266.5 million to fund fiscal year 2020 School Board operations, an increase of \$37.9 million or 16.6% from the fiscal year 2019 contribution.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$50.7 million (Exhibit 4) increased by \$1.7 million from fiscal year 2019. The increase is due to revenues of \$80.8 million and other financing sources of \$30.4 million exceeding expenditures of \$109.5 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 \$52.9 million in revenues. The County's Social Services operations accounted for \$28.8 million in State and Federal grant revenues (Exhibit 13) and \$40.5 million in expenditures during fiscal year 2020 (Exhibit 14).
- The Debt Service Fund Balance increased to \$0.5 million from \$0.2 million during fiscal year 2020 (Exhibit 4). The fund received transfers from the General Fund of \$70.6 million and expenditures for debt service were \$70.3 million.
- The Capital Projects Fund Balance of \$355.1 million (Exhibit 4) is an increase of \$74.4 million, or 26.5% in comparison to fiscal year 2019. During the fiscal year, expenditures for capital projects were \$165.6 million, and revenues were \$10.5 million. Other financing sources include transfers from the General Fund of \$45.7 million, general obligation bond proceeds of \$165.2 million, and bond premium of \$18.6 million during fiscal year 2020.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

	<b>General Fund Budget</b> (in millions)		
	<b><u>Original</u></b>	<b><u>Revised</u></b>	<b><u>Actual</u></b>
<b>Revenues:</b>			
Taxes	\$618.9	\$618.9	\$649.5
Intergovernmental	132.8	135.3	152.2
Other	30.7	30.7	42.4
Total Revenues	<u>782.4</u>	<u>784.9</u>	<u>844.1</u>
<b>Expenditures and Other Uses:</b>			
Expenditures	697.2	715.0	699.7
Other Financing Uses	<u>182.4</u>	<u>149.5</u>	<u>146.1</u>
Total Expenditures and Other Financing Uses	<u>879.6</u>	<u>864.5</u>	<u>845.8</u>
<b>Change in Fund Balance</b>	<u><u>(\$97.2)</u></u>	<u><u>(\$79.6)</u></u>	<u><u>\$1.7</u></u>

Expenditures exceeded revenues and other financing uses by \$1.7 million in the General Fund for fiscal year 2020.

Actual General Fund revenues were more than the original budgeted revenues by \$61.7 million during fiscal year 2020. Actual revenue collections exceeded the revised budget by \$59.2 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 \$15.9 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded the revised budget by \$8.3 million (Exhibit 13). Actual General Fund expenditures were greater than the original budget by (\$2.5) million, and less than the revised budget by \$15.3 million. During fiscal year 2020, the County Board of Supervisors amended the budget seven 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 2020.
- To appropriate funds for program enhancements, capital projects or other operational needs that were not anticipated in the original fiscal year budget.
- To appropriate Federal CARES Act funds received in FY 2020 for CIVID-19 related expenditures.

## CAPITAL ASSETS

At the end of fiscal year 2020, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,613.1 million, which represents a net increase of \$82.8 million or 5.4% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

**Capital Assets  
(in millions)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>		<b>Component</b>	
	2019	2020	2019	2020	2019	2020	2019	2020
<b>Non-Depreciable Assets:</b>								
Land	\$390.4	\$403.2	\$19.1	\$19.1	\$409.5	\$422.3	\$45.3	\$47.6
Construction in Progress	159.3	164.3	250.6	288.1	409.9	452.4	16.7	3.1
<b>Other Capital Assets:</b>								
Building	896.0	957.6	396.3	406.4	1,292.3	1,364.0	367.7	408.9
Infrastructure	716.5	733.4	1,228.8	1,256.2	1,945.3	1,989.6	-	-
Equipment	266.9	283.6	167.5	172.8	434.4	456.4	244.2	253.0
Improvements other than Buildings	94.5	106.5	3.8	3.8	98.3	110.3	38.4	42.4
Accumulated Depreciation								
On Other Capital Assets	(993.3)	(1,035.5)	(648.7)	(679.2)	(1,642.0)	(1,714.7)	(406.3)	(443.1)
<b>Total</b>	<u>\$1,530.3</u>	<u>\$1,613.1</u>	<u>\$1,417.4</u>	<u>\$1,467.2</u>	<u>\$2,947.7</u>	<u>\$3,080.3</u>	<u>\$306.0</u>	<u>\$311.9</u>

The business-type net activities capital assets grew by \$49.8 million to \$1,467.2 million, an increase of 3.5% 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 \$5.9 million to \$311.9 million, an increase of 1.9% 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 October 2019, the County issued 105.1 million in General Obligation bonds. At the end of fiscal year 2020, the County had \$507.2 million in outstanding General Obligation Bonds, an increase of \$59.5 million, or 13.3 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, 2020, the County's investment portfolio amounted to \$871.1 million, an increase of \$37.7 million. This increase was due to steady yields during most of fiscal year 2020 and holding the duration of the portfolio at less than a year. The instruments in the Local Government Investment Pool provided a liquid source of cash in the final quarter of fiscal year 2020. 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, 2020, the County had a net increase of 5,577 jobs since 2016, resulting in total employment of 192,305. The County's unemployment rate, which was reported at 8.7 percent as of June 30, 2020, was slightly higher than the State's unemployment rate of 8.2 percent, and below the federal rate (11.2 percent). As of 2019 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$68,209 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](http://www.henrico.us).

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**Exhibit 1**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash, cash equivalents, and temporary investments	\$ 777,319,386	\$ 158,493,173	\$ 935,812,559	\$ 71,131,676
Receivables, net	214,673,002	23,957,507	238,630,509	68,037
Due from other governments	35,447,438	-	35,447,438	19,589,828
Internal balances	(330,367)	330,367	-	-
Due from component unit	1,238,163	-	1,238,163	-
Inventories	751,353	1,008,605	1,759,958	266,818
Other assets	5,764,219	4,343,283	10,107,502	-
Restricted cash and cash equivalents	-	54,701,485	54,701,485	75,748
Capital assets:				
Land and construction in progress	567,461,245	307,163,273	874,624,518	50,698,075
Other capital assets, net	1,045,645,654	1,159,891,147	2,205,536,801	261,209,895
Capital assets, net	1,613,106,899	1,467,054,420	3,080,161,319	311,907,970
<b>Total Assets</b>	<u>2,647,970,093</u>	<u>1,709,888,840</u>	<u>4,357,858,933</u>	<u>403,040,077</u>
<b>Deferred Outflows of Resources:</b>				
Contributions after measurement date	31,268,062	2,015,937	33,283,999	55,214,297
Change in proportionate share allocation	1,493,117	16,948	1,510,065	4,231,382
Difference between projected and actual earnings	1,724,677	80,432	1,805,109	1,203,039
Change of assumptions	28,221,215	1,891,403	30,112,618	48,968,428
Difference between actual and expected experience	3,896,719	89,218	3,985,937	1,876,812
Deferred loss on debt refunding, net	-	8,134,918	8,134,918	-
<b>Total Deferred Outflows of Resources</b>	<u>66,603,790</u>	<u>12,228,856</u>	<u>78,832,646</u>	<u>111,493,958</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>2,714,573,883</u>	<u>1,722,117,696</u>	<u>4,436,691,579</u>	<u>514,534,035</u>
<b>Liabilities:</b>				
Accounts payable	69,285,967	12,192,769	81,478,736	5,466,050
Deposits payable	-	1,071,225	1,071,225	-
Accrued liabilities	48,836,812	3,318,871	52,155,683	6,744,734
Amounts held for others	7,626,270	-	7,626,270	83,866
Unearned revenues	8,285,971	13,651,110	21,937,081	16,322,930
Due to Primary Government	-	-	-	1,238,163
Net pension liability	189,091,716	13,375,754	202,467,470	465,725,264
Net OPEB liability	67,540,785	2,061,358	69,602,143	82,196,996
Long-term liabilities due within one year	86,303,346	14,521,317	100,824,663	19,992,794
Long-term liabilities due in more than one year	613,139,888	435,276,297	1,048,416,185	10,056,478
<b>Total Liabilities</b>	<u>1,090,110,755</u>	<u>495,468,701</u>	<u>1,585,579,456</u>	<u>607,827,275</u>
<b>Deferred Inflows of Resources:</b>				
Change in proportionate share allocation	269,413	131,041	400,454	3,324,414
Difference between actual and expected experience	17,284,560	1,055,413	18,339,973	37,037,944
Difference between projected and actual earnings	9,460,370	647,518	10,107,888	11,188,521
Change of assumptions	2,127,041	120,995	2,248,036	2,624,979
Deferred revenues	198,173,797	-	198,173,797	-
<b>Total Deferred Inflows of Resources</b>	<u>227,315,181</u>	<u>1,954,967</u>	<u>229,270,148</u>	<u>54,175,858</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>1,317,425,936</u>	<u>497,423,668</u>	<u>1,814,849,604</u>	<u>662,003,133</u>
<b>Net Position:</b>				
Net investment in capital assets	1,245,252,395	1,026,920,156	2,272,172,551	295,256,679
Restricted for:				
Highways, streets and buildings	76,830,195	-	76,830,195	-
Debt service	770,870	30,375,912	31,146,782	-
Grants	50,672,810	-	50,672,810	10,810,665
Unrestricted net position (deficit)	23,621,677	167,397,960	191,019,637	(453,536,442)
<b>Total Net Position</b>	<u>\$ 1,397,147,947</u>	<u>\$ 1,224,694,028</u>	<u>\$ 2,621,841,975</u>	<u>\$ (147,469,098)</u>

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, 2020**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 157,135,232	\$ 16,202,329	\$ 1,469,988	\$ -
Judicial administration	13,143,290	955,370	5,916,595	-
Public safety	212,936,537	3,433,994	45,241,022	-
Public works	87,460,464	2,487,403	73,238,929	-
Health and welfare	82,090,364	11,740,622	44,712,273	-
Education	269,086,841	-	-	-
Parks, recreation and culture	45,450,506	760,901	1,186,233	-
Community development	28,518,177	8,945,437	6,784,773	-
Interest on long-term debt	12,495,545	-	-	-
Total Governmental Activities	908,316,956	44,526,056	178,549,813	-
<b>Business-type activities:</b>				
Water and Sewer	113,126,666	124,850,831	-	7,026,794
Belmont Park Golf Course	551,638	458,798	-	-
Total Business-type Activities	113,678,304	125,309,629	-	7,026,794
<b>Total Primary Government</b>	<u>\$ 1,021,995,260</u>	<u>\$ 169,835,685</u>	<u>\$ 178,549,813</u>	<u>\$ 7,026,794</u>
<b>Component Units:</b>				
School Board	\$ 574,231,130	\$ 5,030,669	\$ 336,336,784	\$ -
James River Juvenile Detention Commission	5,831,340	5,508,402	-	57,175
<b>Total Component Units</b>	<u>\$ 580,062,470</u>	<u>\$ 10,539,071</u>	<u>\$ 336,336,784</u>	<u>\$ 57,175</u>

**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, 2019**

**Total Net Position at June 30, 2020**

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

**Exhibit 2**

<b>Net (Expenses) Revenues and Changes in Net Position</b>					
<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	<b>Component Units</b>
\$ (139,462,915)	\$ -	\$ (139,462,915)	\$ -	\$ -	\$ -
(6,271,325)	-	(6,271,325)	-	-	-
(164,261,521)	-	(164,261,521)	-	-	-
(11,734,132)	-	(11,734,132)	-	-	-
(25,637,469)	-	(25,637,469)	-	-	-
(269,086,841)	-	(269,086,841)	-	-	-
(43,503,372)	-	(43,503,372)	-	-	-
(12,787,967)	-	(12,787,967)	-	-	-
(12,495,545)	-	(12,495,545)	-	-	-
(685,241,087)	-	(685,241,087)	-	-	-
-	18,750,959	18,750,959	-	-	-
-	(92,840)	(92,840)	-	-	-
-	18,658,119	18,658,119	-	-	-
\$ (685,241,087)	\$ 18,658,119	\$ (666,582,968)	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ (232,863,677)	\$ -
-	-	-	-	(265,763)	-
\$ -	\$ -	\$ -	\$ -	\$ (233,129,440)	\$ -
\$ 468,650,491	\$ -	\$ 468,650,491	\$ -	\$ -	\$ -
69,907,728	-	69,907,728	-	-	-
39,626,918	-	39,626,918	-	-	-
11,274,953	-	11,274,953	-	-	-
16,507,646	-	16,507,646	-	-	-
50,229,258	-	50,229,258	-	-	-
15,302,890	3,684,388	18,987,278	79,148	-	-
51,918,142	16,547,583	68,465,725	-	-	-
893,059	-	893,059	216,062	-	-
4,170,215	854,937	5,025,152	2,181,514	-	-
-	-	-	266,524,518	-	-
728,481,300	21,086,908	749,568,208	-	269,001,242	-
43,240,213	39,745,027	82,985,240	35,871,802	-	-
1,353,907,734	1,184,949,001	2,538,856,735	(183,340,900)	-	-
\$ 1,397,147,947	\$ 1,224,694,028	\$ 2,621,841,975	\$ (147,469,098)	-	-

**HENRICO COUNTY, VIRGINIA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2020**

**Exhibit 3**

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and temporary investments	\$ 318,082,548	\$ 51,172,869	\$ 929,952	\$ 373,826,185	\$ 744,011,554
Receivables, net	209,013,731	2,695,324	-	578,586	212,287,641
Due from other governmental units	30,678,751	3,128,925	-	1,639,762	35,447,438
Due from component unit	1,223,522	-	-	-	1,223,522
Due from other funds	1,732,842	-	-	-	1,732,842
Other assets	117,986	-	-	-	117,986
Advance to other fund	112,500	-	-	-	112,500
<b>Total assets</b>	<b>\$ 560,961,880</b>	<b>\$ 56,997,118</b>	<b>\$ 929,952</b>	<b>\$ 376,044,533</b>	<b>\$ 994,933,483</b>
<b>Liabilities:</b>					
Accounts payable	\$ 62,304,791	\$ 1,170,041	\$ -	\$ 5,297,847	\$ 68,772,679
Accrued liabilities	14,228,531	2,044,299	159,082	13,374,111	29,806,023
Amounts held for others	7,626,245	-	-	25	7,626,270
Unearned revenues	12,048,118	2,936,385	-	-	14,984,503
Due to other funds	830,015	173,583	-	2,244,431	3,248,029
<b>Total liabilities</b>	<b>97,037,700</b>	<b>6,324,308</b>	<b>159,082</b>	<b>20,916,414</b>	<b>124,437,504</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues	198,173,797	-	-	-	198,173,797
<b>Fund Balances:</b>					
Nonspendable	112,500	-	-	-	112,500
Restricted	3,308,331	28,482,265	-	-	31,790,596
Committed	8,579,282	-	-	355,128,119	363,707,401
Assigned	115,498,453	22,190,545	770,870	-	138,459,868
Unassigned	138,251,817	-	-	-	138,251,817
<b>Total fund balances</b>	<b>265,750,383</b>	<b>50,672,810</b>	<b>770,870</b>	<b>355,128,119</b>	<b>672,322,182</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 560,961,880</b>	<b>\$ 56,997,118</b>	<b>\$ 929,952</b>	<b>\$ 376,044,533</b>	
<b>Adjustments for the Statement of Net Position:</b>					
Capital assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6)					\$ 1,597,969,128
Unearned revenues that have not been recognized as revenue in the current period and, therefore, is reported as liabilities in the governmental funds. (Note 3)					6,698,532
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)					(699,177,209)
Net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.					(186,267,118)
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.					(9,465,813)
Deferred outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.					37,282,942
Net OPEB liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.					(67,148,167)
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.					39,287,237
Internal service funds, 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.					5,646,233
	Total Net Position of Governmental Activities				<b>\$ 1,397,147,947</b>

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, 2020**

**Exhibit 4**

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
General property taxes	\$ 466,198,104	\$ -	\$ -	\$ -	\$ 466,198,104
Other local taxes	183,290,660	-	-	-	183,290,660
Licenses and permits	8,221,167	-	-	-	8,221,167
Fines and forfeitures	1,885,334	-	-	-	1,885,334
Revenue from use of money and property	13,106,965	317,840	-	2,314,551	15,739,356
Charges for services	3,569,888	26,315,389	-	-	29,885,277
Miscellaneous	8,918,389	528,034	-	4,170,201	13,616,624
Recovered costs	6,721,020	723,306	-	-	7,444,326
Intergovernmental	152,230,881	52,883,161	-	4,017,548	209,131,590
<b>Total Revenues</b>	<b>844,142,408</b>	<b>80,767,730</b>	<b>-</b>	<b>10,502,300</b>	<b>935,412,438</b>
<b>Expenditures:</b>					
Current operating:					
General government	72,008,900	4,222,046	-	-	76,230,946
Judicial administration	11,842,556	1,412,932	-	-	13,255,488
Public safety	206,397,562	4,880,973	-	-	211,278,535
Public works	54,569,872	15,606,152	-	-	70,176,024
Health and social services	2,537,998	79,797,743	-	-	82,335,741
Parks, recreation, and culture	37,782,922	4,800	-	-	37,787,722
Community development	24,884,307	3,521,556	-	-	28,405,863
Education	266,524,518	-	-	-	266,524,518
Miscellaneous	22,319,103	-	372,321	-	22,691,424
Debt service:					
Principal	735,759	36,697	48,870,000	-	49,642,456
Interest and other charges	72,931	9,729	21,060,132	-	21,142,792
Capital outlay	-	-	-	165,577,220	165,577,220
<b>Total Expenditures</b>	<b>699,676,428</b>	<b>109,492,628</b>	<b>70,302,453</b>	<b>165,577,220</b>	<b>1,045,048,729</b>
Excess (deficiency) of revenues over (under) expenditures	144,465,980	(28,724,898)	(70,302,453)	(155,074,920)	(109,636,291)
<b>OTHER FINANCING (USES) SOURCES:</b>					
Transfers in	-	30,349,220	70,570,276	45,669,443	146,588,939
Transfers out	(146,588,939)	-	-	-	(146,588,939)
Issuance of bonds	-	-	30,460,000	165,230,198	195,690,198
Issuance of bond premiums	-	-	4,004,945	18,552,706	22,557,651
Capital lease obligations incurred	530,886	4,168	-	-	535,054
Payment to escrow agent	-	-	(34,204,001)	-	(34,204,001)
Total other financing (uses) sources, net	(146,058,053)	30,353,388	70,831,220	229,452,347	184,578,902
Net change in fund balance	(1,592,073)	1,628,490	528,767	74,377,427	74,942,611
<b>Total Fund Balances - June 30, 2019</b>	<b>267,342,456</b>	<b>49,044,320</b>	<b>242,103</b>	<b>280,750,692</b>	<b>597,379,571</b>
<b>Total Fund Balances - June 30, 2020</b>	<b>\$ 265,750,383</b>	<b>\$ 50,672,810</b>	<b>\$ 770,870</b>	<b>\$ 355,128,119</b>	<b>\$ 672,322,182</b>
<b>Adjustments for the Statement of Activities:</b>					
Net change in fund balances - total governmental fund:				\$ 74,942,611	
Repayment of bond principal is reported as an expenditure in the governments funds, but the repayment reduces long-term liabilities in the Statement of Net Position				49,642,456	
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)				2,452,387	
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life				141,623,349	
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				(486,023)	
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. (Note 6)				(57,313,740)	
Interest expense on bonds payable, is not due and payable in the current period and, therefore, is not reported as expenditures in the governmental funds. (Note 7)				8,647,247	
Debt proceeds are recorded as a source in governmental funds, but are not reported as revenue in the Statement of Activities				(184,578,902)	
Pension/OPEB activity is recorded as an expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.				(6,961,445)	
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				14,121,073	
Internal service funds' revenues and expenses not recorded in the governmental funds				1,151,200	
Change in Net Position of Governmental Activities:				\$ 43,240,213	

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, 2020**

Exhibit 5

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmont Park Golf Course	Total	
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 158,493,173	\$ -	\$ 158,493,173	\$ 33,307,832
Receivables, net	23,957,507	-	23,957,507	2,385,361
Due from other funds	2,244,431	-	2,244,431	1,091,089
Due from component unit	-	-	-	14,641
Inventories	1,008,605	-	1,008,605	751,353
Restricted cash and cash equivalents	54,701,485	-	54,701,485	-
Total current assets	240,405,201	-	240,405,201	37,550,276
Noncurrent assets:				
Other assets	4,343,283	-	4,343,283	-
Capital assets:				
Land and construction in progress	306,912,782	250,491	307,163,273	-
Other capital assets, net	1,159,055,517	835,630	1,159,891,147	15,137,771
Capital assets, net	1,465,968,299	1,086,121	1,467,054,420	15,137,771
Total non-current assets	1,470,311,582	1,086,121	1,471,397,703	15,137,771
<b>Total assets</b>	<b>1,710,716,783</b>	<b>1,086,121</b>	<b>1,711,802,904</b>	<b>52,688,047</b>
<b>Deferred Outflows of Resources:</b>				
Contributions after measurement date	1,993,374	22,563	2,015,937	420,254
Change in proportionate share allocation	13,528	3,420	16,948	32,347
Difference between projected and actual earnings	80,432	-	80,432	4,666
Change of assumptions	1,854,784	36,619	1,891,403	392,644
Difference between actual and expected experience	87,637	1,581	89,218	18,084
Deferred loss on debt refunding, net	8,134,918	-	8,134,918	-
Total Deferred Outflows of Resources	12,164,673	64,183	12,228,856	867,995
<b>Total assets and deferred outflows of resources</b>	<b>1,722,881,456</b>	<b>1,150,304</b>	<b>1,724,031,760</b>	<b>53,556,042</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	12,192,690	79	12,192,769	513,288
Deposits payable	1,059,850	11,375	1,071,225	-
Due to other funds	68,722	1,732,842	1,801,564	18,769
Accrued liabilities	3,316,912	1,959	3,318,871	9,564,976
Unearned revenues	13,651,110	-	13,651,110	-
Long-term liabilities due within one year	14,521,317	-	14,521,317	246,338
Total current liabilities	44,810,601	1,746,255	46,556,856	10,343,371
Noncurrent liabilities:				
Advance from other fund	-	112,500	112,500	-
Net pension liability	13,058,004	317,750	13,375,754	2,824,598
Net OPEB liability	2,036,450	24,908	2,061,358	392,618
Long-term liabilities due in more than one year	435,276,297	-	435,276,297	19,687
Total non-current liabilities	450,370,751	455,158	450,825,909	3,236,903
<b>Total liabilities</b>	<b>495,181,352</b>	<b>2,201,413</b>	<b>497,382,765</b>	<b>13,580,274</b>
<b>Deferred Inflows of Resources:</b>				
Change in proportionate share allocation	117,720	13,321	131,041	18,261
Difference between actual and expected experience	1,033,214	22,199	1,055,413	468,913
Difference between projected and actual earnings	633,069	14,449	647,518	125,750
Change of assumptions	118,340	2,655	120,995	75,607
Total Deferred Inflows of Resources	1,902,343	52,624	1,954,967	688,531
<b>Total liabilities and deferred inflows of resources</b>	<b>497,083,695</b>	<b>2,254,037</b>	<b>499,337,732</b>	<b>14,268,805</b>
<b>Net Position (deficit):</b>				
Net investment in capital assets	1,025,834,035	1,086,121	1,026,920,156	15,137,771
Restricted for debt service	30,375,912	-	30,375,912	-
Unrestricted net position (deficit)	169,587,814	(2,189,854)	167,397,960	24,149,466
<b>Total net position (deficit)</b>	<b>\$ 1,225,797,761</b>	<b>\$ (1,103,733)</b>	<b>\$ 1,224,694,028</b>	<b>\$ 39,287,237</b>

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, 2020**

**Exhibit 6**

	Business-type Activities - Enterprise Funds			Internal Service Funds
	Water and Sewer Revenue	Belmond Park Golf Course	Total	
<b>Operating Revenues:</b>				
Charges for services:				
Water system	\$ 63,795,901	\$ -	\$ 63,795,901	\$ -
Sewer system	61,054,930	-	61,054,930	-
Golf course fees	-	458,798	458,798	-
Interdepartmental charges	-	-	-	19,604,643
Contributions	-	-	-	129,553,406
Other	1,157,135	45,682	1,202,817	3,622,224
<b>Total operating revenues</b>	<b>126,007,966</b>	<b>504,480</b>	<b>126,512,446</b>	<b>152,780,273</b>
<b>Operating Expenses:</b>				
Purchased services	14,585,432	-	14,585,432	-
Utility charges	5,923,370	33,993	5,957,363	138,680
Personnel services and benefits	19,273,243	341,752	19,614,995	118,873,340
Professional services	13,030,662	6,735	13,037,397	113,647
Materials and supplies	6,740,613	63,366	6,803,979	10,183,592
Maintenance and repairs	3,184,578	34,054	3,218,632	5,277,181
Other expenses	4,351,485	9,693	4,361,178	1,354,883
Depreciation	35,868,090	62,045	35,930,135	2,434,412
<b>Total operating expenses</b>	<b>102,957,473</b>	<b>551,638</b>	<b>103,509,111</b>	<b>138,375,735</b>
Operating income (loss)	23,050,493	(47,158)	23,003,335	14,404,538
<b>Nonoperating Revenues (Expenses):</b>				
Investment income	3,684,388	-	3,684,388	910,143
Connection fees	14,939,295	-	14,939,295	-
Contributions	1,608,288	-	1,608,288	-
Interest expense	(10,169,193)	-	(10,169,193)	-
Gain on sale of equipment	-	-	-	241,057
Other	244,535	(592,415)	(347,880)	-
<b>Total nonoperating revenues (expenses), net</b>	<b>10,307,313</b>	<b>(592,415)</b>	<b>9,714,898</b>	<b>1,151,200</b>
Income (loss) before capital contributions	33,357,806	(639,573)	32,718,233	15,555,738
Capital contributions - donated assets	7,026,794	-	7,026,794	-
Change in net position	40,384,600	(639,573)	39,745,027	15,555,738
<b>Total net position (deficit) - June 30, 2019,</b>	<b>1,185,413,161</b>	<b>(464,160)</b>	<b>1,184,949,001</b>	<b>23,731,499</b>
<b>Total net position (deficit) - June 30, 2020</b>	<b>\$ 1,225,797,761</b>	<b>\$ (1,103,733)</b>	<b>\$ 1,224,694,028</b>	<b>\$ 39,287,237</b>

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, 2020**

**Exhibit 7**

**Cash Flows From Operating Activities:**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Internal Service Funds</b>
	<b>Water and Sewer Revenue</b>	<b>Belmont Park Golf Course</b>	<b>Total</b>	
Receipts from customers	\$ 126,725,771	\$ 504,480	\$ 127,230,251	\$ 152,880,280
Payments (to) from suppliers	(50,502,210)	193,933	(50,308,277)	(136,705,567)
Payments to employees	(16,656,523)	(342,261)	(16,998,784)	(4,167,942)
Net cash provided by operating activities	<u>59,567,038</u>	<u>356,152</u>	<u>59,923,190</u>	<u>12,006,771</u>

**Cash Flows From Capital and Related Financing Activities:**

Purchase of capital assets	(80,886,047)	-	(80,886,047)	(909,940)
Proceeds from sale of capital assets	25,043	-	25,043	309,321
Connection fees paid by contractors	13,042,411	-	13,042,411	-
Contributions	1,928,920	(356,152)	1,572,768	-
Virginia Nutrient Removal Credits	230,903	-	230,903	-
Aluminum Sulfate Price Fixing Settlement	652,241	-	652,241	-
Interest paid on bonds	(17,042,858)	-	(17,042,858)	-
Principal paid on debt	(13,392,090)	-	(13,392,090)	-
Net cash used in capital and related financing activities	<u>(95,441,477)</u>	<u>(356,152)</u>	<u>(95,797,629)</u>	<u>(600,619)</u>

**Cash Flows From Investing Activities:**

Investment income received	3,684,388	-	3,684,388	910,143
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(32,190,051)</b>	<b>-</b>	<b>(32,190,051)</b>	<b>12,316,295</b>
<b>Total Cash and Cash Equivalents - June 30, 2019</b>	<b>245,384,709</b>	<b>-</b>	<b>245,384,709</b>	<b>20,991,537</b>
<b>Total Cash and Cash Equivalents - June 30, 2020</b>	<b>\$ 213,194,658</b>	<b>\$ -</b>	<b>\$ 213,194,658</b>	<b>\$ 33,307,832</b>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:**

Operating income (loss)	\$ 23,050,493	\$ (47,158)	\$ 23,003,335	\$ 14,404,538
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	35,868,090	62,045	35,930,135	2,434,412
Decrease in accounts and notes receivable	1,378,746	-	1,378,746	352,258
Increase in inventories	(254,987)	-	(254,987)	(67,350)
Increase in due from other funds	-	-	-	(354,300)
Decrease in due from component unit	-	-	-	102,049
(Decrease) increase in deferred outflows of resources	(306,547)	15,043	(291,504)	(74,101)
Decrease in accounts payable	(631,267)	(16,145)	(647,412)	(4,049,747)
Increase (decrease) in accrued liabilities	204,490	(38,972)	165,518	60,814
Increase (decrease) in deposits payable	137,854	(1,341)	136,513	-
Increase in accrued compensated absences	263,749	-	263,749	-
Increase in due to other fund	-	382,550	382,550	(364,240)
Increase in net pension liability	2,089,207	41,140	2,130,347	442,870
Increase (decrease) in net OPEB liability	210,424	(14,711)	195,713	(401,049)
Decrease in deferred inflows of resources	(1,788,323)	(26,299)	(1,814,622)	(479,383)
Decrease in unearned revenues	(654,891)	-	(654,891)	-
<b>Net cash provided by operating activities</b>	<b>\$ 59,567,038</b>	<b>\$ 356,152</b>	<b>\$ 59,923,190</b>	<b>\$ 12,006,771</b>

**Reconciliation to Cash and Cash Equivalents**

**on the Statement of Net Position:**

Cash and cash equivalents	\$ 158,493,173	\$ -	\$ 158,493,173	\$ 33,307,832
Restricted cash and cash equivalents	<u>54,701,485</u>	<u>-</u>	<u>54,701,485</u>	<u>-</u>
<b>Total Cash and Cash Equivalents - June 30, 2020</b>	<b>\$ 213,194,658</b>	<b>\$ -</b>	<b>\$ 213,194,658</b>	<b>\$ 33,307,832</b>

**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 \$7,026,794. Interest costs capitalized during the fiscal year ended June 30, 2020 was \$7,141,181.

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, 2020**

Exhibit 8

Agency Funds	
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,160,061
Accounts receivable	84
Due from other governments	252,779
Deferred outflows	556,714
Equipment	32,248
<b>Total Assets</b>	<b>\$ 2,001,886</b>
<b>Liabilities:</b>	
Amounts held for others	\$ 1,818,402
Accounts payable	183,484
<b>Total Liabilities</b>	<b>\$ 2,001,886</b>

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

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**HEALTHCARE OPEB TRUST FUND**  
**JUNE 30, 2020**

**Exhibit 9**

**2020**

**Assets:**

Investments:

Pooled funds	\$ <u>69,635,361</u>
Total investments	<u>69,635,361</u>
Total assets	<u><u>69,635,361</u></u>

**Liabilities:**

Total liabilities	\$ _____ -
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**Fiduciary net position:**

Restricted for postemployment benefits other than pensions	\$ <u><u>69,635,361</u></u>
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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**  
**HEALTHCARE OPEB TRUST FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit 10**

**2020**

**Additions:**

Contributions	<u>                  </u>
Employer	\$ 5,823,822
Total contributions	<u>5,823,822</u>
Investment Income	<u>                  </u>
Total additions	<u>\$ 7,841,813</u>

**Deductions:**

Benefit payments/refunds	\$ 5,084,837
Administrative expenses	<u>                  </u>
Total deductions	<u>500</u>
Net increase in fiduciary net position	<u>5,085,337</u>

**Net fiduciary net position restricted for postemployment**

**benefits other than pensions:**

Total Fiduciary Net Position at June 30, 2019	<u>66,878,885</u>
Total Fiduciary Net Position at June 30, 2020	<u>\$ 69,635,361</u>

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, 2020**

Exhibit 11

	<b>School Board</b>	<b>James River Juvenile Detention Commission</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 66,663,610	\$ 4,468,066	\$ 71,131,676
Restricted cash	-	75,748	75,748
Due from other governmental units	19,475,797	114,031	19,589,828
Inventories	266,818	-	266,818
Receivables, net	66,737	1,300	68,037
Total current assets	<u>86,472,962</u>	<u>4,659,145</u>	<u>91,132,107</u>
Capital assets:			
Land and construction in progress	50,668,075	30,000	50,698,075
Other capital assets, net	256,090,047	5,119,848	261,209,895
Capital assets, net	<u>306,758,122</u>	<u>5,149,848</u>	<u>311,907,970</u>
<b>Total assets</b>	<u><b>393,231,084</b></u>	<u><b>9,808,993</b></u>	<u><b>403,040,077</b></u>
<b>Deferred Outflows of Resources:</b>			
Change in proportionate share allocation	4,136,577	94,805	4,231,382
Difference between projected and actual investment earnings	1,184,856	18,183	1,203,039
Contributions after measurement date	54,780,412	433,885	55,214,297
Change in assumptions	48,554,149	414,279	48,968,428
Difference between expected and actual experience	1,856,833	19,979	1,876,812
<b>Total deferred outflows of resources</b>	<u>110,512,827</u>	<u>981,131</u>	<u>111,493,958</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><b>503,743,911</b></u>	<u><b>10,790,124</b></u>	<u><b>514,534,035</b></u>
<b>Liabilities:</b>			
Accounts payable	5,398,895	67,155	5,466,050
Accrued liabilities	6,626,102	118,632	6,744,734
Amounts held for others	83,866	-	83,866
Unearned revenues	16,321,824	1,106	16,322,930
Due to other funds	-	14,641	14,641
Due to Primary Government	-	1,223,522	1,223,522
Long-term liabilities due within one year	19,748,485	244,309	19,992,794
Total current liabilities	<u>48,179,172</u>	<u>1,669,365</u>	<u>49,848,537</u>
Net pension liability	<u>462,836,320</u>	<u>2,888,944</u>	<u>465,725,264</u>
Net OPEB liability	<u>81,756,137</u>	<u>440,859</u>	<u>82,196,996</u>
Long-term liabilities due in more than one year	<u>10,044,203</u>	<u>12,275</u>	<u>10,056,478</u>
<b>Total liabilities</b>	<u><b>602,815,832</b></u>	<u><b>5,011,443</b></u>	<u><b>607,827,275</b></u>
<b>Deferred Inflows of Resources:</b>			
Change in proportionate share allocation	3,221,222	103,192	3,324,414
Difference between expected and actual experience	36,821,834	216,110	37,037,944
Difference between projected and actual pension earnings	11,056,499	132,022	11,188,521
Change in assumptions	2,601,474	23,505	2,624,979
<b>Total deferred inflows of resources</b>	<u>53,701,029</u>	<u>474,829</u>	<u>54,175,858</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><b>656,516,861</b></u>	<u><b>5,486,272</b></u>	<u><b>662,003,133</b></u>
<b>Net Position (deficit):</b>			
Net investment in capital assets	290,106,831	5,149,848	295,256,679
Restricted grants	10,734,917	75,748	10,810,665
Unrestricted (deficit)	(453,614,698)	78,256	(453,536,442)
<b>Total net position (deficit)</b>	<u><b>\$ (152,772,950)</b></u>	<u><b>\$ 5,303,852</b></u>	<u><b>\$ (147,469,098)</b></u>

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, 2020**

**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
<b>Governmental Activities:</b>							
School Board:							
Instructional	\$ 574,231,130	\$ 5,030,669	\$ 336,336,784	\$ -	\$ (232,863,677)	\$ -	\$ (232,863,677)
Total School Board	<u>574,231,130</u>	<u>5,030,669</u>	<u>336,336,784</u>	<u>-</u>	<u>(232,863,677)</u>	<u>-</u>	<u>(232,863,677)</u>
<b>Business-type Activities:</b>							
James River Juvenile Detention Commission	5,831,340	5,508,402	-	57,175	-	(265,763)	(265,763)
<b>Total Component Units</b>	<b><u>\$ 580,062,470</u></b>	<b><u>\$ 10,539,071</u></b>	<b><u>\$ 336,336,784</u></b>	<b><u>\$ 57,175</u></b>	<b><u>\$ (232,863,677)</u></b>	<b><u>\$ (265,763)</u></b>	<b><u>\$ (233,129,440)</u></b>
<b>General revenues:</b>							
Interest and investment earnings					\$ -	\$ 79,148	\$ 79,148
Recovered costs					216,062	-	216,062
Miscellaneous					2,181,514	-	2,181,514
Payment from Primary Government					266,524,518	-	266,524,518
Total general revenues					<u>268,922,094</u>	<u>79,148</u>	<u>269,001,242</u>
Change in net position					36,058,417	(186,615)	35,871,802
<b>Total Net Position (deficit) at June 30, 2019</b>					(188,831,367)	5,490,467	(183,340,900)
<b>Total Net Position (deficit) at June 30, 2020</b>					<u>\$ (152,772,950)</u>	<u>\$ 5,303,852</u>	<u>\$ (147,469,098)</u>

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

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the County of Henrico, Virginia ("County") conform to accounting principles generally accepted in the United States of America ("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 financially accountable. Blended component units, although legally separate entities, are, in substance, part of a 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" or "School") 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 nearly 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. The Commission does not prepare a separate financial report.

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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 due to 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 \$148,648,093. 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, proprietary, 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, plus unspent bond proceeds, plus 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:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**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 are 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 (\$1,103,733) at June 30, 2020. On December 10, 2019, Henrico County signed an agreement with First Tee - Greater Richmond ("First Tee") to take over the operation and management of Belmont Golf Course. The agreement is for 20 years and First Tee retains the right to establish all fees and has rights to all of the revenues received during the management agreement. Henrico County continues to retain the ownership of all of the property at Belmont Golf Course during the term of the agreement with First Tee. On January 1, 2020, Belmont Golf Course was closed to the public to undergo extensive renovations and a May 2021 reopening is planned.

**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 Sheet. Their reported fund balance ("net current assets") is considered a measure of "available resources to be spent". Governmental Funds' 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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C. Capital Assets

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 acquisition value at date of receipt and are recorded as contribution revenues. 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, deferred outflows of resources, liabilities, deferred inflows of resources and reported amounts of revenues and expenditures/expenses during the reporting period. Management may also make estimates 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**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 unavailable 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 GAAP 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).

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 1<sup>st</sup>.

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, 2020, the Water and Sewer Revenue Fund incurred interest costs of \$17,310,374, of which \$7,141,181 was capitalized.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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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, 2019 for the Virginia Retirement System (VRS) pension and other postemployment benefit (OPEB) plans and prior to the reporting date of June 30, 2020, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2020. Deferred outflows of resources of \$31,268,062, \$2,015,937 and \$55,214,297 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2020, 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, 2020. The County has reported deferred outflows of resources of \$1,493,117, \$16,948 and \$4,231,382 and deferred inflows of resources of \$269,413, \$131,041 and \$3,324,414 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2020, 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 \$3,896,719, \$89,218 and \$1,876,812 and deferred inflows of resources of \$17,284,560, \$1,055,413 and \$37,037,944 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2020, respectively, for such differences between actual and projected experience.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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 \$1,724,677, \$80,081 and \$1,203,039 and deferred inflows of resources of \$9,460,370, \$647,518 and \$11,188,521 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2020, 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 \$28,221,215, \$1,891,403 and \$48,968,428 and deferred inflows of resources of \$2,127,041, \$120,995 and \$2,624,979 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2020, 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 \$8,134,918 as a deferred outflow of resources on both the Business-type Activities and Proprietary Funds' Statements of Net Position as of June 30, 2020.

The County has reported unavailable revenues of \$198,173,797 as a deferred inflow of resources on the Governmental Funds' Balance Sheet as of June 30, 2020. Unavailable revenues consist of \$17,505,255 in tax collections received in advance (due December 5, 2020) and \$180,668,542 in unearned tax revenues representing uncollected tax billings not available for funding of current expenditures.

L. Nonspendable, Restricted, Committed Assigned and Unassigned Fund Balance

The County's governmental funds' 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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
<b>Fund balances:</b>				
<b>Non-spendable</b>				
Advance to other Fund	\$ 112,500	\$ -	\$ -	\$ -
<b>Restricted for:</b>				
Road Construction	3,085,763	-	-	-
Imaging System Upgrades	222,568	-	-	-
Drug Enforcement	-	1,704,957	-	-
Mental Health Programs	-	15,643,673	-	-
Social Service Programs	_____	<u>11,133,633</u>	_____	_____
Total Restricted	<u>3,308,331</u>	<u>28,482,265</u>	_____	_____
<b>Committed</b>				
Public Works	-	-	-	24,524,789
Technology Improvements	-	-	-	32,579,244
Building and Grounds	-	-	-	6,818,615
Road Maintenance	-	-	-	66,896,653
Landfill Expansion	-	-	-	2,011,344
Public Safety Projects	-	-	-	11,402,279
Parks and Recreation	-	-	-	54,811,394
Libraries	-	-	-	3,925,425
Education Projects	<u>8,579,282</u>	_____	_____	<u>152,158,376</u>
Total Committed	<u>8,579,282</u>	_____	_____	<u>355,128,119</u>
<b>Assigned to:</b>				
Public Works	-	22,172,378	-	-
General Government	44,498,435	18,167	-	-
Capital projects	71,000,018	-	-	-
Debt Service	_____	-	<u>770,870</u>	_____
Total Assigned	<u>115,498,453</u>	<u>22,190,545</u>	<u>770,870</u>	_____
<b>Unassigned</b>	<u>138,251,817</u>	_____	_____	_____

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

In the General Fund, the County has \$3,085,763 restricted for public works projects and \$222,568 restricted for circuit court enhancements to imaging systems. The County also has \$8,579,282 committed for various high school, middle school and elementary projects for use in future fiscal years in the County's General Fund.

In the Capital Projects Fund, the County has \$355,128,119 committed for various projects to include \$24,524,789 for public works, \$32,579,244 for computer and technology improvements, \$6,818,615 for rehabilitation and renovations to various buildings and grounds, \$66,896,653 for road maintenance and drainage, \$2,011,344 for landfill expansion and development, \$11,402,279 for public safety, \$54,811,394 for parks and recreation additions and improvements, \$3,925,425 for library renovations and additions and \$152,158,376 for various high school, middle school and elementary projects.

In the General Fund, the County has \$44,498,435 assigned for general government operations, which include a \$7,500,000 self-insurance reserve, a \$3,045,868 sports tourism reserve, a \$10,000,000 reserve for future operating costs of new facilities and a \$23,952,567 reserve for various operational costs in future years. The County also has \$71,000,018 assigned for capital projects, which includes \$7,000,000 for a radio communication system, \$14,550,000 for future economic development and \$49,450,018 for future capital projects. In the Special Revenue Fund, the County has \$22,172,378 assigned to public works for the County's solid waste operations and \$18,167 for commissary fund operations. In the Debt Service Fund, the County has \$770,870 assigned for future debt service payments. The County has \$138,251,817 in unassigned fund balance in the County's General Fund.

School has \$8,895,887 in assigned fund balance in the Schools' General Fund. Schools also has restricted fund balance for various education program grants of \$10,734,917 in the Schools' Special Revenue Fund. Schools also have committed fund balance in the Schools' Capital Projects Fund of \$46,557,640 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 (asset), 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 GAAP requirements are used for financial reporting:

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 VRS:

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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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 May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders considering the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 84, Fiduciary Activities
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

The requirements of this Statement are effective immediately. The County will implement the Standards noted above per the revised implementation dates as set forth in this Statement. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures.

**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, 2021.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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, 2022.

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, 2022.

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, 2021.

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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. 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.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The primary objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by, providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment, clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate, clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable, removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, clarifying the definition of *reference rate*, as it is used in Statement 53, as amended, providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. 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 removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. The County will adopt the other requirements set forth in this Statement for fiscal year ending June 30, 2021 and June 30, 2022.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability*

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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*Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. 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, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability.

A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. 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, 2023.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in GAAP, respectively. This Statement also requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. 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 Schools' Student Activity Fund, which are not under County control. The County's pooled portfolio also excludes pension and OPEB plans, maintained by the VRS, and unspent bond proceeds maintained in the State Non-Arbitrage Pool for Virginia (SNAP), the Virginia 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 Schools' 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, bankers' 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, 2020, 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, 2020. The net increase in fair value of investments during the year ended June 30, 2020, was \$4,303,011. This amount considers all changes in fair value that occurred during the fiscal year.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**Deposits - Bank**

At June 30, 2020, the carrying value of the County's deposits with banks was \$84,405,834 and the bank balance was \$81,030,839. 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 \$6,664,732 and the bank balance was \$8,175,954. 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 \$596,900 and the bank balance was \$596,900. All of the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act.

**Deposits – Fiscal Agent**

At June 30, 2020, the County had deposits of \$32,373,979 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, bankers' acceptances, repurchase agreements, money market mutual funds that invest exclusively in securities specifically permitted under the Virginia Code, and the 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%
Bankers' 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 bankers' acceptance or commercial paper issuer. The County maintains bond proceeds in the SNAP, an SEC-registered money market and investment fund. The County's total investment percentages in comparison to the investment guidelines are as follows:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**Primary Government**

	<b>Fair Value</b>	<b>Policy</b>	<b>Percent of Portfolio</b>
Municipal Bonds	\$ 64,687,587	70%	7.42%
U.S. Government Agencies	174,382,802	70%	19.98%
Commercial Paper	88,444,852	35%	10.13%
Corporate Notes	31,982,670	20%	3.66%
U.S. Government Money Market Funds	278,406,525	40%	31.90%
Local Government Investment Pool	<u>234,924,822</u>	<u>75%</u>	<u>26.91%</u>
Total Investments	<u><u>\$ 872,829,258</u></u>		<u><u>100.00%</u></u>

**Component Units**

	<b>Fair Value</b>	<b>Policy</b>	<b>Percent of Portfolio</b>
Municipal Bonds	\$ 6,526,932	70%	10.87%
U.S. Government Agencies	17,595,101	70%	29.33%
Commercial Paper	8,924,023	35%	14.87%
Corporate Notes	3,227,029	20%	5.38%
U.S. Government Money Market Funds	21,048	40%	0.04%
Local Government Investment Pool	<u>23,703,747</u>	<u>75%</u>	<u>39.51%</u>
Total Investments	<u><u>\$ 59,997,880</u></u>		<u><u>100.00%</u></u>

**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, 2020:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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	Fair Value Measurement Using			
	<b>Total June 30, 2020</b>	<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Municipal Bonds	\$ 64,687,587	\$ -	\$ 64,687,587	\$ -
U.S. Government Agencies	174,382,802	-	174,382,802	-
Commercial Paper	88,444,852	-	88,444,852	-
Corporate Notes	31,982,670	-	31,982,670	-
U.S. Government Money Market Funds	278,406,525	278,406,525	-	-
Local Government Investment Pool	<u>234,924,822</u>	<u>-</u>	<u>234,924,822</u>	<u>-</u>
<b>Total Investments</b>	<b>\$ 872,829,258</b>	<b>\$ 278,406,525</b>	<b>\$ 594,422,733</b>	<b>\$ -</b>
School Board	Fair Value Measurement Using			
	<b>Total June 30, 2020</b>	<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Municipal Bonds	\$ 6,526,932	\$ -	\$ 6,526,932	\$ -
U.S. Government Agencies	17,595,101	-	17,595,101	-
Commercial Paper	8,924,023	-	8,924,023	-
Corporate Notes	3,227,029	-	3,227,029	-
U.S. Government Money Market Funds	21,048	21,048	-	-
Local Government Investment Pool	<u>23,703,747</u>	<u>-</u>	<u>23,703,747</u>	<u>-</u>
<b>Total Investments</b>	<b>\$ 59,997,880</b>	<b>\$ 21,048</b>	<b>\$ 59,976,832</b>	<b>\$ -</b>
James River Juvenile Detention Center	Fair Value Measurement Using			
	<b>Total June 30, 2020</b>	<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
U.S. Treasury Bills	\$ 1,579,696	\$ 1,579,696	\$ -	\$ -
U.S. Government Agencies	229,985	-	229,985	-
Local Government Investment Pool	1,859,272	-	1,859,272	-
U.S. Government Money Market Funds	<u>277,460</u>	<u>277,460</u>	<u>-</u>	<u>-</u>
<b>Total Investments</b>	<b>\$ 3,946,413</b>	<b>\$ 1,857,156</b>	<b>\$ 2,089,257</b>	<b>\$ -</b>

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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 2020. 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 LGIP. 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**Investment Maturities**

As of June 30, 2020, the County reporting entity had the following investments and maturities:

**Primary Government**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Municipal Bonds	\$ 64,687,587	\$ -	\$ 64,687,587
U.S. Government Agencies	174,382,802	-	174,382,802
Commercial Paper	88,444,852	88,444,852	-
Corporate Notes	31,982,670	-	31,982,670
U.S. Government Money Market Funds	278,406,525	278,406,525	-
Local Government Investment Pool	234,924,822	234,924,822	-
Total Investments	<u>\$ 872,829,258</u>	<u>\$ 601,776,199</u>	<u>\$ 271,053,059</u>
 Total Deposits - Bank	 \$ 84,405,834		
Total Deposits - Fiscal Agent	32,373,979		
Total Cash on Hand	1,986,739		
Total Deposits and Investments	<u>\$ 991,595,810</u>		

**Component Units:**

**School Board**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Municipal Bonds	\$ 6,526,932	\$ -	\$ 6,526,932
U.S. Government Agencies	17,595,101	-	17,595,101
Commercial Paper	8,924,023	8,924,023	-
Corporate Notes	3,227,029	-	3,227,029
U.S. Government Money Market Funds	21,048	21,048	-
Local Government Investment Pool	23,703,747	23,703,747	-
Total Investments	<u>\$ 59,997,880</u>	<u>\$ 32,648,818</u>	<u>\$ 27,349,062</u>
 Total Deposits - Bank	 \$ 6,664,732		
Total Cash on Hand	1,000		
Total Deposits and Investments	<u>\$ 66,663,612</u>		

**James River Juvenile Detention Commission**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
U.S. Treasury Bills	\$ 1,579,697	\$ 1,579,697	\$ -
U.S. Government Agencies	229,985	229,985	-
Local Government Investment Pool	1,859,272	1,859,272	-
U.S. Government Money Market Funds	277,460	277,460	-
	<u>\$ 3,946,414</u>	<u>\$ 3,946,414</u>	<u>\$ -</u>
 Total Deposits	 \$ 596,900		
Total Cash on Hand	500		
Total Deposits and Investments	<u>\$ 4,543,814</u>		
 Total Deposit and Investments-Reporting Entity	 <u>\$ 1,062,803,236</u>		

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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The School Activity Funds' cash of \$7,321,779 and Mental Health and Developmental Services Fund cash of \$78,295 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, 2020, the fair value of the Healthcare OPEB Plan's interest in the Trust Fund was \$69,635,361. 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 as of June 30, 2020 consist of the following:

**Primary Government**

	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>	
	<b><u>General</u></b>	<b><u>Special Revenue</u></b>	<b><u>Enterprise Funds</u></b>	<b><u>Total</u></b>
<b>Receivables:</b>				
Interest	\$ 1,240,623	\$ -	\$ -	\$ 1,240,623
Taxes	215,342,623	-	-	215,342,623
Accounts	1,127,547	4,290,175	24,557,507	29,975,229
Gross Receivables	217,710,793	4,290,175	24,557,507	246,558,475
Less: Allowances for				
Doubtful Accounts	8,697,062	1,594,851	600,000	10,891,913
Receivables, net	<u>\$209,013,731</u>	<u>\$ 2,695,324</u>	<u>\$ 23,957,507</u>	<u>\$ 235,666,562</u>

Central Automotive Maintenance has a receivable of \$14,577 as of June 30, 2020, which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$6,698,532 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental funds. Tax

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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revenues reported in the government-wide statements includes \$2,452,387 of revenues that do not provide current financial resources and, therefore, are not included in the governmental funds.

**Component Units**

	School Board	JRJDC	Total
Receivables: Intergovernmental	<u>\$ 19,475,797</u>	<u>\$ 114,031</u>	<u>\$ 19,589,828</u>

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**

Real Estate 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<sup>th</sup>) of the levy on assessed value at January 1, 2019 and the first installment (June 5<sup>th</sup>) of the levy on assessed value at January 1, 2020. 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 2020, 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units for Governmental Funds at June 30, 2020 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>Commonwealth of Virginia:</b>			
<b>Non-categorical aid for:</b>			
Local Sales and Use Tax	\$ 5,153,800	\$ -	\$ -
PPTRA	18,460,463	- -	- -
Richmond Center	2,826,453	- -	- -
<b>Categorical aid for:</b>			
Public Works	- -	- -	646,917
Public Safety	1,895,781	- -	- -
Social Services	- -	526,691	- -
Treasurer	1,918,446	- -	- -
Correction & Detention	- -	146,721	- -
Finance	69,708	- -	- -
Mental Health & Development Services	- -	235,692	- -
Circuit Court	159,557	- -	- -
Library	1,963	- -	- -
Commonwealth's Attorney	<u>192,580</u>	<u>11,600</u>	<u>- -</u>
Total due from the Commonwealth of Virginia	<u>30,678,751</u>	<u>920,704</u>	<u>646,917</u>

**Federal Government Categorical Aid:**

Work Training Grants (CRWP)	- -	733,426	- -
Public Safety	- -	217,485	- -
Public Works	- -	- -	992,845
Social Services	- -	955,316	- -
Commonwealth's Attorney	- -	- -	- -
Community Development Block Grant	<u>- -</u>	<u>301,994</u>	<u>- -</u>
Total due from the Federal government	<u>- -</u>	<u>2,208,221</u>	<u>992,845</u>
Total due from other governmental units	<u>\$ 30,678,751</u>	<u>\$ 3,128,925</u>	<u>\$ 1,639,762</u>

JRJDC has \$114,031 due from other localities. Amounts due from other governmental units for the School Board Component Unit at June 30, 2020 include:

	<u>School Board</u>
<b>Commonwealth of Virginia:</b>	
<b>Non-categorical aid for:</b>	
State Sales and Use Tax	\$ 4,524,494
<b>Categorical aid for:</b>	
Education	<u>1,265,226</u>
Total due from the Commonwealth of Virginia	<u>5,789,720</u>
<b>Federal Government Categorical Aid:</b>	
Education	<u>13,686,077</u>
Total due from the Federal government	<u>13,686,077</u>
Total due from other governmental units	<u>\$ 19,475,797</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**NOTE 6. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2020 follows:

<b>Governmental Activities</b>	<b>Balance</b>			<b>Balance</b> <b>June 30, 2020</b>
	<b>June 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 390,387,639	\$ 12,817,592	\$ -	\$ 403,205,231
Construction in progress	159,306,849	159,711,863	154,762,698	164,256,014
Not Being Depreciated	549,694,488	172,529,455	154,762,698	567,461,245
<b>Other Capital Assets:</b>				
Buildings	895,968,413	91,246,862	29,580,517	957,634,758
Infrastructure	716,470,704	16,926,389	-	733,397,093
Equipment	266,939,460	22,358,809	5,655,697	283,642,572
Improvements	94,473,150	12,014,489	-	106,487,639
Total Other Capital Assets	1,973,851,727	142,546,549	35,236,214	2,081,162,062
<b>Less Accumulated Depreciation for:</b>				
A/D - Buildings	(254,179,648)	(17,880,277)	(12,385,220)	(259,674,705)
A/D - Infrastructure	(514,679,267)	(19,055,747)	-	(533,735,014)
A/D - Equipment	(181,091,428)	(18,257,994)	(5,108,123)	(194,241,299)
A/D - Improvements	(43,311,256)	(4,554,134)	-	(47,865,390)
Total Accumulated Depreciation	(993,261,599)	(59,748,152)	(17,493,343)	(1,035,516,408)
Total Net of Depreciation	\$ 1,530,284,616	\$ 255,327,852	\$ 172,505,569	\$ 1,613,106,899

The adjustment from modified to full accrual for capital assets net of accumulated depreciation at June 30, 2020 are comprised of the following:

General Capital Assets, Net	\$ 1,613,106,899
Internal Service Fund Capital Assets, Net	(15,137,771)
Combined Adjustment	<u>\$1,597,969,128</u>

The adjustment from modified to full accrual for depreciation for the fiscal year ended June 30, 2020 is comprised of the following:

General Government Administration	\$ 7,932,954
Judicial Administration	83,171
Public Safety	9,661,889
Public Works	21,974,213
Education	10,900,419
Health and Welfare	542,265
Parks and Recreation	8,425,145
Community Development	228,096
Total Depreciation	<u>\$ 59,748,152</u>
Internal Service Fund Depreciation	(2,434,412)
Combined Adjustment	<u>\$ 57,313,740</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

<b>Business-type Activities</b>	<b>Balance</b>			<b>Balance</b>	
	<b>June 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>		
<u><b>Water and Sewer:</b></u>					
Capital Assets Not Being Depreciated:					
Land	\$ 18,838,931	\$ -	\$ -	\$ 18,838,931	
Construction in progress	250,648,925	80,371,308	42,946,382	288,073,851	
Total Capital Assets Not Being Depreciated	<u>269,487,856</u>	<u>80,371,308</u>	<u>42,946,382</u>	<u>306,912,782</u>	
Other Capital Assets:					
Buildings	394,362,333	12,027,264	1,960,144	404,429,453	
Equipment	166,502,169	10,222,100	3,910,753	172,813,516	
Improvements	1,410,152	-	-	1,410,152	
Infrastructure	1,228,822,146	28,253,569	886,407	1,256,189,308	
Total Other Capital Assets	<u>1,791,096,800</u>	<u>50,502,933</u>	<u>6,757,304</u>	<u>1,834,842,429</u>	
Less Accumulated Depreciation for:					
Buildings	(138,226,072)	(7,927,023)	(1,632,771)	(144,520,324)	
Equipment	(123,602,804)	(9,425,327)	(2,470,142)	(130,557,989)	
Improvements	(1,219,694)	(39,672)	-	(1,259,366)	
Infrastructure	(381,564,190)	(18,476,068)	(591,025)	(399,449,233)	
Total Accumulated Depreciation	<u>(644,612,760)</u>	<u>(35,868,090)</u>	<u>(4,693,938)</u>	<u>(675,786,912)</u>	
Total Net of Depreciation	<u>\$ 1,415,971,896</u>	<u>\$ 95,006,151</u>	<u>\$ 45,009,748</u>	<u>\$ 1,465,968,299</u>	
<u><b>Belmont Park Golf Course:</b></u>					
Capital Assets Not Being Depreciated:					
Land	\$ 250,491	\$ -	\$ -	\$ 250,491	
Total Capital Assets Not Being Depreciated	<u>250,491</u>	<u>-</u>	<u>-</u>	<u>250,491</u>	
Other Capital Assets:					
Buildings	1,940,937	-	-	1,940,937	
Equipment	951,696	-	951,696	-	
Improvements	2,341,902	-	-	2,341,902	
Total Other Capital Assets	<u>5,234,535</u>	<u>-</u>	<u>951,696</u>	<u>4,282,839</u>	
Less Accumulated Depreciation for:					
Buildings	(1,110,054)	(31,032)	-	(1,141,086)	
Equipment	(694,002)	(21,430)	(715,432)	-	
Improvements	(2,296,540)	(9,583)	-	(2,306,123)	
Total Accumulated Depreciation	<u>(4,100,596)</u>	<u>(62,045)</u>	<u>(715,432)</u>	<u>(3,447,209)</u>	
Total Net of Depreciation	<u>\$ 1,384,430</u>	<u>\$ (62,045)</u>	<u>\$ 236,264</u>	<u>\$ 1,086,121</u>	

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

<b>Business-type Activities</b>	Balance			<b>Balance</b> June 30, 2020
	June 30, 2019	Increases	Decreases	
<b>Combined Business Type Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 19,089,422	\$ -	\$ -	\$ 19,089,422
Construction in Progress	250,648,925	80,371,308	42,946,382	288,073,851
Total Capital Assets Not Being Depreciated	269,738,347	80,371,308	42,946,382	307,163,273
Other Capital Assets:				
Buildings	396,303,270	12,027,264	1,960,144	406,370,390
Equipment	167,453,865	10,222,100	4,862,449	172,813,516
Improvements	3,752,054	-	-	3,752,054
Infrastructure	1,228,822,146	28,253,569	886,407	1,256,189,308
Total Other Capital Assets	1,796,331,335	50,502,933	7,709,000	1,839,125,268
Less Accumulated Depreciation for:				
Buildings	(139,336,126)	(7,958,055)	(1,632,771)	(145,661,410)
Equipment	(124,296,806)	(9,446,757)	(3,185,574)	(130,557,989)
Improvements	(3,516,234)	(49,255)	-	(3,565,489)
Infrastructure	(381,564,190)	(18,476,068)	(591,025)	(399,449,233)
Total Accumulated Depreciation	(648,713,356)	(35,930,135)	(5,409,370)	(679,234,121)
Total Net of Depreciation	\$ 1,417,356,326	\$ 94,944,106	\$ 45,246,012	\$ 1,467,054,420
<b>Component Units</b>				
<b>School Board:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 45,231,485	\$ 2,353,346	\$ -	\$ 47,584,831
Construction in Progress	16,711,650	10,998,386	24,626,792	3,083,244
Total Capital Assets Not Being Depreciated	61,943,135	13,351,732	24,626,792	50,668,075
Other Capital Assets:				
Buildings	358,479,984	41,147,918	-	399,627,902
Equipment	243,439,962	9,755,316	1,021,953	252,173,325
Improvements	38,089,518	4,059,158	-	42,148,676
Total Other Capital Assets	640,009,464	54,962,392	1,021,953	693,949,903
Less Accumulated Depreciation for:				
Buildings	(198,048,037)	(19,055,885)	-	(217,103,922)
Equipment	(179,339,483)	(17,283,523)	(1,009,187)	(195,613,819)
Improvements	(23,921,437)	(1,220,678)	-	(25,142,115)
Total Accumulated Depreciation	(401,308,957)	(37,560,086)	(1,009,187)	(437,859,856)
Total Net of Depreciation	\$ 300,643,642	\$ 30,754,038	\$ 24,639,558	\$ 306,758,122

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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<b>Component Units</b>	<b>Balance June 30, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
<b><u>James River Juvenile Detention Center:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	22,500	- -	22,500	-
Total Capital Assets Not Being Depreciated	<u>52,500</u>	<u>- -</u>	<u>22,500</u>	<u>30,000</u>
Other Capital Assets:				
Buildings	9,243,433	- -	- -	9,243,433
Improvements	269,547	- -	- -	269,547
Equipment	<u>786,362</u>	<u>78,321</u>	- -	864,683
Total Other Capital Assets	<u>10,299,342</u>	<u>78,321</u>	- -	<u>10,377,663</u>
Less Accumulated Depreciation for:				
Buildings	(4,199,663)	(231,086)	- -	(4,430,749)
Improvements	(211,945)	(13,477)	- -	(225,422)
Equipment	<u>(545,412)</u>	<u>(56,232)</u>	- -	(601,644)
Total Accummulated Depreciation	<u>(4,957,020)</u>	<u>(300,795)</u>	- -	<u>(5,257,815)</u>
Total Net of Depreciation	<u>\$ 5,394,822</u>	<u>\$ (222,474)</u>	<u>\$ 22,500</u>	<u>\$ 5,149,848</u>
<b><u>Combined Component Units:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 45,261,485	\$ 2,353,346	\$ -	\$ 47,614,831
Construction in progress	<u>16,734,150</u>	<u>10,998,386</u>	<u>24,649,292</u>	<u>3,083,244</u>
Total Capital Assets Not Being Depreciated	<u>61,995,635</u>	<u>13,351,732</u>	<u>24,649,292</u>	<u>50,698,075</u>
Other Capital Assets:				
Buildings	367,723,417	41,147,918	- -	408,871,335
Equipment	244,226,324	9,833,637	1,021,953	253,038,008
Improvements	<u>38,359,065</u>	<u>4,059,158</u>	- -	42,418,223
Total Other Capital Assets	<u>650,308,806</u>	<u>55,040,713</u>	<u>1,021,953</u>	<u>704,327,566</u>
Less Accumulated Depreciation for:				
Buildings	(202,247,700)	(19,286,971)	- -	(221,534,671)
Equipment	(179,551,428)	(17,297,000)	(1,009,187)	(195,839,241)
Improvements	<u>(24,466,849)</u>	<u>(1,276,910)</u>	- -	(25,743,759)
Accummulated Depreciation	<u>(406,265,977)</u>	<u>(37,860,881)</u>	<u>(1,009,187)</u>	<u>(443,117,671)</u>
Total Net of Depreciation	<u>\$ 306,038,464</u>	<u>\$ 30,531,564</u>	<u>\$ 24,662,058</u>	<u>\$ 311,907,970</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**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, 2020:

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
General obligation (GO) bonds	\$447,675,000	\$130,045,000	\$ 70,505,000	\$ 507,215,000
Capital lease obligations	34,939,140	66,180,055	13,002,456	88,116,739
Accrued claims payable	26,360,666	12,509,670	15,715,985	23,154,351
Accrued compensated absences	22,938,981	23,914,938	20,264,571	26,589,348
Net pension liability	157,290,316	144,226,032	112,424,632	189,091,716
Line of Duty OPEB liability	27,968,739	4,827,895	890,219	31,906,415
Net GLI OPEB liability	16,449,312	5,244,221	3,957,120	17,736,413
Net Healthcare OPEB liability	12,828,343	13,534,210	8,464,596	17,897,957
Landfill postclosure costs	<u>3,487,814</u>	<u>59,293</u>	-	<u>3,547,107</u>
Total	<u>749,938,311</u>	<u>\$400,541,314</u>	<u>\$245,224,579</u>	<u>905,255,046</u>
 Premium on bonds	 <u>37,836,538</u>	 <u>22,557,651</u>	 <u>9,573,500</u>	 <u>50,820,689</u>
Total long-term liabilities	<u>787,774,849</u>			<u>956,075,735</u>
Current Maturities	<u>(89,701,829)</u>			<u>(86,303,346)</u>
Net long-term liabilities	<u>\$698,073,020</u>			<u>\$ 869,772,389</u>

The current maturity of long-term liabilities at June 30, 2020 consists of the following:

General obligation bonds	\$ 40,115,000
Capital lease obligations	9,541,101
Accrued claims payable	13,157,898
Accrued compensated absences	<u>23,489,347</u>
Total current maturities	<u>\$ 86,303,346</u>

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, 2020 is as follows:

Long-term liabilities (detail above)	\$ 956,075,735
Net pension liability (detail above)	(189,091,716)
Net OPEB liabilities (detail above)	(67,540,785)
Internal Service Fund long-term liabilities	<u>(266,025)</u>
Combined adjustment	<u>\$ 699,177,209</u>

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 \$8,647,247, which represents the increase in accrued interest on bonds payable of \$926,253 and amortization of bond premium of \$9,573,500 for the year ended June 30, 2020.

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, 2020. 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 \$306,765,000 has been issued as of June 30, 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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 1<sup>st</sup> 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 1<sup>st</sup> 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 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> in

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 15<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> in each of the years 2019 through 2038. The interest ranges from 3 percent to 5 percent.

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 1<sup>st</sup> in each of the years 2021 through 2039. The interest ranges from 3 percent to 5 percent.

On April 16, 2020, the County sold General Obligation Public Improvement Refunding Bonds, Series 2020 in the aggregate principal amount of \$24,930,000. The proceeds of the Bonds will be used to refund in advance of their stated maturities certain outstanding bonds of the General Obligation Public Improvement Bonds Series 2010. The Bonds mature on July 15<sup>th</sup> in each of the years 2022 through 2025. The interest rate is 5 percent.

As of June 30, 2020, 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, 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**General Obligation Bonds**

Details of general obligation bonds for the County at June 30, 2020 are as follows:

	<b>Interest Rates</b>	<b>Date Issued</b>	<b>Final Maturity Date</b>	<b>Amount of Original Issue</b>	<b>Balance</b>
VPSA 2000 Bonds	5.00-6.25%	05/01/00	07/15/20	15,215,000	\$ 760,000
2009 GO. Bonds	2.00-5.00	05/13/09	03/01/22	33,785,000	4,510,000
2010 GO. Bonds	3.00-5.00	05/03/10	07/15/25	119,735,000	31,440,000
2010A GO. Bonds	2.00-5.00	07/20/10	08/01/30	72,205,000	3,610,000
2011 GO. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	19,820,000
2012 GO. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,060,000
2015 GO. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	40,245,000
2017A GO. Bonds	3.00-5.00	05/31/17	08/01/37	102,255,000	92,025,000
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	94,425,000
2019 GO. Bonds	3.00-5.00	10/09/19	08/01/39	105,115,000	105,115,000
2020R GO. Bonds	5.00	04/16/20	07/15/25	24,930,000	<u>24,930,000</u>
<b>TOTAL</b>					<u><b>\$ 507,215,000</b></u>

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

<b>Years</b>	<b>Principal</b>	<b>Interest</b>
2021	\$40,115,000	\$20,930,045
2022	43,935,000	19,165,128
2023	40,480,000	17,198,153
2024	39,900,000	15,391,678
2025	39,930,000	13,504,328
2026-2030	154,780,000	42,271,463
2031-2035	86,595,000	16,423,703
2036-2040	<u>61,480,000</u>	<u>4,081,591</u>
<b>TOTAL</b>	<u><b>\$ 507,215,000</b></u>	<u><b>\$ 148,966,089</b></u>

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.

**HENRICO COUNTY, VIRGINIA**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020

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**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, 2020 are as follows:

	<b>Balance</b>		<b>Balance</b>	
	<b>June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2020</b>
<b>Water and Sewer Revenue Bonds:</b>				
2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00%	\$ 60,805,000	\$ -	\$ 2,495,000	\$ 58,310,000
2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00%	66,660,000	-	1,620,000	65,040,000
2016 Revenue and Refunding Bonds - \$123,625,000, 1.50% to 5.00%	119,240,000	-	5,885,000	113,355,000
2018 Revenue Bonds - \$102,410,000, 3.125% to 5.00%	100,570,000	-	1,840,000	98,730,000
2019 Revenue and Refunding Bonds - \$78,085,000, 3.125% to 5.00%	<u>78,085,000</u>	<u>-</u>	<u>1,545,000</u>	<u>76,540,000</u>
Total bonds payable	<u>\$ 425,360,000</u>	<u>\$ -</u>	<u>\$ 13,385,000</u>	<u>\$ 411,975,000</u>
 <b>Other Liabilities:</b>				
Capital lease obligations	\$ 15,285	\$ 4,960	\$ 7,090	\$ 13,155
Accrued compensated absences	1,290,576	1,127,269	889,413	1,528,432
Net Healthcare OPEB liability	738,885	463,342	352,839	849,388
Net GLI OPEB liability	1,126,760	347,184	261,974	1,211,970
Net pension liability	<u>11,245,408</u>	<u>9,661,575</u>	<u>7,531,229</u>	<u>13,375,754</u>
Total	<u>\$ 439,776,914</u>	<u>\$ 11,604,330</u>	<u>\$ 22,427,545</u>	<u>\$ 428,953,699</u>
Premium on bonds payable	<u>38,618,992</u>	<u>-</u>	<u>2,337,965</u>	<u>36,281,027</u>
Total long-term liabilities	<u>\$ 478,395,906</u>	<u>11,604,330</u>	<u>24,765,510</u>	<u>\$ 465,234,726</u>
Current maturities	<u>(14,524,683)</u>			<u>(14,521,317)</u>
Net long-term liabilities	<u><u>\$ 463,871,223</u></u>			<u><u>\$ 450,713,409</u></u>

Current maturities of long-term liabilities at June 30, 2020 consist of the following:

Revenue bonds	\$ 13,470,000
Capital lease obligations	7,710
Accrued compensated absences	1,043,607
Total current maturities	<u>\$ 14,521,317</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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.

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 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 2020 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, 2020, \$61,095,000 of Water and Sewer System Revenue Bonds are considered fully defeased.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Principal and interest payment on the Bonds for the five fiscal years subsequent to June 30, 2020, and thereafter follows:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>
2021	\$13,470,000	\$16,891,312
2022	14,060,000	16,312,637
2023	14,735,000	15,625,138
2024	15,455,000	14,911,087
2025	16,120,000	14,247,462
2026-2030	80,860,000	59,649,513
2031-2035	80,150,000	43,322,413
2036-2040	69,930,000	28,600,663
2041-2045	73,155,000	14,881,338
2046-2050	<u>34,040,000</u>	<u>2,437,056</u>
<b>Total</b>	<b><u>\$ 411,975,000</u></b>	<b><u>\$ 226,878,619</u></b>

#### **Component Units**

##### **School Board:**

A summary of the changes in the School Board's long-term liabilities, including net pension liability, for the year ended June 30, 2020 is as follows:

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2020</b>
Capital lease obligations	\$ 26,976,897	\$ 24,719	\$ 10,350,325	\$ 16,651,291
Accrued claims payable	4,620,683	2,894,324	2,265,558	5,249,449
Net pension liability	410,797,960	200,064,591	148,026,231	462,836,320
Net Healthcare OPEB liability	12,328,173	9,957,872	9,441,374	12,844,671
Net GLI OPEB liability	23,634,778	7,516,119	5,592,412	25,558,485
Net Teacher HIC				
OPEB liability	41,825,000	4,019,758	2,491,777	43,352,981
Accrued compensated absences	<u>6,573,850</u>	<u>7,535,851</u>	<u>6,217,753</u>	<u>7,891,948</u>
Total School Board	<u>\$ 526,757,341</u>	<u>\$232,013,234</u>	<u>\$ 184,385,430</u>	<u>\$ 574,385,145</u>
Current Maturities	<u>(19,394,990)</u>			<u>(19,748,485)</u>
Net long-term liabilities	<u>\$ 507,362,351</u>			<u>\$ 554,636,660</u>

Current maturities of long-term liabilities at June 30, 2020, consist of the following:

Capital lease obligations	\$ 9,710,187
Accrued claims payable	2,573,847
Accrued compensated absences	7,464,451
Total current maturities	<u>\$ 19,748,485</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**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, 2020, is as follows:

	<b>Balance</b> <b><u>June 30, 2019</u></b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b><u>June 30, 2020</u></b>
Net pension liability	2,421,571	2,119,637	1,652,264	2,888,944
Net Healthcare OPEB liability	140,751	95,189	48,341	187,599
Net GLI OPEB liability	234,519	76,359	57,618	253,260
Accrued compensated absences	<u>210,805</u>	<u>246,499</u>	<u>200,720</u>	<u>256,584</u>
Total JRJDC	<u>\$ 3,007,646</u>	<u>\$ 2,537,684</u>	<u>\$ 1,958,943</u>	<u>\$ 3,586,387</u>
Current Maturities	<u>(210,805)</u>			<u>(244,309)</u>
Net long-term liabilities	<u>\$ 2,796,841</u>			<u>\$ 3,342,078</u>

Current maturities of long-term liabilities at June 30, 2020, consist of the following:

Accrued compensated absences	\$ 244,309
Total current maturities	<u>\$ 244,309</u>

**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, 2020. 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 1<sup>st</sup> 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, \$24,719 of equipment has been capitalized as of June 30, 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Future minimum lease payments under these capital leases for fiscal years ending after June 30, 2020, are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>	<u>EDA Lease Obligations</u>	<u>Schools</u>	<u>Total Future Minimum Lease Payments</u>
2021	\$ 619,388	\$ 10,570,785	\$ 10,158,977	\$ 21,349,150
2022	564,659	10,513,728	7,159,785	18,238,172
2023	546,430	7,573,071	8,771	8,128,272
2024	414,888	7,516,856	1,056	7,932,800
2025	50,323	7,464,274	-	7,514,597
2026-2030	-	23,185,097	-	23,185,097
2031-2035	-	18,888,035	-	18,888,035
2036-2040	-	15,547,956	-	15,547,956
Total minimum lease payments	2,195,688	101,259,802	17,328,589	120,784,079
Less amount representing interest	<u>123,949</u>	<u>15,214,802</u>	<u>677,298</u>	<u>16,016,049</u>
Present value of future minimum lease payments	<u>\$ 2,071,739</u>	<u>\$ 86,045,000</u>	<u>\$ 16,651,291</u>	<u>\$ 104,768,030</u>

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, 2020, are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>
2021	\$ 9,011
2022	3,358
2023	2,717
2024	<u>136</u>
Total minimum lease payments	15,222
Less amount representing interest	<u>2,067</u>
Present value of future minimum lease payments	<u>\$ 13,155</u>

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**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 \$75,000 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, 2020, 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, 2020, 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 \$915,091 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, 2020, 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 \$8,131,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2020.

In addition, the County has recorded \$15,023,351 for the County and \$5,249,449 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, 2020, that are not expected to be liquidated with current resources. Also, the County has assigned \$7,500,000 of the June 30, 2020 General Fund's Fund balance as a self-insurance reserve.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

At June 30, 2020, the County and Schools had accrued claims payable in long-term liabilities as follows:

	<b>FY 2020</b>	<b>FY 2019</b>		
	<b>County</b>	<b>Schools</b>	<b>County</b>	<b>Schools</b>
Balance, July 1	\$ 26,360,666	\$ 4,620,683	\$ 22,860,830	\$ 5,028,617
Current year claims and changes in estimates	12,509,670	2,894,324	17,771,626	3,782,057
Claim payments	<u>(15,715,985)</u>	<u>(2,265,558)</u>	<u>(14,271,790)</u>	<u>(4,189,991)</u>
Balance, June 30	<u>\$ 23,154,351</u>	<u>\$ 5,249,449</u>	<u>\$ 26,360,666</u>	<u>\$ 4,620,683</u>

**D. Commitments**

At June 30, 2020, the County had contractual commitments for the construction of various projects as follows:

	<b>Primary Government</b>	<b>Component Unit-Schools</b>
Capital Projects Funds:		
Computer and Technology Improvements	\$ 32,272,857	\$ -
Buildings and Grounds	4,264,849	-
Road Maintenance	14,498,295	-
Landfill Expansion and Development	237,954	-
Public Safety Projects	4,499,206	-
Public Works	4,679,053	-
Parks and Recreation	6,577,536	-
Libraries	882,119	-
Education Projects	<u>175,513,486</u>	<u>4,026,170</u>
<b>Total</b>	<u>\$ 243,425,355</u>	<u>\$ 4,026,170</u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 22,376,023	
Water Plant Projects	38,075,476	
Computer and Information Systems	<u>1,645,156</u>	
<b>Total</b>	<u>\$ 62,096,655</u>	

**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, 2020, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	\$ 4,495,917
Special Revenue Fund	2,323,395
Capital Projects Fund	<u>249,369,358</u>
<b>Total</b>	<u>\$256,188,670</u>

**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 \$695,292, respectively, for the fiscal year 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

At June 30, 2020, the approximate future annual long-term commitments for these operating leases were as follows:

<b><u>Years</u></b>	<b>County Real Property</b>	<b>School Board Real Property</b>	<b>Total</b>
2021	\$ 2,032,047	\$ 646,287	\$ 2,678,334
2022	1,757,402	659,911	2,417,313
2023	1,297,904	358,640	1,646,544
2024	1,153,383	203,810	1,357,193
2025	1,183,681	61,440	1,245,121
2026-2030	4,008,585	-	4,008,585
2031-2035	<u>5,663,908</u>	-	<u>5,663,908</u>
<b>Total</b>	<b><u>\$ 17,096,910</u></b>	<b><u>\$ 1,930,088</u></b>	<b><u>\$ 19,026,998</u></b>

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, 2020, was \$33,621,328 and \$2,325,088, respectively.

At June 30, 2020, the future minimum rentals receivable for these existing leases were as follows:

<b><u>Years</u></b>	<b>Total</b>
2021	\$ 818,897
2022	665,853
2023	441,707
2024	328,931
2025	195,922
2026-2030	512,047
2031-2035	365,419
2036	206,403
<b>Total</b>	<b><u>\$ 3,535,179</u></b>

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, 2020, was \$4,388,282 and \$1,245,527, respectively.

At June 30, 2020, the future minimum rentals receivable for these existing leases were as follows:

<b><u>Years</u></b>	<b>Total</b>
2021	\$ 21,504
<b>Total</b>	<b><u>\$ 21,504</u></b>

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, 2020, was \$3,361,242.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

---

At June 30, 2020, the future minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2021	\$ 65,740
2022	22,746
2023	23,428
2024	1,957
Total	<u>\$ 113,871</u>

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.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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, 2019 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	School Board <u>County*</u>	Non-Professional Group
Inactive members or their beneficiaries currently receiving benefits	3,273	106
Inactive members:		
Vested	722	13
Non-vested	1,450	70
Active elsewhere in VRS	<u>1,171</u>	<u>91</u>
Total inactive members	3,343	174
Active members	5,082	38
Total	<u>11,698</u>	<u>318</u>

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

VRS issues a publicly available Comprehensive Annual Financial Report (“CAFR”) 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 2020 were 13.29 percent and 26.89 percent, respectively, of annual

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

covered employee compensation. The County and School Board contributions for the fiscal year ended 2020 were \$33,544,492 and \$165,901, respectively. 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, 2020, the County and School Board Non-Professional Group reported a net pension liability of \$229,949,101 and \$3,073,656, 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 School Board C&M and School Board Non-Professional Group employees was \$186,267,118, \$13,058,004, \$317,750, \$2,888,943, \$2,824,598, \$24,592,682 and \$3,073,656, respectively. The net pension liability was measured as of June 30, 2019. The total pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**Change in the Net Pension Liability**

<b>Governmental Activities</b>	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at June 30, 2019	\$1,164,512,172	\$1,007,221,856	\$157,290,316
Changes for the year:			
Service cost	26,669,998	-	26,669,998
Interest	81,609,627	-	81,609,627
Difference between expected and actual experience	(5,237,540)	-	(5,237,540)
Change of assumptions	35,221,965	-	35,221,965
Contributions-employer	-	28,277,430	(28,277,430)
Contributions-employee	-	10,537,974	(10,537,974)
Net investment income	-	68,371,688	(68,371,688)
Benefit payments, including refunds of employee contributions	(60,174,533)	(60,174,533)	-
Administrative expense	-	(681,327)	681,327
Other changes	-	(43,115)	43,115
Net changes	78,089,517	46,288,117	31,801,400
Balances at June 30, 2020	<u>\$1,242,601,689</u>	<u>\$1,053,509,973</u>	<u>\$189,091,716</u>
 <b>Business-type Activities</b>			
Balances at June 30, 2019	\$82,699,995	\$71,454,587	\$11,245,408
Changes for the year:			
Service cost	1,786,600	-	1,786,600
Interest	5,466,957	-	5,466,957
Difference between expected and actual experience	(350,858)	-	(350,858)
Change of assumptions	2,359,489	-	2,359,489
Contributions-employer	-	1,894,281	(1,894,281)
Contributions-employee	-	705,930	(705,930)
Net investment income	-	4,580,160	(4,580,160)
Benefit payments, including refunds of employee contributions	(4,031,040)	(4,031,040)	-
Administrative expense	-	(45,641)	45,641
Other changes	-	(2,888)	2,888
Net changes	5,231,148	3,100,802	2,130,346
Balances at June 30, 2020	<u>\$87,931,143</u>	<u>\$74,555,389</u>	<u>\$13,375,754</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**Change in the Net Pension Liability**

<b>School Board C&amp;M</b>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$153,730,266	\$132,463,311	\$21,266,955
Changes for the year:			
Service cost	2,789,096	-	2,789,096
Difference between expected and actual experience	(547,732)	-	(547,732)
Change of assumptions	3,683,444	-	3,683,444
Interest	8,534,574	-	8,534,574
Contributions-employer	-	2,957,198	(2,957,198)
Contributions-employee	-	1,102,041	(1,102,041)
Net investment income	-	7,150,177	(7,150,177)
Benefit payments, including refunds of employee contributions	(6,292,934)	(6,292,934)	-
Administrative expense	-	(71,252)	71,252
Other changes	-	(4,509)	4,509
Net changes	8,166,448	4,840,721	3,325,727
Balances at June 30, 2020	<u>\$161,896,714</u>	<u>\$137,304,032</u>	<u>\$24,592,682</u>
<b>School Board Non-Professional Group</b>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$8,056,298	\$5,395,293	\$2,661,005
Changes for the year:			
Service cost	56,136	-	56,136
Difference between expected and actual experience	157,842	-	157,842
Change of assumptions	182,613	-	182,613
Interest	539,048	-	539,048
Contributions-employer	-	165,901	(165,901)
Contributions-employee	-	26,749	(26,749)
Net investment income	-	334,328	(334,328)
Benefit payments, including refunds of employee contributions	(711,216)	(711,216)	-
Administrative expense	-	(3,782)	3,782
Other changes	-	(208)	208
Net changes	224,423	(188,228)	412,651
Balances at June 30, 2020	<u>\$8,280,721</u>	<u>\$5,207,065</u>	<u>3,073,656</u>
<b>James River Juvenile Detention Center</b>	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$17,756,806	\$15,335,235	\$2,421,571
Changes for the year:			
Service cost	391,959	-	391,959
Difference between expected and actual experience	(76,974)	-	(76,974)
Change of assumptions	517,644	-	517,644
Interest	1,199,387	-	1,199,387
Contributions-employer	-	415,383	(415,383)
Contributions-employee	-	154,873	(154,873)
Net investment income	-	1,005,035	(1,005,035)
Benefit payments, including refunds of employee contributions	(884,363)	(884,363)	-
Administrative expense	-	(10,013)	10,013
Other changes	-	(634)	634
Net changes	1,147,653	680,281	467,372
Balances at June 30, 2020	<u>\$18,904,459</u>	<u>\$16,015,516</u>	<u>2,888,943</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**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, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Discount Rate	6.75%
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	6.75% 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, 2018 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 16-25 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:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
 Total	 <u>100.00%</u>		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	<u>7.63%</u>

\* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. 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.

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 6.75 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 (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Governmental Activities proportionate share of the net pension liability	\$353,180,718	\$189,091,716	\$66,215,474
Business-type Activities proportionate share of the net pension liability	\$23,659,268	\$13,375,754	\$4,435,717
School Board C&M proportionate share of the net pension liability	\$36,934,944	\$24,592,682	\$6,924,684
School Board Non-Professional Group	\$3,894,484	\$3,073,656	\$2,414,374
James River Juvenile Detention Center proportionate share of the net pension liability	\$5,190,567	\$2,888,944	\$973,144

**H. Pension Expense, Deferred Outflows and Inflows of Resources Related to Pensions**

At June 30, 2020, the County's Governmental Activities, Business-type Activities, School Board C&M and JRJDC employee allocation, reported a net pension liability of \$189,091,716, \$13,375,754, \$24,592,682 and \$2,888,944 respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of \$3,073,656. At June 30, 2020, the Governmental Activities, Business-type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 84.30 percent, 5.65 percent, 1.24 percent and 8.81 percent, respectively. The County's Governmental Activities, Business-type Activities, Schools C&M and JRJDC recognized pension expense of \$35,289,698, \$2,260,859, \$2,184,932, and \$591,164, respectively. The total pension expense for the County's Primary Government is \$37,550,557. The School Board Non-Professional Group recognized pension expense of \$580,451.

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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

	Deferred Outflow of Resources	Deferred Inflow of Resources
<b><u>Primary Government</u></b>		
<b>Governmental Activities</b>		
Change in pension proportionate share allocation	\$ 1,286,796	\$ 137,098
Difference between expected and actual experience	-	8,881,454
Changes of assumptions	27,097,134	-
Difference between projected and actual earnings on pension plan investments	-	9,098,500
Pension contributions after the measurement date	29,700,868	-
Total	<u><u>\$ 58,084,798</u></u>	<u><u>\$ 18,117,052</u></u>
<b>Business-Type Activities</b>		
Change in pension proportionate share allocation	\$ 3,148	\$ 122,158
Difference between expected and actual experience	-	602,487
Changes of assumptions	1,816,986	-
Difference between projected and actual earnings on pension plan investments	-	622,437
Pension contributions after the measurement date	1,940,247	-
Total	<u><u>\$ 3,760,381</u></u>	<u><u>\$ 1,347,082</u></u>
<b><u>Total Primary Government</u></b>		
Change in pension proportionate share allocation	\$ 1,289,944	\$ 259,256
Difference between expected and actual experience	-	9,483,941
Changes of assumptions	28,914,120	-
Difference between projected and actual earnings on pension plan investments	-	9,720,937
Pension contributions after the measurement date	31,641,115	-
Total	<u><u>\$ 61,845,179</u></u>	<u><u>\$ 19,464,134</u></u>
<b><u>Component Unit</u></b>		
<b>Schools C&amp;M</b>		
Change in pension proportionate share allocation	\$ 235,080	\$ 1,256,407
Difference between expected and actual experience	-	961,265
Changes of assumptions	2,842,034	-
Difference between projected and actual earnings on pension plan investments	-	942,109
Pension contributions after the measurement date	3,046,650	-
Total	<u><u>\$ 6,123,764</u></u>	<u><u>\$ 3,159,781</u></u>
<b>Schools Non-Professional Group</b>		
Difference between projected and actual earnings on pension plan investments	\$ -	\$ 37,217
Pension contributions after the measurement date	172,720	-
Total	<u><u>\$ 172,720</u></u>	<u><u>\$ 37,217</u></u>
<b>James River Juvenile Detention Center</b>		
Change in pension proportionate share allocation	\$ 91,820	\$ 101,181
Difference between expected and actual experience	-	130,172
Changes of assumptions	397,912	-
Difference between projected and actual earnings on pension plan investments	-	126,805
Pension contributions after the measurement date	417,700	-
Total	<u><u>\$ 907,432</u></u>	<u><u>\$ 358,158</u></u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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
2021	\$ 5,114,077	\$ 236,471	\$ (262,441)	\$ 7,904	\$ 63,779
2022	(2,066,529)	(233,309)	(659,132)	(50,945)	(12,898)
2023	6,573,695	426,637	771,387	814	71,201
2024	<u>645,635</u>	<u>43,253</u>	<u>67,519</u>	<u>5,010</u>	<u>9,492</u>
	<u><u>\$ 10,266,878</u></u>	<u><u>\$ 473,052</u></u>	<u><u>\$ (82,667)</u></u>	<u><u>\$ (37,217)</u></u>	<u><u>\$ 131,574</u></u>

**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 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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 CAFR 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, 2020, was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 2020, 2019, and 2018 were \$46,401,911, \$44,057,330 and \$44,126,503, 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, 2020, the County's Component Unit, the School Board and JRJDC reported a net pension liability of \$462,836,320 and \$2,888,943, respectively. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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 \$462,836,320 is made up of three groups of employees. The Teacher's net pension liability of \$435,169,982, the School Board Non-Professional Group net pension liability of \$3,073,656 and the School C&M net pension liability of \$24,592,682. For the year ended June 30, 2020, the Teacher Retirement Plan, School Board Non-Professional Group and Schools C&M Group reported pension expense of \$47,721,769, \$580,451 and \$2,184,932, respectively. The School Board's participation in the VRS cost-sharing plan was 3.31% as of June 30, 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

As of June 30, 2020, the School Board's net pension liability for VRS plans is as follows:

<u>Teachers</u>	
Total pension liability	\$ 1,630,640,044
Fiduciary net position	<u>1,195,470,062</u>
Net pension liability	<u>\$ 435,169,982</u>
 <u>Schools Non-Professional Group</u>	
Total pension liability	\$ 8,280,721
Fiduciary net position	<u>5,207,065</u>
Net pension liability	<u>\$ 3,073,656</u>
 <u>Schools C&amp;M</u>	
Total pension liability	\$ 161,896,714
Fiduciary net position	<u>137,304,032</u>
Net pension liability	<u>\$ 24,592,682</u>
 <u>Total Schools</u>	
Total pension liability	\$1,800,817,479
Fiduciary net position	<u>1,337,981,159</u>
Net pension liability	<u>\$ 462,836,320</u>
 Plan fiduciary net position as a percentage of the total pension liability	74%

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, 2018, 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, 2018
Measurement Date	June 30, 2019
Discount Rate	6.75.0%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.35% 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 GAAP purposes of slightly more than the assumed 6.75 percent. However, since the difference was minimal, and a more conservative 6.75 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 6.75 percent to simplify preparation of pension liabilities.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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; 95% and 105% of rates for males and females, respectively. Mortality rates for post-retirement are RP-2014 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 to 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, 2018 valuation, were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. The actuarial cost method used was the Entry Age Method and the contribution was developed using level percent of pay amortization of the unfunded liability with a closed amortization period. 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	34.00%	5.61%	1.91%
Fixed Income	15.00%	88.00%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	7.63%

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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\* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of the expected long-term results of the VRS fund asset allocation.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.75 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, 2019, 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, 2019 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 6.75 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 (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75.0%)	Discount Rate (6.75%)	1% Increase (7.75%)
<b>School Board</b>			
Teacher's proportionate share of the net pension liability	\$ 655,119,822	\$ 435,169,982	\$ 253,312,090
School Board Non-Professional Group net pension liability	3,894,484	3,073,656	2,414,374
School Board C&M's proportionate share of the net pension liability	36,934,944	24,592,682	6,924,684
Total all Schools	<u>\$ 695,949,250</u>	<u>\$ 462,836,320</u>	<u>\$ 262,651,148</u>

H. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board has recognized deferred outflows of resources of \$49,621,281 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, 2021. The School Board has recognized deferred outflows of resources of \$3,611,127 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2019. The School Board has recognized deferred outflows of resources of \$45,934,069 resulting from changes of assumptions.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

The School Board has recognized net deferred inflows of resources of \$10,534,611 resulting from the difference between projected and actual earnings on pension plan investments. The School Board has recognized deferred inflows of resources of \$2,976,187 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2019. The School Board has recognized deferred inflows of resources of \$28,827,029 resulting from the difference between expected and actual experience.

As of June 30, 2020, the School Board's deferred outflows and inflows of resources is as follows:

**Deferred Outflows of Resources**

Teachers – employer contributions	\$ 46,401,911
Teachers – proportionate share	3,376,047
Teachers – changes of assumptions	43,092,035
Schools Non-Professional Group – employer contributions	172,720
Schools C&M – employer contributions	3,046,650
Schools C&M – proportionate share	235,080
Schools C&M – changes of assumptions	2,842,034
Total Deferred Outflows of Resources	<u>\$99,166,477</u>

**Deferred Inflows of Resources**

Teachers – difference in earnings	\$ 9,555,285
Teachers – proportionate share	1,719,780
Teachers – difference in experience	27,865,764
Schools Non-Professional Group – difference in earnings	37,217
Schools C&M – difference in earnings	942,109
Schools C&M – proportionate share	1,256,407
Schools C&M – difference in experience	961,265
Total Deferred Inflows of Resources	<u>\$42,337,827</u>

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:	School Board			Total
	Teachers	Non- Professional Group	C&M	
2021	\$ 214,131	\$ 7,904	\$ (262,441)	\$ (40,406)
2022	(7,608,164)	(50,945)	(659,132)	(8,318,241)
2023	4,086,986	814	771,387	4,859,187
2024	7,175,426	5,010	67,519	7,247,955
Thereafter	3,458,874	-	-	3,458,874
	<u>\$ 7,327,253</u>	<u>\$ (37,217)</u>	<u>\$ (82,667)</u>	<u>\$ 7,207,369</u>

**I. Employer Contributions**

The County's Component Unit proportionate shares were calculated on the basis of historical employer contributions. Although GAAP 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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, 2019. The County's Teacher portion was \$46,401,911. Of this amount, \$1,111,762 was transferred to ICMA-RC as the employer cost of the defined contribution component for employees covered by the Hybrid Retirement Plan benefit structure and \$45,290,149 was retained by the defined benefit plan. The employer contributions of \$41,244,823 reported in the VRS Teacher Employee's Retirement Plan's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects this net amount minus approximately \$18,985 in other employer contribution adjustments that were not representative of future contribution efforts.

**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.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

---

**Membership**

At June 30, 2020, membership for the postemployment healthcare benefits consisted of:

Active employees	10,568
Retirees	1,086
Disableds	52
Retiree Spouses and Beneficiaries	<u>69</u>
 Total participants	 <u>11,775</u>

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 postemployment benefits or to defray reasonable expenses of the Trust Fund. For the year ended June 30, 2020, the County's contribution to the OPEB Trust Fund was \$5,823,822 and the average contribution rate was 1.1 percent of covered employee payroll. The County's Governmental Activities, Business-type Activities, School Board and JRJDC's contributions to the OPEB Trust Fund were \$3,497,853, \$65,591, \$2,248,160, and \$12,218.

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, 2020. 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, 2020, the County's Governmental Activities, Business-type Activities, School Board and JRJDC's employee allocation, reported a net postemployment healthcare OPEB liability of \$17,897,957, \$849,388, \$12,844,671 and \$187,599 respectively, for its proportionate share of the net pension liability. At June 30, 2020, the Governmental Activities, Business-type Activities, School Board and JRJDC proportion of the County of Henrico was 56.32 percent, 2.67 percent, 40.42 percent and .59 percent, respectively.

For the year ended June 30, 2020, the County's Governmental Activities, Business-type Activities, School Board and JRJDC recognized healthcare OPEB expense of \$909,116 \$78,895, \$1,461,676 and \$12,796, respectively. For the year ended June 30, 2020, the County's Governmental Activities recognized line of duty OPEB expense of \$2,330,307. The total OPEB expense for the County's Primary Government is \$3,318,318.

As of June 30, 2020, the County's Primary Government net Healthcare OPEB liability is as follows:

<b><u>Governmental Activities</u></b>	
Total Healthcare OPEB liability	\$ 57,115,886
Fiduciary net position	<u>39,217,929</u>
Net Healthcare OPEB liability	<u>\$ 17,897,957</u>

<b><u>Business-type Activities</u></b>	
Total Healthcare OPEB liability	\$ 2,710,565
Fiduciary net position	<u>1,861,177</u>
Net Healthcare OPEB liability	<u>\$ 849,388</u>

<b><u>Total Primary Government</u></b>	
Total Healthcare OPEB liability	\$ 59,826,451
Fiduciary net position	<u>41,079,106</u>

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

---

Net Healthcare OPEB liability                           \$ 18,747,345

Plan fiduciary net position as a percentage  
of the total Healthcare OPEB liability                 69%

As of June 30, 2020, the County's Component Unit net Healthcare OPEB liability is as follows:

Schools

Total Healthcare OPEB liability	\$ 40,989,861
Fiduciary net position	<u>28,145,190</u>
Net Healthcare OPEB liability	<u>\$ 12,844,671</u>

JRJDC

Total Healthcare OPEB liability	\$ 598,664
Fiduciary net position	<u>411,065</u>
Net Healthcare OPEB liability	<u>\$ 187,599</u>

Total Component Unit

Total Healthcare OPEB liability	\$ 41,588,525
Fiduciary net position	<u>28,556,255</u>
Net Healthcare OPEB liability	<u>\$ 13,032,270</u>

Plan fiduciary net position as a percentage  
of the total net GLI OPEB  
liability   69%

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**Change in the Net Healthcare OPEB Liability**

<b>Governmental Activities</b>	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
Balances at June 30, 2019	\$48,057,324	\$35,228,981	\$12,828,343
Changes for the year:			
Service cost	2,736,312	-	2,736,312
Interest	3,242,279	-	3,242,279
Difference between expected and actual experience	7,555,337	-	7,555,337
Contributions-employer	-	3,279,917	(3,279,917)
Net investment income	-	194,923	(194,923)
Benefit payments, including refunds of employee contributions	(3,081,664)	(3,081,664)	-
Administrative expense	-	(282)	282
Other changes	59,447	5,049,203	(4,989,756)
Net changes	<u>10,511,711</u>	<u>5,442,097</u>	<u>5,069,614</u>
Balances at June 30, 2020	<u><u>\$58,569,035</u></u>	<u><u>\$40,671,078</u></u>	<u><u>\$17,897,957</u></u>
<b>Business-Type Activities</b>			
Balances at June 30, 2019	\$2,510,394	\$1,771,509	\$738,885
Changes for the year:			
Service cost	129,858	-	129,858
Interest	189,621	-	189,621
Difference between expected and actual experience	(247,379)	-	(247,379)
Contributions-employer	-	155,656	(155,656)
Net investment income	-	9,251	(9,251)
Benefit payments, including refunds of employee contributions	(45,840)	(45,840)	-
Administrative expense	-	(13)	13
Other changes	-	(203,297)	203,297
Net changes	<u>26,260</u>	<u>(84,243)</u>	<u>110,503</u>
Balances at June 30, 2020	<u><u>\$2,536,654</u></u>	<u><u>\$1,687,266</u></u>	<u><u>\$849,388</u></u>
<b>Total Primary Government</b>			
Balances at June 30, 2019	\$50,567,718	\$37,000,490	\$13,567,228
Changes for the year:			
Service cost	2,866,170	-	2,866,170
Interest	3,431,900	-	3,431,900
Difference between expected and actual experience	7,307,958	-	7,307,958
Contributions-employer	-	3,435,573	(3,435,573)
Net investment income	-	204,174	(204,174)
Benefit payments, including refunds of employee contributions	(3,127,504)	(3,127,504)	-
Administrative expense	-	(295)	295
Other changes	59,447	4,845,906	(4,786,459)
Net changes	<u>10,537,971</u>	<u>5,357,854</u>	<u>5,180,117</u>
Balances at June 30, 2020	<u><u>\$61,105,689</u></u>	<u><u>\$42,358,344</u></u>	<u><u>\$18,747,345</u></u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**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, 2019	\$43,546,333	\$31,218,158	\$12,328,175
Changes for the year:			
Service cost	1,963,746	-	1,963,746
Interest	3,136,097	-	3,136,097
Difference between expected and actual experience	(6,947,615)	-	(6,947,615)
Contributions-employer	-	2,353,870	(2,353,870)
Net investment income	-	139,889	(139,889)
Benefit payments, including refunds of employee contributions	(1,949,477)	(1,949,477)	-
Administrative expense	-	(202)	202
Other changes	-	(4,857,825)	4,857,825
Net changes	<u>(3,797,249)</u>	<u>(4,313,745)</u>	<u>516,496</u>
Balances at June 30, 2020	<u>\$39,749,084</u>	<u>\$26,904,413</u>	<u>\$12,844,671</u>
<b>James River Juvenile Detention Center</b>			
Balances at June 30, 2019	\$472,871	\$332,120	\$140,751
Changes for the year:			
Service cost	28,681	-	28,681
Interest	37,251	-	37,251
Difference between expected and actual experience	29,254	-	29,254
Contributions-employer	-	34,379	(34,379)
Net investment income	-	2,043	(2,043)
Benefit payments, including refunds of employee contributions	(7,856)	(7,856)	-
Administrative expense	-	(3)	3
Other changes	-	11,919	(11,919)
Net changes	<u>87,330</u>	<u>40,482</u>	<u>46,848</u>
Balances at June 30, 2020	<u>\$560,201</u>	<u>\$372,602.0</u>	<u>\$187,599</u>
<b>Total Component Unit</b>			
Balances at June 30, 2019	\$44,019,204	\$31,550,278	\$12,468,926
Changes for the year:			
Service cost	1,992,427	-	1,992,427
Interest	3,173,348	-	3,173,348
Difference between expected and actual experience	(6,918,361)	-	(6,918,361)
Contributions-employer	-	2,388,249	(2,388,249)
Net investment income	-	141,932	(141,932)
Benefit payments, including refunds of employee contributions	(1,957,333)	(1,957,333)	-
Administrative expense	-	(205)	205
Other changes	-	(4,845,906)	4,845,906
Balances at June 30, 2020	<u>(3,709,919)</u>	<u>(4,273,263)</u>	<u>563,344</u>
	<u>\$40,309,285</u>	<u>\$27,277,015</u>	<u>\$13,032,270</u>

**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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, 2020 actuarial valuation, which was used for the June 30, 2020 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 7.5 percent graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 4/04% in the year 2075. The remaining closed amortization period beginning July 1, 2017, for the calculation of contributions, was 20 years. Experience gains or losses are amortized over the average working lifetime of all participants, which is 8 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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as of June 30, 2020:

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%

For the year ended June 30, 2020, 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 3.01 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, 2020, 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%	7.78%	2.80%
Fixed Income	25.00%	2.86%	0.72%
Foreign Equity	18.00%	8.82%	1.59%
Long/Short equity	6.00%	5.46%	0.33%
Real Assets	10.00%	6.72%	0.67%
Private Equity	5.00%	10.44%	0.52%
Total	100.00%		6.63%
Inflation			3.00%
* Expected arithmetic nominal return			9.63%

#### 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**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%)
<b>Healthcare OPEB</b>			
Governmental Activities proportionate share of the net OPEB liability	\$ 24,142,394	\$ 17,897,957	\$ 12,529,429
Business-type Activities proportionate share of the net OPEB liability	\$ 1,134,287	\$ 849,388	\$ 601,308
School Board proportionate share of the net OPEB liability	\$ 17,955,176	\$ 12,844,671	\$ 8,536,009
James River Juvenile Detention Center proportionate share of the net OPEB liability	\$ 252,648	\$ 187,599	\$ 130,704

**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 and JRJDC's proportionate share of 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 6.5% decreasing to 5.75% over 12 years	Current Rate 7.5% decreasing to 6.75% over 12 years	1% Increase 8.5% decreasing to 7.75% over 12 years
<b>Healthcare OPEB</b>			
Governmental Activities proportionate share of the net OPEB liability	\$ 13,480,627	\$ 17,897,957	\$ 23,088,995
Business-type Activities proportionate share of the net OPEB liability	\$ 639,445	\$ 849,388	\$ 1,092,069
School Board proportionate share of the net OPEB liability	\$ 9,719,127	\$ 12,844,671	\$ 16,548,047
James River Juvenile Detention Center proportionate share of the net OPEB liability	\$ 139,851	\$ 187,599	\$ 242,217

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**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 outflows of resources and deferred inflows of resources related to healthcare OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Primary Government</b>		
<b>Governmental Activities</b>		
Difference between expected and actual experience	\$ 221,284	\$ 8,172,114
Changes of assumptions	-	1,645,668
Difference between projected and actual earnings on OPEB		
plan investments	<u>1,724,677</u>	-
Total	<u>\$ 1,945,961</u>	<u>\$ 9,817,782</u>
<b>Business-type Activities</b>		
Difference between expected and actual experience	\$ 10,502	\$ 437,103
Changes of assumptions	-	88,021
Difference between projected and actual earnings on OPEB		
plan investments	<u>80,801</u>	-
Total	<u>\$ 91,303</u>	<u>\$ 525,124</u>
<b>Total Primary Government</b>		
Difference between expected and actual experience	\$ 231,786	\$ 8,609,217
Changes of assumptions	-	1,733,689
Difference between projected and actual earnings on OPEB		
plan investments	<u>1,805,478</u>	-
Total	<u>\$ 2,037,264</u>	<u>\$ 10,342,906</u>
<b>Component Units</b>		
<b>School Board</b>		
Difference between expected and actual experience	\$ 158,807	\$ 7,425,762
Changes of assumptions	-	1,495,371
Difference between projected and actual earnings on OPEB		
plan investments	<u>1,181,804</u>	-
Total	<u>\$ 1,340,611</u>	<u>\$ 8,921,133</u>
<b>JRJDC</b>		
Difference between expected and actual experience	\$ 2,320	\$ 82,645
Changes of assumptions	-	16,642
Difference between projected and actual earnings on OPEB		
plan investments	<u>18,183</u>	-
Total	<u>\$ 20,503</u>	<u>\$ 99,287</u>
<b>Total Component Unit</b>		
Difference between expected and actual experience	\$ 161,127	\$ 7,508,407
Changes of assumptions	-	1,512,013
Difference between projected and actual earnings on OPEB		
plan investments	<u>1,199,987</u>	-
Total	<u>\$ 1,361,114</u>	<u>\$ 9,020,420</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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		Business-type		<b>Total</b>
	Activities	Activities	School Board	JRJDC	
2021	\$ (2,064,868)	\$ (113,678)	\$ (1,978,667)	\$ (20,685)	\$ (4,177,898)
2022	(2,064,868)	(113,678)	(1,978,668)	(20,685)	(4,177,899)
2023	(1,918,460)	(105,843)	(1,845,623)	(19,204)	(3,889,130)
2024	(1,918,460)	(105,843)	(1,845,625)	(19,204)	(3,889,132)
2025	<u>94,835</u>	<u>4,501</u>	<u>68,061</u>	<u>994</u>	<u>168,391</u>
	<u>\$ (7,871,821)</u>	<u>\$ (434,541)</u>	<u>\$ (7,580,522)</u>	<u>\$ (78,784)</u>	<u>\$ (15,965,668)</u>

**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	1,699
Disabled and surviving spouses	<u>58</u>
Total participants	<u>1,757</u>

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 \$31,906,415 and OPEB expense of \$2,330,307 at June 30, 2020.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

**Change in the Net Line of Duty OPEB Liability**

<b>Governmental Activities</b>	<b>Total OPEB Liability</b>
Balances at June 30, 2019	\$ 27,968,739
Changes for the year:	
Service cost	1,425,191
Interest	758,199
Contributions-employer	(890,219)
Experience losses	2,644,505
Net changes	<u>3,937,676</u>
Balances at June 30, 2020	<u>\$ 31,906,415</u>

**D. Actuarial Assumptions**

In the June 30, 2019 actuarial valuation for postemployment line of duty benefits, which was used for the June 30, 2020 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. The assumed trend rate for the medial claims was changed from 8% graded uniformly to an ultimate rate of 5% over 12 years to 7.5% graded uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in year 2075. Medical health care assumptions were based on a closed group and dental care assumptions were based on 5 percent per annum. 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 2.66% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2020.

**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 2.66 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 (1.66 percent) or 1-percentage point higher (3.66 percent) than the current rate:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

<b>Line of Duty OPEB</b>	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Governemntal acivities - OPEB liability	\$36,720,729	\$31,906,415	\$28,014,814

**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 6.5% decreasing to 5.75% over 3 years	Current 7.5% decreasing to 6.75% over 3 years	1% Increase 8.5% decreasing to 7.75 % over 3 years
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**Line of Duty OPEB**

Governemental acivities - OPEB liability	\$27,421,571	\$31,906,415	\$37,513,324
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**H. Deferred Outflows and Inflows of Resources Related to Healthcare OPEB**

The County's Governmental Activities reported deferred outflows of resources and deferred inflows of resources related to line of duty OPEB from the following sources:

<b>Primary Government</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Governmental Activities</b>		
Difference between expected and actual experience	\$ 2,497,588	\$ -
Total	<u>\$ 2,497,588</u>	<u>\$ -</u>

The change in the difference between expected and actual experience will be recognized in line of duty OPEB expense as follows:

<b>Primary Government</b>	<b>Governmental Activities</b>
	<b>Year ended June 30th</b>
2021	\$ 146,917
2022	146,917
2023	146,917
2024	146,917
2025	146,917
Thereafter	<u>1,763,003</u>
Total	<u><u>\$ 2,497,588</u></u>

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

---

**NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – VRS GLI PROGRAM**

A. Plan Description

The County participates in the VRS GLI Program, a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI 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 GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) GLI program OPEB and the additions to/deductions from the VRS GLI 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 GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System). In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. The Optional GLI Program is a separate and fully insured program and is not included as part of the GLI Program OPEB.

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect to participate in the program. Basic GLI coverage is automatic upon employment. GLI 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 GLI 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 GLI 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 GLI 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 \$8,463 as of June 30, 2020.

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 GLI 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 GLI 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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, 2020, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 GLI Program for the VRS for the years ending June 30, 2020 and 2019 were \$1,567,194 and \$1,504,688, respectively, and are equal to the required contributions for each year. Business-type Activities contributions to the GLI Program for the VRS for the years ended June 30, 2020 and 2019 were \$75,690 and \$73,840 respectively and are equal to the required contributions for each fiscal year. School Board contributions to the GLI Program for the VRS for the years ended June 30, 2020 and 2019 were \$1,452,146 and \$1,394,307 for Teachers, \$143,049 and \$139,114 for School Board C&M and \$3,335 and \$3,834 for the School Board Non-Professional Group, respectively, and are equal to the required contributions for each fiscal year. JRJDC contributions to the GLI Program for the VRS for the years ended June 30, 2020 and 2019 were \$16,185 and \$16,240 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 GLI OPEB liability, deferred outflows and deferred inflows of resources related to GLI OPEB, GLI OPEB expense and the fiduciary net position of the VRS GLI Plan and the additions to/deductions from the VRS GLI 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, 2020, the County's Governmental Activities, Business-type Activities, School Board and JRJDC reported a net GLI OPEB liability of \$17,736,413, \$1,211,970, \$25,558,485 and \$253,260 respectively. The net GLI OPEB liability was measured as of June 30, 2019, and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The County's Governmental Activities and Business-type Activities proportion of the net GLI OPEB liability and GLI OPEB expense related to the County's GLI plan was based on a projection of long-term share of contributions to the County's GLI plan relative to the projected contributions in the future.

As of June 30, 2020, the County's Primary Government Net GLI OPEB liability is as follows:

<u>Governmental Activities</u>	
Total GLI OPEB liability	\$ 37,090,625
Fiduciary net position	<u>19,354,212</u>
Net GLI OPEB liability	<u>\$ 17,736,413</u>
<u>Business-type Activities</u>	
Total GLI OPEB liability	\$ 2,531,500
Fiduciary net position	<u>1,319,530</u>
Net GLI OPEB liability	<u>\$ 1,211,970</u>
<u>Total Primary Government</u>	
Total GLI OPEB liability	\$ 39,622,125
Fiduciary net position	<u>20,673,742</u>
Net GLI OPEB liability	<u>\$ 18,948,383</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	52%

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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

The School Board Net GLI OPEB liability of \$25,558,485 is made up of three groups of employees. The Teacher's net GLI OPEB liability of \$23,180,788, the School Board Non-Professional Group net GLI OPEB liability of \$53,212 and the School C&M net GLI OPEB liability of \$2,324,485. The School C&M proportion of the net GLI OPEB liability and expense was based on the School C&M employer contributions as a percentage of the total employer contributions of \$1,348,478 as of the measurement date of June 30, 2019. For the year ended June 30, 2020, the School Board C&M proportion share allocation was 10.61 percent. For the year ended June 30, 2020, the Teacher Plan, School Board Non-Professional Group and Schools C&M Group reported GLI OPEB expense of \$562,196, (\$295) and \$55,513, respectively. The School Board's participation in the VRS cost-sharing plan for the Teacher Plan and School Board Non-Professional Group was 1.42% and .0033%, respectively as of June 30, 2020.

As of June 30, 2020, the School Board's net GLI OPEB liability is as follows:

<u>Teachers</u>	
Total GLI OPEB liability	\$ 48,295,568
Fiduciary net position	<u>25,114,780</u>
Net GLI OPEB liability	<u><u>\$ 23,180,788</u></u>
<u>Schools Non-Professional Group</u>	
Total GLI OPEB liability	\$ 111,000
Fiduciary net position	<u>57,788</u>
Net GLI OPEB liability	<u><u>\$ 53,212</u></u>
<u>Schools C&amp;M</u>	
Total GLI OPEB liability	\$ 4,857,914
Fiduciary net position	<u>2,533,429</u>
Net GLI OPEB liability	<u><u>\$ 2,324,485</u></u>
<u>Total Schools</u>	
Total GLI OPEB liability	\$ 53,264,482
Fiduciary net position	<u>27,705,997</u>
Net GLI OPEB liability	<u><u>\$ 25,558,485</u></u>
Plan fiduciary net position as a percentage of the total net GLI OPEB liability	52%

JRJDC's proportion of the net GLI OPEB liability and expense was based on JRJDC's employer contributions as a percentage of the total employer contributions of \$1,348,478 as of the measurement date of June 30, 2019. As of June 30, 2019, JRJDC's proportion share was 1.20 percent. For the year ended June 30, 2020, JRJDC reported GLI OPEB expense of \$6,302.

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,

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, 2018, 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, 2019:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Discount Rate	6.75%
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	6.75% 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 GAAP purposes of slightly more than the assumed 6.75 percent. However, since the difference was minimal, and a more conservative 6.75 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 6.75 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, 2018 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. The discount rate was decreased from 7.00% to 6.75%.

**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:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u><u>100.00%</u></u>		5.13%
		Inflation	2.50%
		* Expected arithmetic nominal return	<u><u>7.63%</u></u>

\* The above allocation provides a one-year return of 7.63%. 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 medial return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

F. Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. 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 at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, 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, 2019 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 GLI 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 GLI OPEB liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
<b><u>Primary Government</u></b>			
Governmental Activities proportionate share of the net GLI OPEB liability	\$ 23,390,371	\$ 17,736,413	\$ 13,274,771
Business-type Activities proportionate share of the net GLI OPEB liability	<u>1,548,513</u>	<u>1,211,970</u>	<u>878,830</u>
Total Primary Government	<u><u>\$ 24,938,884</u></u>	<u><u>\$ 18,948,383</u></u>	<u><u>\$ 14,153,601</u></u>
<b><u>School Board</u></b>			
Teacher's proportionate share of the net GLI OPEB liability	\$ 30,453,706	\$ 23,180,788	\$ 17,283,436
School Board Non-Professional Group net GLI OPEB liability	69,906	53,212	39,674
School Board C&M's proportionate share of the net GLI OPEB liability	<u>2,999,917</u>	<u>2,324,485</u>	<u>1,702,547</u>
Total all Schools	<u><u>\$ 33,523,529</u></u>	<u><u>\$ 25,558,485</u></u>	<u><u>\$ 19,025,657</u></u>
<b><u>James River Juvenile Detention Center</u></b>			
James River Juvenile Detention Center proportionate share of the net GLI OPEB liability	\$ 340,572	\$ 253,260	\$ 193,286

**H. Deferred Outflows and Inflows of Resources Related to GLI OPEB**

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$1,567,194, \$75,690, \$1,664,317 and \$16,185, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$206,321, \$13,800, \$230,390, and \$2,985 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 \$1,177,847, \$78,716, \$1,698,026, and \$17,659 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 outflows of resources of \$1,124,081, \$74,417, \$1,611,056, and \$16,367 respectively, resulting from the changes in assumptions.

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$230,992, \$15,823, \$324,746, and \$3,293 respectively, resulting from the difference between expected and actual experience. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized net deferred inflows of resources of \$361,870, \$24,730, \$521,888, and \$5,217 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 \$481,373, \$32,974, \$761,103 and \$6,863 respectively, resulting from changes of assumptions. The County's Governmental Activities, Business-type Activities, School

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

Board and JRJDC have recognized deferred inflows of resources of \$132,315, \$8,883, \$86,377, and \$2,011 respectively, resulting from changes in proportionate share.

As of June 30, 2020, the County's Primary Government deferred outflows and inflows of resources is as follows:

**Deferred Outflows of Resources**

Governmental Activities – employer contributions	\$ 1,567,194
Governmental Activities – proportionate share	206,321
Governmental Activities – difference in experience	1,177,847
Governmental Activities – change of assumptions	1,124,081
Business-type Activities – employer contributions	75,690
Business-type Activities – proportionate share	13,800
Business-type Activities – difference in experience	78,716
Business-type Activities – change of assumptions	74,417
Total Deferred Outflows of Resources	<u>\$4,318,066</u>

**Deferred Inflows of Resources**

Governmental Activities – difference in experience	\$ 230,992
Governmental Activities – difference in earnings	361,870
Governmental Activities – change of assumptions	481,373
Governmental Activities – proportionate share	132,315
Business-type Activities – difference in experience	15,823
Business-type Activities – difference in earnings	24,730
Business-type Activities – change of assumptions	32,974
Business-type Activities – proportionate share	8,883
Total Deferred Inflows of Resources	<u>\$1,288,960</u>

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
2021	\$ 77,657	\$ 4,441	\$ 82,098
2022	77,657	4,441	82,098
2023	286,655	18,694	305,349
2024	367,936	24,333	392,269
2025	359,797	23,884	383,681
Thereafter	<u>131,997</u>	<u>8,730</u>	<u>140,727</u>
	<u><u>\$ 1,301,699</u></u>	<u><u>\$ 84,523</u></u>	<u><u>\$ 1,386,222</u></u>

As of June 30, 2020, the School Board's deferred outflows and inflows of resources are as follows:

**Deferred Outflows of Resources**

Teachers – employer contributions	\$ 1,512,342
Teachers – difference in experience	1,541,690
Teachers – proportionate share	203,742
Teachers – change of assumptions	1,463,527
Schools Non-Professional Group – employer contributions	3,699
Schools Non-Professional Group – difference in experience	4,004
Schools Non-Professional Group – change of assumptions	3,360
Schools C&M – employer contributions	148,276
Schools C&M – difference in experience	152,332
Schools C&M – change of assumptions	144,169
Schools C&M – proportionate share	26,648
Total Deferred Outflows of Resources	<u>\$5,203,789</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**Deferred Inflows of Resources**

Teachers – difference in experience	\$ 293,788
Teachers – difference in earnings	473,068
Teachers – change of assumptions	695,546
Teachers – proportionate share	61,058
Schools Non-Professional Group – difference in experience	634
Schools Non-Professional Group – difference in earnings	1,372
Schools Non-Professional Group – change of assumptions	2,366
Schools Non-Professional Group – proportionate share	8,139
Schools C&M – difference in experience	30,324
Schools C&M – difference in earnings	47,448
Schools C&M – change of assumptions	63,191
Schools C&M – proportionate share	17,180
Total Deferred Inflows of Resources	<u>\$1,694,114</u>

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

Year Ending June 30:	School Board			Total
	Teachers	Non-Professional Group	C&M	
2021	\$ 117,175	\$ (2,356)	\$ 9,073	123,892
2022	117,175	(2,356)	9,073	123,892
2023	341,175	(2,356)	36,450	375,269
2024	457,501	481	47,222	505,204
2025	467,545	1,133	46,255	514,933
Thereafter	<u>184,928</u>	<u>307</u>	<u>16,933</u>	<u>202,168</u>
	<u>\$ 1,685,499</u>	<u>\$ (5,147)</u>	<u>\$ 165,006</u>	<u>1,845,358</u>

Year Ending June 30:	James River Juvenile Detention Center
2021	\$ 1,294
2022	1,294
2023	4,332
2024	5,498
2025	5,282
Thereafter	<u>1,927</u>
	<u>\$ 19,627</u>

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – TEACHER EMPLOYEE HIC PROGRAM**

**A. Plan Description**

The Virginia Retirement System (VRS) Teacher Employee HIC Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC (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 HIC 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 HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC 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 HIC 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 HIC 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 HIC Program's Fiduciary Net Position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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 HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

**Eligible Employees**

The Teacher Employee Retiree HIC 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 HIC Program provides the following benefits for eligible employees:

- **At Retirement** – 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.
- **Disability Retirement** – 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.

**HIC Program Notes:**

- The monthly HIC benefit cannot exceed the individual premium amount.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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- Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

**B. Funding Policy**

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, 2020 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2018. 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 HIC Program were \$3,333,265 and \$3,276,903 for the years ended June 30, 2020 and June 30, 2019, 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, 2019. This total was \$100,652,207. The employer contributions of \$3,333,265 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 HIC Program OPEB Liabilities and OPEB Expense**

At June 30, 2020, the school division reported a net HIC OPEB liability of \$43,352,981 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2019 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of June 30, 2018. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2019, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the school division's proportion of the VRS Teacher Employee HIC Program was 3.31% as compared to 3.29% at June 30, 2018.

For the year ended June 30, 2020, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$3,581,000. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

The net OPEB liability for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, net OPEB liability amounts for the VRS Teacher Employee HIC Program is as follows:

	<b>Teacher Employee HIC OPEB Plan</b>
Total Teacher Employee HIC OPEB Liability	\$ 47,595,872
Plan Fiduciary Net Position	<u>4,242,891</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 43,352,981</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	8.95%

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 GAAP 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 HIC Program was based on an actuarial valuation as of June 30, 2018, 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, 2019.

- Inflation - 2.5 percent
- Salary increases, including inflation – Teacher Employees 3.5 percent – 5.95 percent
- Investment rate of return – 6.75 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 GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% 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, 2018 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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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Discount Rate	Decrease rate from 7.00% to 6.75%
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**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)	Allocation	Weighted		
		Arithmetic		Average Long-Term Expected
		Target	Expected	
Asset Class (Strategy)	Allocation	Rate of Return	Rate of Return	Weighted Long-Term Expected
Public Equity	34.00%	5.61%	1.91%	
Fixed Income	15.00%	0.88%	0.13%	
Credit Strategies	14.00%	5.13%	0.72%	
Real Assets	14.00%	5.27%	0.74%	
Private Equity	14.00%	8.77%	1.23%	
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%	
PIP - Private Investment Partnership	3.00%	6.29%	0.19%	
Total	<u>100.00%</u>		<u>5.13%</u>	
		Inflation		2.50%
		* Expected arithmetic nominal return		<u>7.63%</u>

\* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

**F. Discount Rate**

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. 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, 2019, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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**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 HIC Program net HIC OPEB liability using the discount rate of 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Teacher's proportionate share of the net HIC OPEB liability	\$48,519,356	\$43,352,981	\$38,964,151

**H. Deferred Inflows and Outflows of Resources Related to HIC OPEB**

At June 30, 2020, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	\$ 3,052	\$ -
Changes of assumptions	1,009,024	345,000
Changes in proportionate share	295,060	158,658
Difference between expected and actual experience	-	244,297
Employer contributions subsequent to the measurement date	3,494,814	-
Total	<u>\$ 4,801,950</u>	<u>\$ 747,955</u>

The Henrico Teacher Plan reported \$3,494,814 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, 2021. 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:

<b>Year Ending June 30:</b>		
2021	\$ 103,990	
2022	103,990	
2023	82,661	
2024	(44,730)	
2025	112,865	
Thereafter	<u>200,405</u>	
	<u><u>\$ 559,181</u></u>	

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**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, 2020, an expenditure of \$33,600 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 \$382,550 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, 2020.

Receivables and payables balances at June 30, 2020, were as follows:

	<b>Receivables</b>	<b>Payables</b>
General Fund	\$ 1,732,842	\$ 830,015
Special Revenue Fund	-	173,583
Water and Sewer Fund	2,244,431	68,722
Capital Projects Fund	-	2,244,431
Belmont Park Golf Course	-	1,732,842
Central Automotive Maintenance	-	18,769
Health Care Fund	<u>1,091,089</u>	<u>-</u>
	<u>\$ 5,068,362</u>	<u>\$ 5,068,362</u>

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, 2020, were as follows:

	<b>Receivables</b>	<b>Payables</b>
Health Care Fund	\$ 14,641	\$ -
JRJDC	-	14,641
	<u>\$ 14,641</u>	<u>\$ 14,641</u>

**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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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Inter-fund transfers for the year ended June 30, 2020 were as follows:

	<b>Transfers Out</b>	<b>Transfers In</b>
Governmental Funds:		
General Fund	\$ 146,588,939	\$ -
Special Revenue Fund	-	30,349,220
Debt Service Fund	-	70,570,276
Capital Projects Fund	-	45,669,443
	<hr/>	<hr/>
	<u>\$ 146,588,939</u>	<u>\$146,588,939</u>

**NOTE 18. RELATED-PARTY TRANSACTIONS**

During fiscal year 2020, the County contributed \$3,601,422 to the Economic Development Authority of Henrico County, Virginia to foster economic development within the County, and the County received \$218,512 from the Capital Region Airport Commission for water and sewer services.

**NOTE 19. UNEARNED REVENUES**

Unearned revenues represent 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 revenues related to the County's governmental funds and the School Board component unit totaling \$31,306,327 are 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, 2020 totaled \$11,874,272 in the County General Fund and \$2,936,385 and \$16,055,006 in the Special Revenue Fund for the County and the School Board respectively.

B. Other Unearned Revenues

This represents grant monies that the County is entitled to, but is not yet an available resource at June 30, 2020. The County recorded \$173,846 in the General Fund for monies received in advance of expenditures being made as of June 30, 2020. Unearned grant revenues for the Schools' Special Revenue Fund totaled \$266,818 for USDA donated food inventory on hand at June 30, 2020.

Also, the Water and Sewer Revenue Fund recorded unearned revenues in the amount of \$13,651,110, which consists of an advance payment from a customer of \$6,506,507 for water capacity and amounts held for contractors of \$7,144,603.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**NOTE 20. SURETY BONDS**

Surety bonds covered the following constitutional officers and County employees at June 30, 2020:

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
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Ned Smither – Director of Finance and Employees of the Director of Finance	\$ 1,000,000
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Alisa Gregory – Sheriff and Employees of the Sheriff's Office	\$ 30,000
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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

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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**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, Virginia (the "City") 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 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, 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 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 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, 2020.

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	<u>9.12%</u>
	<u>100.00%</u>

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.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 \$11,827,453 for transient occupancy tax to the Convention Authority during the year ended June 30, 2020.

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 \$3,547,107 has been reported as landfill closure and postclosure care liability in the County's financial statements at June 30, 2020. 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 2020. 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. 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, 2020 was \$3,533,622.

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, 2020.

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 \$2,797,531 to RMCVB for the year ended June 30, 2020.

**HENRICO COUNTY, VIRGINIA**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

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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 future development. The County has six representatives serving on the RRPDC and paid total dues of \$227,077 for the year ended June 30, 2020.

**NOTE 24. 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 37 commercial property owners have received \$772,267 in tax credits in 2020.

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 \$88,079 as of June 30, 2020.

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, 2020 is for the tax period July 1 through December 2019.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

---

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, as 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 calendar year 2020. The Authority will pay grants to the Company in the amount equal to the tax revenues 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 25. SUBSEQUENT EVENTS**

On July 2, 2020, the County sold General Obligation Public Improvement Bonds, Series 2020A in the aggregate principal amount of \$105,980,000. The proceeds of the Bonds will be used to finance school capital improvement projects, road improvements, fire stations and facilities projects, 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 1<sup>st</sup> in each of the years 2022 through 2040. The interest ranges from 2 percent to 5 percent.

On July 2, 2020, the County issued General Obligation Public Improvement Refunding Bonds, Series 2020B in the aggregate principal amount of \$15,545,000. The bonds were issued to refund and defease \$14,720,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011. The Bonds mature on August 1<sup>st</sup> in each of the years 2021 through 2031. The interest ranges from 0.49 percent to 1.430 percent.

On October 13, 2020 the County sold Water and Sewer System Revenue Bonds, Series 2020A, in the principal amount \$25,705,000, to provide the funds needed to finance improvements, additions and extensions to the County's Water and Sewer System. The Bonds mature on May 1<sup>st</sup> in each of the years 2029 through 2050. The interest rate is between 3 and 5 percent.

On October 13, 2020, the County sold Water and Sewer System Refunding Bonds, Series 2020B in the aggregate principal amount of \$118,675,000. The proceeds of the Bonds will be used to refund in advance of their stated maturities certain outstanding bonds of the Water and Sewer System Refunding Bonds, Series 2013 and the Water and Sewer System Refunding Bonds, Series 2014. The Bonds mature on May 1<sup>st</sup> in each of the years 2021 through 2044. The interest rate is between 0.227 and 2.417 percent.

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit 13  
Page 1 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 354,201,500	\$ 354,201,500	\$ 364,779,188	\$ 10,577,688
Current personal property taxes	90,668,217	90,668,217	85,243,525	(5,424,692)
Delinquent real property taxes	4,000,000	4,000,000	5,665,464	1,665,464
Delinquent personal property taxes	1,200,000	1,200,000	9,916,228	8,716,228
Interest	275,000	275,000	593,699	318,699
Total general property taxes	<u>450,344,717</u>	<u>450,344,717</u>	<u>466,198,104</u>	<u>15,853,387</u>
Other local taxes:				
County recordation taxes	4,000,000	4,000,000	5,675,782	1,675,782
Local sales and use taxes	70,000,000	70,000,000	69,907,728	(92,272)
Consumer utility taxes	2,700,000	2,700,000	2,820,509	120,509
Business and professional license taxes	34,000,000	34,000,000	39,626,918	5,626,918
Motor vehicle license taxes	7,000,000	7,000,000	7,480,192	480,192
Meals Tax	28,000,000	28,000,000	27,336,089	(663,911)
Hotel and motel taxes	13,200,000	13,200,000	11,274,953	(1,925,047)
Bank franchise taxes	7,500,000	7,500,000	16,507,646	9,007,646
Grantor's taxes	1,000,000	1,000,000	1,434,613	434,613
Daily rental tax	60,000	60,000	129,386	69,386
Consumption tax	1,100,000	1,100,000	1,096,844	(3,156)
Total other local taxes	<u>168,560,000</u>	<u>168,560,000</u>	<u>183,290,660</u>	<u>14,730,660</u>
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	125,000	125,000	134,331	9,331
Transfer fees	7,000	7,000	8,889	1,889
Zoning application fees	150,000	150,000	143,209	(6,791)
Structure and equipment permits	4,000,000	4,000,000	7,332,897	3,332,897
Septic tank permits	2,500	2,500	3,850	1,350
Taxi cab certificates	15,000	15,000	9,155	(5,845)
Permits to purchase precious metal	6,000	6,000	6,000	-
Dog licenses	90,000	90,000	51,715	(38,285)
Other	480,300	480,300	531,121	50,821
Total permits, privilege fees and regulatory licenses	<u>4,875,800</u>	<u>4,875,800</u>	<u>8,221,167</u>	<u>3,345,367</u>
Fines and forfeitures:				
False alarm penalties	65,000	65,000	68,300	3,300
Traffic violations	2,000,000	2,000,000	1,799,133	(200,867)
Parking violations	20,000	20,000	17,901	(2,099)
Total fines and forfeitures	<u>2,085,000</u>	<u>2,085,000</u>	<u>1,885,334</u>	<u>(199,666)</u>
Revenue from use of money and property:				
Sale of equipment and publications	95,700	95,700	159,223	63,523
Rented county property	683,000	683,000	865,015	182,015
Use of money	7,154,000	7,154,000	12,082,727	4,928,727
Total revenue from use of money and property	<u>7,932,700</u>	<u>7,932,700</u>	<u>13,106,965</u>	<u>5,174,265</u>
Charges for services:				
Public works	185,000	185,000	229,810	44,810
Library	383,000	383,000	327,315	(55,685)
Sheriff fees	1,426,000	1,426,000	1,579,729	153,729
Commonwealth's Attorney fees	25,000	25,000	18,278	(6,722)
Public safety	25,000	25,000	28,332	3,332
Finance charges	255,000	255,000	236,835	(18,165)
Recreation	605,100	605,100	343,089	(262,011)
Information technology	1,134,200	1,134,200	806,500	(327,700)
Total charges for services	<u>4,038,300</u>	<u>4,038,300</u>	<u>3,569,888</u>	<u>(468,412)</u>

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit 13  
Page 2 of 3

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous	\$ 7,173,500	\$ 7,177,000	\$ 8,918,389	\$ 1,741,389
Total miscellaneous	<u>7,173,500</u>	<u>7,177,000</u>	<u>8,918,389</u>	<u>1,741,389</u>
Recovered costs:				
Finance	2,604,500	2,604,500	2,795,245	190,745
General services	955,000	955,000	2,644,901	1,689,901
Public works	125,000	125,000	57,692	(67,308)
Sheriff	900,000	900,000	1,223,182	323,182
Total recovered costs	<u>4,584,500</u>	<u>4,584,500</u>	<u>6,721,020</u>	<u>2,136,520</u>
Total revenue from local sources	<u>649,594,517</u>	<u>649,598,017</u>	<u>691,911,527</u>	<u>42,313,510</u>
<b>Intergovernmental:</b>				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	150,000	150,000	147,070	(2,930)
Recovery of central costs	550,000	550,000	549,875	(125)
Mobile home sales and use tax	7,000	7,000	6,648	(352)
Motor vehicle rental tax	3,500,000	3,500,000	3,546,026	46,026
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	12,000,000	12,000,000	10,898,811	(1,101,189)
Overweight truck citations	-	-	6,224	6,224
Total non-categorical aid	<u>53,208,783</u>	<u>53,208,783</u>	<u>52,156,437</u>	<u>(1,052,346)</u>
Shared expenses:				
Sheriff	12,500,000	12,500,000	12,714,227	214,227
Commonwealth's Attorney	2,175,000	2,175,000	2,293,347	118,347
Election commission	75,000	75,000	303,128	228,128
Finance	800,000	800,000	830,781	30,781
Circuit court	3,050,000	3,225,000	3,117,632	(107,368)
Total shared expenses	<u>18,600,000</u>	<u>18,775,000</u>	<u>19,259,115</u>	<u>484,115</u>
Categorical aid:				
Library	190,000	190,000	210,611	20,611
Public safety	13,185,000	13,415,805	13,852,857	437,052
Public works	47,000,000	49,067,946	49,092,185	24,239
Juvenile and domestic relations	603,000	603,000	648,022	45,022
Total categorical aid	<u>60,978,000</u>	<u>63,276,751</u>	<u>63,803,675</u>	<u>526,924</u>
Total revenue from the Commonwealth	<u>132,786,783</u>	<u>135,260,534</u>	<u>135,219,227</u>	<u>(41,307)</u>
Revenue from the Federal government:				
Public safety	-	-	6,979	6,979
Finance	-	-	17,004,675	17,004,675
Total revenue from the Federal government	<u>-</u>	<u>-</u>	<u>17,011,654</u>	<u>17,011,654</u>
Total intergovernmental	<u>132,786,783</u>	<u>135,260,534</u>	<u>152,230,881</u>	<u>16,970,347</u>
<b>Total General Fund</b>	<b>\$ 782,381,300</b>	<b>\$ 784,858,551</b>	<b>\$ 844,142,408</b>	<b>\$ 59,283,857</b>

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit 13**  
**Page 3 of 3**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Special Revenue Fund:</b>				
Revenue from use of money and property	\$ 200,000	\$ 200,000	\$ 317,840	\$ 117,840
Charges for services:				
Miscellaneous charges for services	12,529,841	12,883,887	11,795,672	(1,088,215)
Refuse collection billing	8,910,000	8,910,000	9,123,847	213,847
Recycle fees	186,000	186,000	238,397	52,397
Bulky waste collection fees	1,606,550	1,606,550	1,606,507	(43)
Leaf collection	3,371,409	3,371,409	3,371,409	-
Charges for street lights	83,100	83,100	179,557	96,457
Total charges for services	26,686,900	27,040,946	26,315,389	(725,557)
Miscellaneous revenues	1,436,202	1,465,091	528,034	(937,057)
Recovered costs:				
Recovered costs	587,349	2,011,386	638,901	(1,372,485)
Recoveries and rebates	51,919	51,919	84,405	32,486
Total recovered costs	639,268	2,063,305	723,306	(1,339,999)
Total revenue from local sources	28,962,370	30,769,342	27,884,569	(2,884,773)
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	40,000	40,000	34,702	(5,298)
Social services	13,505,963	20,287,294	16,926,573	(3,360,721)
Mental health and developmental services	9,346,848	10,521,914	10,259,386	(262,528)
Virginia department of corrections	1,573,023	1,605,986	1,605,988	2
Commonwealth's Attorney	282,876	282,876	309,819	26,943
Miscellaneous state grants	1,406,727	1,850,868	1,535,886	(314,982)
Total revenue from the Commonwealth	26,155,437	34,588,938	30,672,354	(3,916,584)
Revenue from the Federal government:				
Workforce investment	3,824,721	4,631,721	4,017,748	(613,973)
Social Services	11,599,422	12,770,793	11,827,147	(943,646)
Community development block grants	-	2,627,850	2,207,544	(420,306)
Public safety	-	452,929	458,831	5,902
Mental health and developmental services	1,707,041	2,921,053	2,760,461	(160,592)
Miscellaneous federal grants	638,079	1,009,034	939,076	(69,958)
Total revenue from the Federal government	17,769,263	24,413,380	22,210,807	(2,202,573)
Total intergovernmental	43,924,700	59,002,318	52,883,161	(6,119,157)
<b>Total Special Revenue Fund</b>	<b>\$ 72,887,070</b>	<b>\$ 89,771,660</b>	<b>\$ 80,767,730</b>	<b>\$ (9,003,930)</b>
<b>Grand Total Revenues - Primary Government</b>	<b>\$ 855,268,370</b>	<b>\$ 874,630,211</b>	<b>\$ 924,910,138</b>	<b>\$ 50,279,927</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit 14  
Page 1 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government:				
Legislative:				
Board of Supervisors	\$ 1,127,990	\$ 1,222,830	\$ 1,229,088	\$ (6,258)
Total legislative	1,127,990	1,222,830	1,229,088	(6,258)
General and financial administration:				
County Manager	3,900,956	3,933,061	3,911,534	21,527
County Attorney	2,599,350	2,939,223	2,939,802	(579)
Human Resources	7,458,062	5,866,149	5,810,194	55,955
Finance	14,360,679	13,473,853	13,472,710	1,143
General Services	13,776,372	13,885,593	13,209,446	676,147
Internal Audit	651,937	669,757	592,787	76,970
Real Property Agent	615,425	628,077	597,420	30,657
Information Technology	15,719,404	15,501,357	14,226,916	1,274,441
Risk Management	10,733,299	15,933,299	14,074,890	1,858,409
Total general and financial administration	69,815,485	72,830,368	68,835,699	3,994,669
Board of Elections:				
Election Commission	1,926,520	1,990,169	1,944,113	46,056
Total Board of Elections	1,926,520	1,990,169	1,944,113	46,056
Total general government administration	72,869,995	76,043,368	72,008,900	4,034,468
Judicial administration:				
Courts:				
Circuit Court	3,415,127	3,785,626	3,419,386	366,240
General District Court	468,148	469,169	370,417	98,752
Juvenile and Domestic Relations Court	2,602,299	2,646,803	2,553,465	93,338
Total Courts	6,485,573	6,901,598	6,343,268	558,330
Commonwealth's Attorney:				
Commonwealth's Attorney	5,419,510	5,581,769	5,499,288	82,481
Total Commonwealth's Attorney	5,419,510	5,581,769	5,499,288	82,481
Total judicial administration	11,905,083	12,483,367	11,842,556	640,811
Public safety:				
Law enforcement:				
Police Department	77,560,750	79,267,983	78,175,223	1,092,760
Total law enforcement	77,560,750	79,267,983	78,175,223	1,092,760
Fire services:				
Fire Department	63,873,352	65,898,199	65,965,108	(66,909)
Total fire services	63,873,352	65,898,199	65,965,108	(66,909)
Correction and detention:				
Sheriff	42,417,482	49,207,090	48,963,350	243,740
Juvenile and Domestic Relations District Court	3,253,484	3,253,484	3,253,484	-
Total correction and detention	45,670,966	52,460,574	52,216,834	243,740
Inspections:				
Building	4,774,688	4,679,863	4,587,604	92,259
Total inspections	4,774,688	4,679,863	4,587,604	92,259
Other protection:				
Office of Emergency Services	427,239	2,211,973	2,216,011	(4,038)
Animal Protection	1,835,887	1,701,911	1,691,506	10,405
Building Security	1,637,768	1,603,860	1,545,276	58,584
Total other protection	3,900,894	5,517,744	5,452,793	64,951
Total public safety	195,780,650	207,824,362	206,397,562	1,426,800

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit 14**  
**Page 2 of 4**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Public works:				
Maintenance of highways and streets:				
General Administration	\$ 1,523,265	\$ 1,554,989	\$ 1,526,224	\$ 28,765
Mass Transit	9,559,666	9,628,991	9,034,834	594,157
Design	2,049,730	2,155,168	1,958,759	196,409
Construction and Maintenance	35,053,193	38,316,654	33,215,965	5,100,689
Traffic Engineering	4,270,911	4,788,080	3,269,177	1,518,903
Miscellaneous	2,149,317	2,327,677	2,193,504	134,173
Total maintenance of highways and streets	<u>54,606,082</u>	<u>58,771,560</u>	<u>51,198,463</u>	<u>7,573,097</u>
Sanitation and waste removal:				
Leaf Collection	3,371,409	3,371,409	3,371,409	-
Total sanitation and waste removal	<u>3,371,409</u>	<u>3,371,409</u>	<u>3,371,409</u>	<u>-</u>
Total public works	<u>57,977,491</u>	<u>62,142,969</u>	<u>54,569,872</u>	<u>7,573,097</u>
Health:				
Public Health Department	2,433,102	2,537,998	2,537,998	-
Total health	<u>2,433,102</u>	<u>2,537,998</u>	<u>2,537,998</u>	<u>-</u>
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	19,822,960	19,433,694	18,593,156	840,538
Sandston Community House	14,000	14,000	11,525	2,475
Total parks and recreation	<u>19,836,960</u>	<u>19,447,694</u>	<u>18,604,681</u>	<u>843,013</u>
Library:				
Library Public Services	20,822,170	19,259,210	19,178,241	80,969
Total library	<u>20,822,170</u>	<u>19,259,210</u>	<u>19,178,241</u>	<u>80,969</u>
Total parks, recreation and cultural	<u>40,659,130</u>	<u>38,706,904</u>	<u>37,782,922</u>	<u>923,982</u>
Community development:				
Planning and community development:				
Economic Development	21,159,003	20,486,537	20,221,627	264,910
Planning and Rezoning	4,588,350	4,684,152	4,298,581	385,571
Total planning and community development	<u>25,747,353</u>	<u>25,170,689</u>	<u>24,520,208</u>	<u>650,481</u>
Cooperative extension program:				
Agriculture	443,994	368,994	364,099	4,895
Total cooperative extension program	<u>443,994</u>	<u>368,994</u>	<u>364,099</u>	<u>4,895</u>
Total community development	<u>26,191,347</u>	<u>25,539,683</u>	<u>24,884,307</u>	<u>655,376</u>
Education:				
School Board	266,524,518	266,524,518	266,524,518	-
Total education	<u>266,524,518</u>	<u>266,524,518</u>	<u>266,524,518</u>	<u>-</u>

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Exhibit 14**  
**Page 3 of 4**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous:				
Cooperative Projects	\$ 22,092,582	\$ 22,383,276	\$ 22,319,103	\$ 64,173
Total miscellaneous	<u>22,092,582</u>	<u>22,383,276</u>	<u>22,319,103</u>	<u>64,173</u>
Debt service:				
Capital lease principal	735,759	735,759	735,759	-
Capital lease interest	72,931	72,931	72,931	-
Total debt service	<u>808,690</u>	<u>808,690</u>	<u>808,690</u>	<u>-</u>
<b>Total General Fund</b>	<b><u>\$ 697,242,588</u></b>	<b><u>\$ 714,995,134</u></b>	<b><u>\$ 699,676,428</u></b>	<b><u>\$ 15,318,706</u></b>
<b>Special Revenue Fund:</b>				
General government:				
General and financial administration:				
Workforce Investment	\$ 4,154,563	\$ 6,970,567	\$ 4,222,046	\$ 2,748,521
Total general government administration	<u>4,154,563</u>	<u>6,970,567</u>	<u>4,222,046</u>	<u>2,748,521</u>
Judicial administration:				
Courts:				
Circuit Court		25,628	15,773	9,855
Commonwealth's Attorney:				
Commonwealth's Attorney	1,343,322	1,731,486	1,397,159	334,327
Total judicial administration	<u>1,343,322</u>	<u>1,757,114</u>	<u>1,412,932</u>	<u>344,182</u>
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,618,727	6,810,513	1,526,400	5,284,113
Total law enforcement	<u>1,618,727</u>	<u>6,810,513</u>	<u>1,526,400</u>	<u>5,284,113</u>
Fire		515,497	414,604	100,893
	<u>-</u>	<u>515,497</u>	<u>414,604</u>	<u>100,893</u>
Correction and detention:				
Community Diversion Program	2,107,156	2,292,577	1,991,207	301,370
Juvenile and Domestic Relations District Court	987,694	994,567	945,478	49,089
Sheriff	-	4,561	3,284	1,277
Total correction and detention	<u>3,094,850</u>	<u>3,291,705</u>	<u>2,939,969</u>	<u>351,736</u>
Total public safety	<u>4,713,577</u>	<u>10,617,715</u>	<u>4,880,973</u>	<u>5,736,742</u>
Public works:				
General Administration	897,000	1,014,750	105,333	909,417
Maintenance of Highways and Streets	83,100	183,100	65,355	117,745
Solid Waste Collection and Disposal	14,754,533	16,432,524	15,435,464	997,060
Total public works	<u>15,734,633</u>	<u>17,630,374</u>	<u>15,606,152</u>	<u>2,024,222</u>
Health and social services:				
Social Services	36,245,304	49,107,117	40,539,571	8,567,546
Mental health and developmental services:				
Related Services	6,234,227	8,219,571	6,153,020	2,066,551
Mental Health	12,549,454	14,480,515	12,477,639	2,002,876
Developmental Services	12,599,492	13,017,759	11,986,139	1,031,620
Substance Abuse	3,081,858	4,235,629	3,239,104	996,525
MH/DS Administration	5,637,532	5,934,307	5,402,270	532,037
Total mental health and developmental services	<u>40,102,563</u>	<u>45,887,781</u>	<u>39,258,172</u>	<u>6,629,609</u>
Total health and social services	<u>76,347,867</u>	<u>94,994,898</u>	<u>79,797,743</u>	<u>15,197,155</u>

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Exhibit 14  
Page 4 of 4

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Special Revenue Fund, continued:</b>				
Parks, recreation and culture:				
Parks and Recreation grants	\$ -	\$ 27,585	\$ 4,800	\$ 22,785
Total parks, recreation and culture	<u>-</u>	<u>27,585</u>	<u>4,800</u>	<u>22,785</u>
Community development:				
Planning and Community Development	-	5,943,983	2,221,556	3,722,427
Economic Development	-	1,300,000	1,300,000	-
Total community development	<u>-</u>	<u>7,243,983</u>	<u>3,521,556</u>	<u>3,722,427</u>
Debt service:				
Capital lease principal	36,697	36,697	36,697	-
Capital lease interest	9,729	9,729	9,729	-
Total debt service	<u>46,426</u>	<u>46,426</u>	<u>46,426</u>	<u>-</u>
<b>Total Special Revenue Fund</b>	<b>\$ 102,340,388</b>	<b>\$ 139,288,662</b>	<b>\$ 109,492,628</b>	<b>\$ 29,796,034</b>
<b>Grand Total Expenditures - Government Funds</b>	<b><u>\$ 799,582,976</u></b>	<b><u>\$ 854,283,796</u></b>	<b><u>\$ 809,169,056</u></b>	<b><u>\$ 45,114,740</u></b>

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 SIX FISCAL YEARS\*

Exhibit 15  
Page 1 of 2

	2015	2016	2017	2018	2019	2020
<b>Governmental Activities:</b>						
<b>Total pension liability</b>						
Service cost	\$ 23,796,971	\$ 23,884,723	\$ 24,801,703	\$ 25,098,225	\$ 26,412,598	\$ 26,669,998
Interest on total pension liability	65,367,508	69,217,236	71,893,739	75,416,152	78,641,385	81,609,627
Change of assumptions	-	(15,888,024)	(3,762,008)	3,600,205	-	35,221,964
Difference between expected and actual experience	-	(47,302,547)	(50,505,930)	(13,129,434)	(2,495,542)	(5,237,540)
Benefit payments, including refunds of employee contributions	(43,077,241)	(53,593,856)	(57,951,397)	(60,174,533)		
Net change in total pension liability	46,087,238	29,911,388	42,427,504	37,391,292	44,607,044	78,089,516
Total pension liability - beginning	964,087,706	1,010,174,944	1,040,086,332	1,082,513,836	1,119,905,128	1,164,512,172
Total pension liability - ending (a)	<u>\$ 1,010,174,944</u>	<u>\$ 1,040,086,332</u>	<u>\$ 1,082,513,836</u>	<u>\$ 1,119,905,128</u>	<u>\$ 1,164,512,172</u>	<u>\$ 1,242,601,688</u>
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 27,496,460	\$ 28,290,290	\$ 29,374,797	\$ 26,184,817	\$ 26,807,419	\$ 28,277,430
Contributions - employee	9,281,980	9,452,120	9,798,397	10,254,955	10,318,099	10,537,974
Net investment income	113,606,404	38,115,473	15,148,200	107,128,844	72,308,202	68,371,688
Benefit payments	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)	(60,174,533)
Administrative expense	(612,154)	(522,704)	(541,959)	(622,456)	(628,498)	(681,327)
Other	5,986	(8,071)	(6,430)	(95,261)	(64,229)	(43,116)
Net change in plan fiduciary net position	106,701,435	28,024,561	3,267,075	89,257,043	50,789,596	46,288,116
Plan fiduciary net position - beginning	729,182,146	835,883,581	863,908,142	867,175,217	956,432,260	1,007,221,856
Plan fiduciary net position - ending (b)	<u>\$ 835,883,581</u>	<u>\$ 863,908,142</u>	<u>\$ 867,175,217</u>	<u>\$ 956,432,260</u>	<u>\$ 1,007,221,856</u>	<u>\$ 1,053,509,972</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 174,291,363</u>	<u>\$ 176,178,190</u>	<u>\$ 215,338,619</u>	<u>\$ 163,472,868</u>	<u>\$ 157,290,316</u>	<u>\$ 189,091,716</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.75%	83.06%	80.11%	85.40%	86.49%	84.78%
<b>Covered payroll</b>	\$ 188,575,531	\$ 191,276,453	\$ 199,857,968	\$ 202,991,663	\$ 209,182,401	\$ 217,281,758
<b>Net pension liability as a percentage of covered payroll</b>	92.43%	92.11%	107.75%	80.53%	75.19%	87.03%
<b>Business-type Activities:</b>						
<b>Total pension liability</b>						
Service cost	\$ 1,715,200	\$ 1,683,447	\$ 1,721,019	\$ 1,727,978	\$ 1,778,119	\$ 1,786,600
Interest on total pension liability	4,711,454	4,878,582	4,988,789	5,192,297	5,294,205	5,466,957
Change of assumptions	-	-	-	247,869	-	2,359,489
Difference between expected and actual experience	-	(1,119,823)	(261,050)	(903,943)	(168,002)	(350,858)
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)
Net change in total pension liability	3,321,802	2,108,219	2,944,094	2,574,338	3,002,984	5,231,148
Total pension liability - beginning	68,748,558	72,070,360	74,178,579	77,122,673	79,697,011	82,699,995
Total pension liability - ending (a)	<u>\$ 72,070,360</u>	<u>\$ 74,178,579</u>	<u>\$ 77,122,673</u>	<u>\$ 79,697,011</u>	<u>\$ 82,699,995</u>	<u>\$ 87,931,143</u>

COUNTY OF HENRICO, VIRGINIA

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)

GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES

LAST SIX FISCAL YEARS\*

Exhibit 15  
Page 2 of 2

	2015	2016	2017	2018	2019	2020
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 1,981,845	\$ 1,993,960	\$ 2,038,351	\$ 1,802,788	\$ 1,804,698	\$ 1,894,281
Contributions - employee	669,012	666,206	679,922	706,039	694,623	705,930
Net investment income	8,188,339	2,686,461	1,051,151	7,375,672	4,867,851	4,580,160
Benefit payments	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)
Administrative expense	(44,121)	(36,841)	(37,607)	(42,855)	(42,311)	(45,641)
Other	431	(569)	(446)	(6,559)	(4,324)	(2,888)
Net change in plan fiduciary net position	7,690,654	1,975,230	226,707	6,145,223	3,419,199	3,100,802
Plan fiduciary net position - beginning	51,997,574	59,688,228	61,663,458	61,890,165	68,035,388	71,454,587
Plan fiduciary net position - ending (b)	\$ 59,688,228	\$ 61,663,458	\$ 61,890,165	\$ 68,035,388	\$ 71,454,587	\$ 74,555,389
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 12,382,132</b>	<b>\$ 12,515,121</b>	<b>\$ 15,232,508</b>	<b>\$ 11,661,623</b>	<b>\$ 11,245,408</b>	<b>\$ 13,375,754</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.82%	83.13%	80.25%	85.37%	86.40%	84.79%
<b>Covered payroll</b>	<b>\$ 13,395,158</b>	<b>\$ 13,305,310</b>	<b>\$ 13,763,763</b>	<b>\$ 13,845,688</b>	<b>\$ 14,070,332</b>	<b>\$ 14,347,719</b>
<b>Net pension liability as a percentage of covered payroll</b>	92.44%	94.06%	110.67%	84.23%	79.92%	0.932256492
<b>Total Activities:</b>						
<b>Total pension liability</b>						
Service cost	\$ 25,512,171	\$ 25,568,170	\$ 26,522,722	\$ 26,826,203	\$ 28,190,717	\$ 28,456,598
Interest on total pension liability	70,078,962	74,095,818	76,882,528	80,608,449	83,935,590	87,076,584
Change of assumptions	-	-	-	3,848,074	-	37,581,453
Difference between expected and actual experience	-	(17,007,847)	(4,023,058)	(14,033,377)	(2,663,544)	(5,588,398)
Benefit payments, including refunds of employee contributions	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)
Net change in total pension liability	49,409,040	32,019,607	45,371,598	39,965,630	47,610,028	83,320,664
Total pension liability - beginning	1,032,836,264	1,082,245,304	1,114,264,911	1,159,636,509	1,199,602,139	1,247,212,167
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	\$ 1,330,532,831
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 29,478,305	\$ 30,284,250	\$ 31,413,148	\$ 27,987,605	\$ 28,612,117	\$ 30,171,711
Contributions - employee	9,950,992	10,118,326	10,478,319	10,960,994	11,012,722	11,243,904
Net investment income	121,794,743	40,801,934	16,199,351	114,504,516	77,176,053	72,951,848
Benefit payments	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)
Administrative expense	(656,275)	(559,545)	(579,566)	(665,311)	(670,809)	(726,968)
Other	6,417	(8,640)	(6,876)	(101,820)	(68,553)	(46,004)
Net change in plan fiduciary net position	114,392,089	29,999,791	3,493,782	95,402,266	54,208,795	49,388,918
Plan fiduciary net position - beginning	781,179,720	895,571,809	925,571,600	929,065,382	1,024,467,648	1,078,676,443
Plan fiduciary net position - ending (b)	\$ 895,571,809	\$ 925,571,600	\$ 929,065,382	\$ 1,024,467,648	\$ 1,078,676,443	\$ 1,128,065,361
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 186,673,495</b>	<b>\$ 188,693,311</b>	<b>\$ 230,571,127</b>	<b>\$ 175,134,491</b>	<b>\$ 168,535,724</b>	<b>\$ 202,467,470</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.75%	83.07%	80.12%	85.40%	86.49%	84.78%
<b>Covered payroll</b>	<b>\$ 201,970,689</b>	<b>\$ 204,581,763</b>	<b>\$ 213,621,731</b>	<b>\$ 216,837,351</b>	<b>\$ 223,252,733</b>	<b>\$ 231,629,477</b>
<b>Net pension liability as a percentage of covered payroll</b>	92.43%	92.23%	107.93%	80.77%	75.49%	87.41%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only six 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 SIX FISCAL YEARS\*

	2015	2016	2017	2018	2019	2020
<b>School Board Non-Professional Group</b>						
<b>Total pension liability</b>						
Service cost	\$ 72,260	\$ 69,746	\$ 67,970	\$ 58,711	\$ 56,131	\$ 56,136
Interest on total pension liability	582,852	580,111	567,282	571,638	554,959	539,048
Change of assumptions	-	-	-	44,778	-	182,613
Difference between expected and actual experience	-	(139,895)	108,818	(226,614)	(134,067)	157,842
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)
Net change in total pension liability	(34,501)	(188,962)	56,540	(227,640)	(220,400)	224,423
Total pension liability - beginning	8,671,261	8,636,760	8,447,798	8,504,338	8,276,698	8,056,298
Total pension liability - ending (a)	<u>\$ 8,636,760</u>	<u>\$ 8,447,798</u>	<u>\$ 8,504,338</u>	<u>\$ 8,276,698</u>	<u>\$ 8,056,298</u>	<u>\$ 8,280,721</u>
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 209,478	\$ 165,901
Contributions - employee	31,303	31,253	30,289	30,785	31,431	26,749
Net investment income	804,061	251,841	85,861	614,333	387,642	334,328
Benefit payments	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)
Administrative expense	(4,544)	(3,822)	(3,655)	(3,892)	(3,645)	(3,782)
Other	43	(54)	(39)	(534)	(335)	(208)
Net change in plan fiduciary net position	513,391	(181,231)	(337,571)	163,837	(72,852)	(188,228)
Plan fiduciary net position - beginning	5,309,719	5,823,110	5,641,879	5,304,308	5,468,145	5,395,293
Plan fiduciary net position - ending (b)	<u>\$ 5,823,110</u>	<u>\$ 5,641,879</u>	<u>\$ 5,304,308</u>	<u>\$ 5,468,145</u>	<u>\$ 5,395,293</u>	<u>\$ 5,207,065</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 2,813,650</u>	<u>\$ 2,805,919</u>	<u>\$ 3,200,030</u>	<u>\$ 2,808,553</u>	<u>\$ 2,661,005</u>	<u>\$ 3,073,656</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>						
Covered payroll	67.42%	66.79%	62.37%	66.07%	66.97%	62.88%
<b>Net pension liability as a percentage of covered payroll</b>						
	448.12%	465.61%	506.13%	426.22%	379.53%	429.02%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS (VRS PLAN)**  
**PENSION PLAN**  
**LAST SIX FISCAL YEARS\***

Exhibit 17

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>						
Contractually determined contribution of employer	\$ 27,496,460	\$ 28,290,290	\$ 29,374,797	\$ 26,184,817	\$ 28,477,541	\$ 29,700,868
Contribution in relation to determined contributions	<u>27,496,460</u>	<u>28,290,290</u>	<u>29,374,797</u>	<u>26,184,817</u>	<u>28,477,541</u>	<u>29,700,868</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	191,276,453	199,857,968	202,991,663	209,182,401	217,281,758	228,391,980
Contributions as a percentage of covered payroll	14.38%	14.16%	14.47%	12.52%	13.11%	13.00%
<b>Business-type Activities:</b>						
Contractually determined contribution of employer	\$ 1,981,845	\$ 1,993,960	\$ 2,038,351	\$ 1,802,788	\$ 1,894,281	\$ 1,940,247
Contribution in relation to determined contributions	<u>1,981,845</u>	<u>1,993,960</u>	<u>2,038,351</u>	<u>1,802,788</u>	<u>1,894,281</u>	<u>1,940,247</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	13,305,310	13,763,763	13,845,688	14,070,332	14,347,719	14,987,107
Contributions as a percentage of covered payroll	14.90%	14.49%	14.72%	12.81%	13.20%	12.95%
<b>School Board Non-Professional Group:</b>						
Contractually determined contribution of employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 156,828	\$ 172,720
Contribution in relation to determined contributions	<u>372,141</u>	<u>238,475</u>	<u>237,503</u>	<u>199,298</u>	<u>156,828</u>	<u>172,720</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Covered payroll	\$ 602,637	\$ 632,258	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037
Contributions as a percentage of covered payroll	61.75%	37.72%	36.04%	28.43%	21.89%	21.89%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE**  
**OF THE NET PENSION LIABILITY**  
**TEACHERS' PENSION PLAN**  
**LAST SIX FISCAL YEARS\***

**Exhibit 18**

	<b>2015</b>	3.29%	<b>2016</b>	3.28%	<b>2017</b>	3.30%	<b>2018</b>	3.28%	<b>2019</b>	3.29%	<b>2020</b>	3.31%
Schools' proportion of the net pension liability												
Schools' proportionate share of the net pension liability	\$ 398,595,000		\$ 413,109,000		\$ 463,076,000		\$ 403,402,000		\$ 386,870,000		\$ 435,169,982	
Schools' covered payroll	\$ 268,691,850		\$ 273,853,673		\$ 281,366,433		\$ 288,681,379		\$ 295,352,515		\$ 306,552,352	
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%		141.96%	
Plan fiduciary net position	\$ 970,083,754		\$ 995,953,131		\$ 996,863,280		\$ 1,086,397,116		\$ 1,144,446,408		\$ 1,195,470,062	
Plan fiduciary net position as a percentage of the total pension liability	70.88%		70.68%		68.28%		72.92%		74.74%		73.51%	

See accompanying independent auditor's report.

\*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOLS' CONTRIBUTIONS**  
**TEACHERS' PENSION PLAN**  
**LAST SIX FISCAL YEARS\***

Exhibit 19

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Contractually required contribution	\$ 28,125,017	\$ 35,384,284	\$ 35,423,318	\$ 44,126,503	\$ 44,057,330	\$ 46,401,911
Contribution in relation to the contractually required contribution	\$ 28,125,017	\$ 35,384,284	\$ 35,423,318	\$ 44,126,503	\$ 44,057,330	\$ 46,401,911
Contribution deficiency (excess)	-	-	-	-	-	-
Schools' covered payroll	\$ 273,853,673	\$ 281,366,433	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937
Contributions as a percentage of covered payroll	10.27%	12.58%	12.27%	14.94%	14.37%	14.39%

See accompanying independent auditor's report.

\*Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only six years are shown herein.

## COUNTY OF HENRICO, VIRGINIA

### Notes to Required Supplementary Pension Information

For the Year Ended June 30, 2020

#### **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 do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2018 and the impact on the liabilities as of the measurement date of June 30, 2019 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 withdrawal
- Decrease in male and female rates of disability

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS**  
**HEALTHCARE OPEB TRUST FUND**  
**LAST FOUR FISCAL YEARS\***

Exhibit 20

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB liability</b>				
Service cost	\$ 4,146,771	\$ 3,781,739	\$ 4,627,235	\$ 4,858,597
Interest on total OPEB liability	7,708,898	7,990,226	6,187,930	6,605,248
Differences between expected and actual experience	-	(28,205,844)	-	449,044
Change of assumptions	-	(5,679,980)	-	-
Benefit payments, including refunds of employee contributions	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)
Net change in total OPEB liability	5,316,874	(26,260,827)	6,336,440	6,828,052
Total OPEB liability - beginning	109,194,437	114,511,311	88,250,484	94,586,924
Total OPEB liability - ending (a)	<u>\$ 114,511,311</u>	<u>\$ 88,250,484</u>	<u>\$ 94,586,924</u>	<u>\$ 101,414,976</u>
<b>Total plan fiduciary net position</b>				
Contributions - employer	\$ 7,765,131	\$ 6,846,584	\$ 7,303,945	\$ 5,823,822
Net investment income	7,296,432	5,272,202	4,390,670	346,106
Benefit payments	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)
Administrative expense	-	(500)	(500)	(500)
Net change in plan fiduciary net position	8,522,768	7,971,318	7,215,390	1,084,591
Plan fiduciary net position - beginning	44,841,294	53,364,062	61,335,380	68,550,770
Plan fiduciary net position - ending (b)	<u>\$ 53,364,062</u>	<u>\$ 61,335,380</u>	<u>\$ 68,550,770</u>	<u>\$ 69,635,361</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 61,147,249</u>	<u>\$ 26,915,104</u>	<u>\$ 26,036,154</u>	<u>\$ 31,779,615</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	46.60%	69.50%	72.47%	68.66%
<b>Covered-employee payroll</b>	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	11.41%	5.11%	4.83%	5.75%

See accompanying independent auditor's report.  
\* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only four years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**HEALTHCARE OPEB TRUST FUND**  
**LAST FOUR FISCAL YEARS\***

Exhibit 21

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially determined contribution	\$ 10,161,876	\$ 9,491,736	\$ 7,303,945	\$ 7,527,997
Contributions in relation to the actuarially determined contribution	\$ 7,765,131	\$ 6,846,584	\$ 7,303,945	\$ 5,823,822
Contribution deficiency	2,396,745	2,645,152	-	1,704,175
Covered-employee payroll	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495
Contributions as a percentage of covered-employee payroll	1.45%	1.30%	1.35%	1.05%

\*Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only four 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 Annuitant Mortality Table.

See accompanying independent auditor's report.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF INVESTMENT RETURNS**  
**HEALTHCARE OPEB TRUST FUND**  
**LAST FOUR FISCAL YEARS\***

**Exhibit 22**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Annual money-weighted rate of return on investments, net of investment expense	12.87%	9.52%	7.00%	3.00%

See accompanying independent auditor's report.

\* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only four 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 THREE FISCAL YEARS\***

Exhibit 23

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
<b>Total OPEB liability</b>			
Service cost	\$ 1,917,454	\$ 1,487,911	\$ 2,736,312
Interest on total pension liability	4,051,282	3,137,464	3,242,279
Change of assumptions	(2,879,919)	-	-
Difference between expected and actual experience	(14,301,201)	-	7,555,337
Benefit payments, including refunds of employee contributions	(2,102,636)	(1,313,667)	(3,081,664)
Other	-	-	59,447
Net change in total OPEB liability	(13,315,020)	3,311,708	10,511,711
Total OPEB liability - beginning	58,060,636	44,745,616	48,057,324
Total OPEB liability - ending (a)	<u>\$ 44,745,616</u>	<u>\$ 48,057,324</u>	<u>\$ 58,569,035</u>
<b>Total fiduciary net position</b>			
Contributions - employer	\$ 3,471,421	\$ 3,217,843	\$ 3,279,917
Net investment income	2,673,163	2,226,200	194,923
Benefit payments	(2,102,636)	(1,313,667)	(3,081,664)
Administrative expense	(254)	(254)	(282)
Other	-	-	5,049,203
Net change in plan fiduciary net position	4,041,695	4,130,122	5,442,097
Plan fiduciary net position - beginning	27,057,164	31,098,859	35,228,981
Plan fiduciary net position - ending (b)	<u>\$ 31,098,859</u>	<u>\$ 35,228,981</u>	<u>\$ 40,671,078</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 13,646,757</u>	<u>\$ 12,828,343</u>	<u>\$ 17,897,957</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	73.31%	69.44%
<b>Covered-employee payroll</b>	\$ 209,182,401	\$ 217,281,758	\$ 228,391,980
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	6.52%	5.90%	7.84%
<b>Business-type Activities:</b>			
<b>Total OPEB liability</b>			
Service cost	\$ 102,559	\$ 154,943	\$ 129,858
Interest on total pension liability	216,691	167,814	189,621
Change of assumptions	(154,039)	-	-
Difference between expected and actual experience	(764,929)	-	(247,379)
Benefit payments, including refunds of employee contributions	(112,464)	(205,678)	(45,840)
Net change in total OPEB liability	(712,182)	117,079	26,260
Total OPEB liability - beginning	3,105,497	2,393,315	2,510,394
Total OPEB liability - ending (a)	<u>\$ 2,393,315</u>	<u>\$ 2,510,394</u>	<u>\$ 2,536,654</u>
<b>Total fiduciary net position</b>			
Contributions - employer	\$ 185,676	\$ 194,738	\$ 155,656
Net investment income	142,981	119,073	9,251
Benefit payments	(112,464)	(205,678)	(45,840)
Administrative expense	(14)	(13)	(13)
Other	-	-	(203,297)
Net change in plan fiduciary net position	216,179	108,120	(84,243)
Plan fiduciary net position - beginning	1,447,210	1,663,389	1,771,509
Plan fiduciary net position - ending (b)	<u>\$ 1,663,389</u>	<u>\$ 1,771,509</u>	<u>\$ 1,687,266</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 729,926</u>	<u>\$ 738,885</u>	<u>\$ 849,388</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	70.57%	66.52%
<b>Covered-employee payroll</b>	\$ 14,070,332	\$ 14,347,719	\$ 14,987,107
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	5.19%	5.15%	5.67%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS**  
**COMPONENT UNITS**  
**LAST THREE FISCAL YEARS\***

Exhibit 24

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>School Board</b>			
<b>Total OPEB liability</b>			
Service cost	\$ 1,742,334	\$ 2,954,189	\$ 1,963,746
Interest on total pension liability	3,681,281	2,850,922	3,136,097
Change of assumptions	(2,616,898)	-	-
Difference between expected and actual experience	(12,995,083)	-	(6,947,615)
Benefit payments, including refunds of employee contributions	(1,910,604)	(2,917,809)	(1,949,477)
Net change in total OPEB liability	(12,098,970)	2,887,302	(3,797,249)
Total OPEB liability - beginning	52,758,001	40,659,031	43,546,333
Total OPEB liability - ending (a)	<u>\$ 40,659,031</u>	<u>\$ 43,546,333</u>	<u>\$ 39,749,084</u>
<b>Total fiduciary net position</b>			
Contributions - employer	\$ 3,154,379	\$ 3,854,690	\$ 2,353,870
Net investment income	2,429,025	2,022,883	139,889
Benefit payments	(1,910,604)	(2,917,809)	(1,949,477)
Administrative expense	(230)	(230)	(202)
Other	-	-	(4,857,825)
Net change in plan fiduciary net position	3,672,570	2,959,534	(4,313,745)
Plan fiduciary net position - beginning	24,586,054	28,258,624	31,218,158
Plan fiduciary net position - ending (b)	<u>\$ 28,258,624</u>	<u>\$ 31,218,158</u>	<u>\$ 26,904,413</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 12,400,407</u>	<u>\$ 12,328,175</u>	<u>\$ 12,844,671</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	71.69%	67.69%
<b>Covered-employee payroll</b>	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	3.86%	3.59%	3.57%
<b>JRJDC</b>			
<b>Total OPEB liability</b>			
Service cost	\$ 19,392	\$ 30,192	\$ 28,681
Interest on total pension liability	40,971	31,730	37,251
Change of assumptions	(29,125)	-	-
Difference between expected and actual experience	(144,631)	-	29,254
Benefit payments, including refunds of employee contributions	(21,264)	(41,571)	(7,856)
Net change in total OPEB liability	(134,657)	20,351	87,330
Total OPEB liability - beginning	587,177	452,520	472,871
Total OPEB liability - ending (a)	<u>\$ 452,520</u>	<u>\$ 472,871</u>	<u>\$ 560,201</u>
<b>Total fiduciary net position</b>			
Contributions - employer	\$ 35,107	\$ 36,672	\$ 34,379
Net investment income	27,034	22,514	2,043
Benefit payments	(21,264)	(41,571)	(7,856)
Administrative expense	(3)	(3)	(3)
Other	-	-	11,919
Net change in plan fiduciary net position	40,874	17,612	40,482
Plan fiduciary net position - beginning	273,634	314,508	332,120
Plan fiduciary net position - ending (b)	<u>\$ 314,508</u>	<u>\$ 332,120</u>	<u>\$ 372,602</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 138,012</u>	<u>\$ 140,751</u>	<u>\$ 187,599</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	70.23%	66.51%
<b>Covered-employee payroll</b>	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	4.36%	4.52%	5.95%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**HEALTHCARE OPEB TRUST FUND**  
**LAST THREE FISCAL YEARS\***

Exhibit 25

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
Actuarially determined contribution of employer	\$ 2,639,247	\$ 2,815,552	\$ 3,922,813
Contributions in relation to the actuarially determined contributions	<u>2,639,247</u>	<u>2,815,552</u>	<u>3,497,853</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 424,960</u>
Covered-employee payroll	209,182,401	217,281,758	228,391,980
Contributions as a percentage of covered-employee payroll	1.26%	1.30%	1.53%
<b>Business-type Activities:</b>			
Actuarially determined contribution of employer	\$ 214,237	\$ 228,548	\$ 291,343
Contributions in relation to the actuarially determined contributions	<u>214,237</u>	<u>228,548</u>	<u>65,591</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 225,752</u>
Covered-employee payroll	14,070,332	14,347,719	14,987,107
Contributions as a percentage of covered-employee payroll	1.52%	1.59%	0.44%
<b>School Board:</b>			
Actuarially determined contribution of employer	\$ 3,951,724	\$ 4,215,705	\$ 3,558,222
Contributions in relation to the actuarially determined contributions	<u>3,951,724</u>	<u>4,215,705</u>	<u>2,248,160</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,310,062</u>
Covered-employee payroll	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886
Contributions as a percentage of covered-employee payroll	1.23%	1.23%	0.62%
<b>JRJDC:</b>			
Actuarially determined contribution of employer	\$ 41,376	\$ 44,140	\$ 52,400
Contributions in relation to the actuarially determined contributions	<u>41,376</u>	<u>44,140</u>	<u>12,218</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,182</u>
Covered-employee payroll	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453
Contributions as a percentage of covered-employee payroll	1.31%	1.42%	0.39%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE TOTAL LINE OF DUTY OPEB LIABILITY AND RELATED RATIOS**  
**LAST THREE FISCAL YEARS\***

**Exhibit 26**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
<b>Total OPEB liability</b>			
Service cost	\$ 1,292,690	\$ 1,357,325	\$ 1,425,191
Interest on total pension liability	769,784	809,350	758,199
Difference between expected and actual experience	-	-	2,644,505
Benefit payments, including refunds of employee contributions	(740,191)	(799,406)	(890,219)
Net change in total OPEB liability	1,322,283	1,367,269	3,937,676
Total OPEB liability - beginning	<u>25,279,187</u>	<u>26,601,470</u>	<u>27,968,739</u>
Total OPEB liability - ending (a)	<u>\$ 26,601,470</u>	<u>\$ 27,968,739</u>	<u>\$ 31,906,415</u>
 <b>Covered-employee payroll</b>			
	\$ 83,876,238	\$ 87,761,787	\$ 91,192,626
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>			
	31.72%	31.87%	34.99%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS FOR THE LINE OF DUTY OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 27

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
Actuarially determined contribution of employee	\$ 2,983,108	\$ 3,204,246	\$ 3,446,814
Contributions in relation to the actuarially determined contributions	<u>740,191</u>	<u>799,406</u>	<u>890,219</u>
Contribution deficiency	<u>\$ 2,242,917</u>	<u>\$ 2,404,840</u>	<u>\$ 2,556,595</u>
Covered-employee payroll	83,876,238	87,761,787	91,192,626
Contributions as a percentage of covered-employee payroll	0.88%	0.91%	0.98%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**TEACHERS' HEALTH INSURANCE CREDIT OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

**Exhibit 28**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
School's proportion of the net OPEB liability	3.28%	3.29%	3.31%
School's proportionate share of the net OPEB liability	\$ 41,657,000	\$ 41,825,000	\$ 43,352,981
School's covered payroll	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	14.43%	14.16%	14.14%
Plan fiduciary net position as a percentage of the total OPEB liability	7.04%	8.08%	8.95%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S CONTRIBUTIONS**  
**TEACHERS' HEALTH INSURANCE CREDIT OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 29

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265
Contributions in relation to the contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265
Contribution deficiency (excess)	-	-	-
School's covered payroll	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937
Contributions as a percentage of covered payroll	0.97%	1.09%	1.03%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**GROUP LIFE INSURANCE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

**Exhibit 30**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
Proportion of the net OPEB liability	82.37%	82.45%	82.71%
Proportionate share of the net OPEB liability	\$ 16,472,124	\$ 16,449,312	\$ 17,736,413
Covered payroll	\$ 202,991,663	\$ 209,182,401	\$ 217,281,758
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.11%	7.86%	8.16%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.71%	52.18%
<b>Business-type Activities:</b>			
Proportion of the net OPEB liability	5.64%	5.55%	5.48%
Proportionate share of the net OPEB liability	\$ 1,128,296	\$ 1,126,760	\$ 1,211,970
Covered payroll	\$ 13,845,688	\$ 14,070,332	\$ 14,347,719
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.15%	8.01%	8.45%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.66%	52.12%
<b>Schools' C&amp;M Activities:</b>			
Proportion of the net OPEB liability	10.81%	10.73%	10.61%
Proportionate share of the net OPEB liability	\$ 2,162,379	\$ 2,159,409	\$ 2,324,485
Covered payroll	\$ 25,507,180	\$ 25,445,827	\$ 35,671,866
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.48%	8.49%	6.52%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	50.86%	52.15%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS**  
**GROUP LIFE INSURANCE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 31

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Governmental Activities:</b>			
Contractually determined contribution of employees	\$ 1,049,923	\$ 1,504,688	\$ 1,567,194
Contribution in relation to the determined contributions	<u>1,049,923</u>	<u>1,504,688</u>	<u>1,567,194</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 209,182,401	 217,281,758	 228,391,980
Contributions as a percentage of covered payroll	0.50%	0.69%	0.69%
<b>Business-type Activities:</b>			
Contractually determined contribution of employees	\$ 71,917	\$ 71,947	\$ 75,690
Contribution in relation to the determined contributions	<u>71,917</u>	<u>71,947</u>	<u>75,690</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 14,070,332	 14,347,719	 14,987,107
Contributions as a percentage of covered payroll	0.51%	0.50%	0.51%
<b>School's C&amp;M:</b>			
Contractually determined contribution of employees	\$ 137,829	\$ 139,114	\$ 143,049
Contribution in relation to the determined contributions	<u>137,829</u>	<u>139,114</u>	<u>143,049</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 25,445,827	 35,671,866	 36,750,912
Contributions as a percentage of covered payroll	0.54%	0.39%	0.39%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**TEACHERS' GROUP LIFE INSURANCE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

**Exhibit 32**

	<b>2018</b>	<b>2019</b>	<b>2020</b>
School's proportion of the net OPEB liability	1.42%	1.41%	1.42%
School's proportionate share of the net OPEB liability	\$ 21,300,000	\$ 21,416,000	\$ 23,180,788
School's covered payroll	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.38%	7.25%	7.56%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.22%	52.00%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S CONTRIBUTIONS**  
**TEACHERS' GROUP LIFE INSURANCE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 33

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Contractually required contribution	\$ 1,357,662	\$ 1,394,307	\$ 1,452,146
Contribution in relation to the contractually required contribution	\$ 1,357,662	\$ 1,394,307	\$ 1,452,146
Contribution deficiency (excess)	-	-	-
School's covered payroll	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937
Contributions as a percentage of covered payroll	0.46%	0.45%	0.45%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE**  
**OF THE NET OPEB LIABILITY**  
**NON-PROFESSIONAL GROUP LIFE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 34

	<b>2018</b>	<b>2019</b>	<b>2020</b>
School's proportion of the net OPEB liability	.0038%	.0032%	0.33%
School's proportionate share of the net OPEB liability	\$ 57,000	\$ 59,000	\$ 53,212
School's covered payroll	\$ 658,947	\$ 701,134	\$ 716,437
Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	8.65%	8.41%	7.43%
Plan fiduciary net position as a percentage of the total OPEB liability	49.11%	51.24%	52.06%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF SCHOOL'S CONTRIBUTIONS**  
**NON-PROFESSIONAL GROUP LIFE OPEB PLAN**  
**LAST THREE FISCAL YEARS\***

Exhibit 35

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Contractually required contribution	\$ 3,670	\$ 3,834	\$ 3,335
Contributions in relation to the contractually required contribution	\$ 3,670	\$ 3,834	\$ 3,335
Contribution deficiency (excess)	-	-	-
School's covered payroll	\$ 701,134	\$ 716,437	\$ 789,037
Contributions as a percentage of covered payroll	0.52%	0.54%	0.42%

See accompanying independent auditor's report.

\*Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only three years are shown herein.

## COUNTY OF HENRICO, VIRGINIA

### Notes to Required Supplementary OPEB Information

For the Year Ended June 30, 2020

#### **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 ("Board") 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, 2020 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	1,207
Active plan members	10,568
	<hr/> <hr/> <hr/>

*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, 2020, the County's average contribution rate was 1.32 percent of covered-employee payroll.

##### **Investments**

*Investment policy.* The Board 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, 2020:

<b>Asset Class</b>	<b>Target Allocation</b>
Domestic equity	36%
Fixed Income	25%
Foreign equity	18%
Long/Short equity	6%
Real assets	10%
Private equity	5%
Total	<hr/> <hr/> <hr/>

*Rate of return.* For the year ended June 30, 2020, the annual money-weighted rate of return on

investments, net of investment expense, was 3.01 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, 2020, were as follows:

Total OPEB liability	\$ 101,414,976
Plan fiduciary net position	(69,635,361)
<b>County's net OPEB liability</b>	<b>\$ 31,779,615</b>

Plan fiduciary net position as a percentage of the total OPEB liability	68.66%
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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	7.5 percent for 2020, graded to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075

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, 2020 (see the discussion of the Board of Trustees investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	7.78%
Fixed Income	2.86
Foreign equity	8.82
Long/Short equity	5.46
Real assets	6.72
Private equity	10.44

*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-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease 6.00%</b>	<b>Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Net OPEB liability	\$ 43,484,505	\$ 31,779,615	\$ 21,797,450

*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-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease 6.5% decreasing to 5.75% over 3 years and following the Getzen mode after</b>	<b>Healthcare Cost Current Rate 7.5% decreasing to 6.75% over 3 years and following the Getzen mode after</b>	<b>1% Increase 8.5% decreasing to 7.75% over 3 years and following the Getzen mode after</b>
Net OPEB liability	\$ 23,979,050	\$ 31,779,615	\$ 40,971,328

**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, 2020**

**Schedule 1**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Miscellaneous revenues	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2020**

**Schedule 2**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Miscellaneous	\$ 50,000	\$ 350,000	\$ 372,321	\$ (22,321)
Debt Service:				
Principal payments	48,870,000	48,870,000	48,870,000	-
Interest payments	22,650,276	22,650,276	21,060,132	1,590,144
Total Debt Service	<u>71,520,276</u>	<u>71,520,276</u>	<u>69,930,132</u>	<u>1,590,144</u>
<b>Total Debt Service Fund</b>	<b><u>\$ 71,570,276</u></b>	<b><u>\$ 71,870,276</u></b>	<b><u>\$ 70,302,453</u></b>	<b><u>\$ 1,567,823</u></b>

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 STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2020**

Schedule 3

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Healthcare Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 761,842	\$ 2,917,692	\$ 29,628,298	\$ 33,307,832
Receivables, net	14,577	-	2,370,784	2,385,361
Due from other funds	-	-	1,091,089	1,091,089
Due from component unit	-	-	14,641	14,641
Inventories	751,353	-	-	751,353
<b>Total current assets</b>	<b>1,527,772</b>	<b>2,917,692</b>	<b>33,104,812</b>	<b>37,550,276</b>
Capital Assets:				
Other capital assets, net	15,137,771	-	-	15,137,771
Capital assets, net	15,137,771	-	-	15,137,771
<b>Total assets</b>	<b>16,665,543</b>	<b>2,917,692</b>	<b>33,104,812</b>	<b>52,688,047</b>
<b>Deferred Outflows of Resources:</b>				
Change in proportionate share allocation	32,347	-	-	32,347
Difference between projected and actual earnings	4,666	-	-	4,666
Change of assumptions	392,644	-	-	392,644
Difference between actual and expected experience	18,084	-	-	18,084
Contributions after measurement date	420,254	-	-	420,254
<b>Total deferred outflows of resources</b>	<b>867,995</b>	<b>-</b>	<b>-</b>	<b>867,995</b>
<b>Total assets and deferred outflows of resources</b>	<b>17,533,538</b>	<b>2,917,692</b>	<b>33,104,812</b>	<b>53,556,042</b>
<b>Liabilities:</b>				
Accounts payable	506,871	-	6,417	513,288
Accrued liabilities	181,843	67,350	9,315,783	9,564,976
Due to other funds	18,769	-	-	18,769
Net pension liability	2,824,598	-	-	2,824,598
Net OPEB liability	392,618	-	-	392,618
Long-term liabilities due within one year	246,338	-	-	246,338
Long-term liabilities due in more than one year	19,687	-	-	19,687
<b>Total liabilities</b>	<b>4,190,724</b>	<b>67,350</b>	<b>9,322,200</b>	<b>13,580,274</b>
<b>Deferred Inflows of Resources:</b>				
Change in proportionate share allocation	18,261	-	-	18,261
Difference between actual and expected experience	468,913	-	-	468,913
Difference between projected and actual pension earnings	125,750	-	-	125,750
Change of assumptions	75,607	-	-	75,607
<b>Total deferred inflows of resources</b>	<b>688,531</b>	<b>-</b>	<b>-</b>	<b>688,531</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>4,879,255</b>	<b>67,350</b>	<b>9,322,200</b>	<b>14,268,805</b>
<b>Net Position:</b>				
Net investment in capital assets	15,137,771	-	-	15,137,771
Unrestricted (deficit)	(2,483,488)	2,850,342	23,782,612	24,149,466
<b>Total net position</b>	<b>\$ 12,654,283</b>	<b>\$ 2,850,342</b>	<b>\$ 23,782,612</b>	<b>\$ 39,287,237</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
<b>Operating Revenues:</b>				
Charges for services:				
Interdepartmental charges	\$ 19,604,643	\$ -	\$ -	\$ 19,604,643
Contributions:				
Employer	-	-	101,240,881	101,240,881
Employee	-	-	28,299,843	28,299,843
Retiree	-	-	12,682	12,682
Other	464,524	2,750,000	407,700	3,622,224
<b>Total operating revenues</b>	20,069,167	2,750,000	129,961,106	152,780,273
<b>Operating Expenses:</b>				
Utility charges	138,680	-	-	138,680
Personnel services and benefits	4,142,872	-	114,730,468	118,873,340
Professional services	6,980	-	106,667	113,647
Materials and supplies	8,009,432	2,174,160	-	10,183,592
Maintenance and repairs	5,277,181	-	-	5,277,181
Other expenses	283,235	-	1,071,648	1,354,883
Depreciation	2,434,412	-	-	2,434,412
<b>Total operating expenses</b>	20,292,792	2,174,160	115,908,783	138,375,735
Operating (loss) income	(223,625)	575,840	14,052,323	14,404,538
<b>Nonoperating Revenues:</b>				
Gain on sale of equipment	241,057	-	-	241,057
Investment income	-	-	910,143	910,143
<b>Total nonoperating revenues</b>	241,057	-	910,143	1,151,200
Income (loss) before capital contributions	17,432	575,840	14,962,466	15,555,738
Change in net position	17,432	575,840	14,962,466	15,555,738
<b>Total net position - June 30, 2019</b>	12,636,851	2,274,502	8,820,146	23,731,499
<b>Total net position - June 30, 2020</b>	<u>\$ 12,654,283</u>	<u>\$ 2,850,342</u>	<u>\$ 23,782,612</u>	<u>\$ 39,287,237</u>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schedule 5

	Governmental Activities - Internal Service Funds				Total
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund		
<b>Cash Flows From Operating Activities:</b>					
Receipts from customers	\$ 20,066,266	\$ 2,750,000	\$ 130,064,014	\$ 152,880,280	
Payments to suppliers	(14,535,863)	(2,161,799)	(120,007,905)	(136,705,567)	
Payments to employees	(4,167,942)	-	-	(4,167,942)	
Net cash provided by operating activities	1,362,461	588,201	10,056,109	12,006,771	
<b>Cash Flows From Capital and Related Financing Activities:</b>					
Purchase of capital assets	(909,940)	-	-	(909,940)	
Proceeds from sale of capital assets	309,321	-	-	309,321	
Net cash used in capital and related financing activities	(600,619)	-	-	(600,619)	
<b>Cash Flows From Investing Activities:</b>					
Investment income received	-	-	910,143	910,143	
<b>Net increase in Cash and cash equivalents</b>	761,842	588,201	10,966,252	12,316,295	
<b>Cash and cash equivalents - June 30, 2019</b>	-	2,329,491	18,662,046	20,991,537	
<b>Cash and cash equivalents - June 30, 2020</b>	<u>\$ 761,842</u>	<u>\$ 2,917,692</u>	<u>\$ 29,628,298</u>	<u>\$ 33,307,832</u>	
<b>Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:</b>					
Operating (loss) income	\$ (223,625)	\$ 575,840	\$ 14,052,323	\$ 14,404,538	
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:					
Depreciation	2,434,412	-	-	2,434,412	
Change in assets and liabilities:					
(Increase) decrease in accounts receivable	(2,901)	-	355,159	352,258	
Increase in inventories	(67,350)	-	-	(67,350)	
Increase in due from other funds	-	-	(354,300)	(354,300)	
Decrease in due from component unit	-	-	102,049	102,049	
Other assets	-	-	-	-	
Increase in deferred outflows of resources	(74,101)	-	-	(74,101)	
Increase (decrease) in accounts payable	65,720	(54,989)	(4,060,478)	(4,049,747)	
Increase (decrease) in accrued liabilities	32,108	67,350	(38,644)	60,814	
Decrease in due to other funds	(364,240)	-	-	(364,240)	
Increase in net pension liability	442,870	-	-	442,870	
Decrease in net opeb liability	(401,049)	-	-	(401,049)	
Decrease in deferred inflows of resources	(479,383)	-	-	(479,383)	
<b>Net cash provided by operating activities</b>	<u>\$ 1,362,461</u>	<u>\$ 588,201</u>	<u>\$ 10,056,109</u>	<u>\$ 12,006,771</u>	
<b>Supplemental disclosure of noncash investing and financing activities:</b>					

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 STATEMENT OF ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2020**

Schedule 6

	<b>Long-Term Disability</b>	<b>Special Welfare</b>	<b>Mental Health and Developmental Services</b>	<b>Non-Judicial Tax Sales</b>	<b>Code RVA</b>	<b>Total</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 874,602	\$ 42,464	\$ 78,295	\$ 21,856	\$ 142,844	\$ 1,160,061
Accounts receivable	-	84	-	-	-	84
Due from other Governments	-	-	-	-	252,779	252,779
Deferred outflows	-	-	-	-	556,714	556,714
Equipment	-	-	-	-	32,248	32,248
<b>Total Assets</b>	<b>\$ 874,602</b>	<b>\$ 42,548</b>	<b>\$ 78,295</b>	<b>\$ 21,856</b>	<b>\$ 984,585</b>	<b>\$ 2,001,886</b>
<b>Liabilities:</b>						
Amounts due to others	\$ 762,426	\$ 42,548	\$ 78,295	\$ 21,856	\$ 913,277	\$ 1,818,402
Accounts payable	112,176	-	-	-	71,308	183,484
<b>Total Liabilities</b>	<b>\$ 874,602</b>	<b>\$ 42,548</b>	<b>\$ 78,295</b>	<b>\$ 21,856</b>	<b>\$ 984,585</b>	<b>\$ 2,001,886</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schedule 7

	<b>Balance July 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30</b>
<b>Long Term Disability:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 782,048	\$ 612,319	\$ 519,765	\$ 874,602
<b>Total assets</b>	<b>\$ 782,048</b>	<b>\$ 612,319</b>	<b>\$ 519,765</b>	<b>\$ 874,602</b>
<b>Liabilities:</b>				
Amounts due to others	\$ 735,570	27,950	1,094	\$ 762,426
Accounts payable	46,478	584,369	518,671	112,176
<b>Total liabilities</b>	<b>\$ 782,048</b>	<b>\$ 612,319</b>	<b>\$ 519,765</b>	<b>\$ 874,602</b>
<b>Special Welfare:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 28,681	\$ 162,259	\$ 148,476	\$ 42,464
Accounts receivable	84	-	-	84
<b>Total assets</b>	<b>\$ 28,765</b>	<b>\$ 162,259</b>	<b>\$ 148,476</b>	<b>\$ 42,548</b>
<b>Liabilities:</b>				
Amounts due to others	\$ 28,765	\$ 162,259	\$ 148,476	\$ 42,548
Accounts payable	-	-	-	-
<b>Total liabilities</b>	<b>\$ 28,765</b>	<b>\$ 162,259</b>	<b>\$ 148,476</b>	<b>\$ 42,548</b>
<b>Mental Health and Retardation:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 62,378	\$ 322,972	\$ 307,055	\$ 78,295
<b>Total assets</b>	<b>\$ 62,378</b>	<b>\$ 322,972</b>	<b>\$ 307,055</b>	<b>\$ 78,295</b>
<b>Liabilities:</b>				
Amounts due to others	\$ 62,378	\$ 322,972	\$ 307,055	\$ 78,295
<b>Total liabilities</b>	<b>\$ 62,378</b>	<b>\$ 322,972</b>	<b>\$ 307,055</b>	<b>\$ 78,295</b>
<b>Non-Judicial Tax Sales:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 21,854	\$ 2	\$ -	\$ 21,856
<b>Total assets</b>	<b>\$ 21,854</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 21,856</b>
<b>Liabilities:</b>				
Amounts due to others	\$ 21,854	\$ 2	\$ -	\$ 21,856
<b>Total liabilities</b>	<b>\$ 21,854</b>	<b>\$ 2</b>	<b>\$ -</b>	<b>\$ 21,856</b>
<b>Code RVA:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 449,202	\$ 4,007,359	\$ 4,313,717	\$ 142,844
Due from other government	282,960	252,779	282,960	252,779
Deferred outflows	239,705	317,009	-	556,714
Equipment	32,248	-	-	32,248
<b>Total assets</b>	<b>\$ 1,004,115</b>	<b>\$ 4,577,147</b>	<b>\$ 4,596,677</b>	<b>\$ 984,585</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 168,891	\$ 1,872,011	\$ 1,969,594	\$ 71,308
Amount due to others	835,224	2,705,136	2,627,083	913,277
<b>Total liabilities</b>	<b>\$ 1,004,115</b>	<b>\$ 4,577,147</b>	<b>\$ 4,596,677</b>	<b>\$ 984,585</b>
<b>Totals:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,344,163	\$ 5,104,911	\$ 5,289,013	\$ 1,160,061
Accounts receivable	84	-	-	84
Due from other government	282,960	252,779	282,960	252,779
Deferred outflows	239,705	317,009	-	556,714
Equipment	32,248	-	-	32,248
<b>Total assets</b>	<b>\$ 1,899,160</b>	<b>\$ 5,674,699</b>	<b>\$ 5,571,973</b>	<b>\$ 2,001,886</b>
<b>Liabilities:</b>				
Amounts due to others	\$ 1,683,791	\$ 3,218,319	\$ 3,083,708	\$ 1,818,402
Accounts payable	215,369	2,456,380	2,488,265	183,484
<b>Total liabilities</b>	<b>\$ 1,899,160</b>	<b>\$ 5,674,699</b>	<b>\$ 5,571,973</b>	<b>\$ 2,001,886</b>

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, 2020**

**Schedule 8**

	<b>Governmental Funds</b>				<b>Totals</b>
	<b>School General Fund</b>	<b>School Special Revenue Fund</b>	<b>School Capital Projects Fund</b>	<b>School General Fund</b>	
<b>Assets:</b>					
Cash and cash equivalents	\$ 11,483,552	\$ 12,548,429	\$ 42,631,629	\$ 66,663,610	
Inventories	-	266,818	-	266,818	
Receivables, net	-	66,737	-	66,737	
Due from other governmental units	4,524,601	14,951,196	-	19,475,797	
<b>Total Assets</b>	<b>\$ 16,008,153</b>	<b>\$ 27,833,180</b>	<b>\$ 42,631,629</b>	<b>\$ 86,472,962</b>	
<b>Liabilities:</b>					
Accounts payable	\$ 941,491	\$ 345,218	\$ 24,137	\$ 1,310,846	
Accrued liabilities	6,086,909	364,484	174,709	6,626,102	
Amounts held for others	83,866	-	-	83,866	
Unearned revenues	-	16,321,824	-	16,321,824	
<b>Total liabilities</b>	<b>7,112,266</b>	<b>17,031,526</b>	<b>198,846</b>	<b>24,342,638</b>	
<b>Fund balances:</b>					
Restricted	-	10,734,917	-	10,734,917	
Committed	-	-	42,432,783	42,432,783	
Assigned	8,895,887	66,737	-	8,962,624	
Unassigned	-	-	-	-	
<b>Total fund balances</b>	<b>8,895,887</b>	<b>10,801,654</b>	<b>42,432,783</b>	<b>62,130,324</b>	
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 16,008,153</b>	<b>\$ 27,833,180</b>	<b>\$ 42,631,629</b>	<b>\$ 86,472,962</b>	
<b>Adjustments for the Statement of Net Position:</b>					
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.				\$ (4,088,049)	
Capital assets used in School Board activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.				306,758,122	
Deferred outflows - contributions after measurement date are not current financial resources and, therefore, are not reported as assets in the governmental funds.				54,780,412	
Deferred outflows - differences between projected and actual earnings are not current financial resources and, therefore, are not reported as assets in the governmental funds.				1,184,856	
Deferred outflows - changes of assumptions are not current financial resources and, therefore, are not reported as assets in the governmental funds.				48,554,149	
Deferred outflows - differences between expected and actual experience are not current financial resources and, therefore, are not reported as assets in the governmental funds.				1,856,833	
Pension liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.				(462,836,320)	
OPEB liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.				(81,756,137)	
Deferred outflows - Change in proportionate share allocation				915,355	
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.				(36,821,834)	
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.				(11,056,499)	
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.				(2,601,474)	
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.				(29,792,688)	
Net Position of Discretely Presented Component Unit - School Board				\$ (152,772,950)	

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, 2020**

**Schedule 9**

	<b>Governmental Funds</b>				<b>Total</b>
	<b>School General Fund</b>	<b>School Special Revenue Fund</b>	<b>School Capital Projects Fund</b>		
<b>Revenues:</b>					
Permits, privilege fees and regulatory licenses	\$ 399,481	\$ -	\$ -	\$ 399,481	
Charges for services	9,500	5,021,169	-	-	5,030,669
Miscellaneous	3,943	1,778,090	-	-	1,782,033
Recovered costs	216,062	-	-	-	216,062
Intergovernmental:					
Federal	-	37,929,406	-	-	37,929,406
State	<u>281,178,758</u>	<u>17,228,620</u>	<u>-</u>	<u>-</u>	<u>298,407,378</u>
Total revenues	<u>281,807,744</u>	<u>61,957,285</u>	<u>-</u>	<u>-</u>	<u>343,765,029</u>
<b>Expenditures:</b>					
Education	502,692,786	63,497,828	-	-	566,190,614
Capital projects	-	-	15,190,084	-	15,190,084
Debt service:					
Principal retirement	10,350,325	-	-	-	10,350,325
Interest	686,561	-	-	-	686,561
Total expenditures	<u>513,729,672</u>	<u>63,497,828</u>	<u>15,190,084</u>	<u>-</u>	<u>592,417,584</u>
Deficiency of revenues under expenditures	<u>(231,921,928)</u>	<u>(1,540,543)</u>	<u>(15,190,084)</u>	<u>-</u>	<u>(248,652,555)</u>
<b>Other Financing Sources (Uses):</b>					
Capital lease obligations incurred	24,719	-	-	-	24,719
Transfers in	-	-	35,345,233	-	35,345,233
Transfers out	(35,345,233)	-	-	-	(35,345,233)
Payment from Primary Government	261,584,518	-	4,940,000	-	266,524,518
Total other financing sources, net	<u>226,264,004</u>	<u>-</u>	<u>40,285,233</u>	<u>-</u>	<u>266,549,237</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>(5,657,924)</u>	<u>(1,540,543)</u>	<u>25,095,149</u>	<u>-</u>	<u>17,896,682</u>
<b>Total Fund Balances - June 30, 2019</b>	<u>14,553,811</u>	<u>12,342,197</u>	<u>17,337,634</u>	<u>-</u>	<u>44,233,642</u>
<b>Total Fund Balances - June 30, 2020</b>	<u>\$ 8,895,887</u>	<u>\$ 10,801,654</u>	<u>\$ 42,432,783</u>	<u>\$ 62,130,324</u>	
<b>Adjustments for the Statement of Activities:</b>					
Excess of revenues and other sources over expenditures and other uses				\$ 17,896,682	
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.				10,350,325	
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds.				(37,560,086)	
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.				43,674,199	
Capital lease proceeds are recorded as other financing source in governmental funds, but are not reported as revenues in the Statement of Activities.				(24,719)	
Internal service funds are used to charge the costs of maintenance to governmental funds and are a reduction of related expense in the Statement of Activities.				110,690	
Pension/OPEB expense is recorded as an expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.				3,558,190	
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.				(1,946,864)	
Change in Net Position of Discretely Presented Component Unit - School Board				<u>\$ 36,058,417</u>	

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**AGENCY FUNDS**  
**JUNE 30, 2020**

**Schedule 10**

<b>Agency Funds</b>
-------------------------

**Assets:**

Cash and cash equivalents	\$ 7,321,779
<b>Total Assets</b>	<b><u>\$ 7,321,779</u></b>

**Liabilities:**

Amounts held for others	\$ 7,321,779
<b>Total Liabilities</b>	<b><u>\$ 7,321,779</u></b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Schedule 11

<b>Balance July 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30</b>
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**School Activity Fund:**

**Assets:**

Cash and cash equivalents	\$ 6,395,844	\$ 12,173,753	\$ 11,247,818	\$ 7,321,779
<b>Total assets</b>	<b>\$ 6,395,844</b>	<b>\$ 12,173,753</b>	<b>\$ 11,247,818</b>	<b>\$ 7,321,779</b>

**Liabilities:**

Amounts due to others	\$ 6,395,844	\$ 12,173,753	\$ 11,247,818	\$ 7,321,779
<b>Total liabilities</b>	<b>\$ 6,395,844</b>	<b>\$ 12,173,753</b>	<b>\$ 11,247,818</b>	<b>\$ 7,321,779</b>

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, 2020**

**Schedule 12**  
**Page 1 of 2**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 100,000	\$ 100,000	\$ 99,266	\$ (734)
Facilities rental	300,000	300,000	300,215	215
Total permits, privilege fees and regulatory licenses	400,000	400,000	399,481	(519)
Charges for services:				
School fees and tuitions	18,000	18,000	9,500	(8,500)
Total charges for services	18,000	18,000	9,500	(8,500)
Recovered cost:				
Sale of vehicles, textbooks and equipment	100,000	100,000	66,063	(33,937)
Recovered cost - student activities	236,500	236,500	149,999	(86,501)
Total recovered cost	336,500	336,500	216,062	(120,438)
Miscellaneous revenues	-	-	3,943	3,943
Total revenue from local sources	754,500	418,000	628,986	210,986
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,420,000	1,420,000	1,436,032	16,032
English as a second language	2,250,000	2,250,000	2,337,892	87,892
General appropriation - basic aid	135,000,000	135,000,000	133,616,328	(1,383,672)
Foster child reimbursement	300,000	300,000	194,378	(105,622)
Textbooks	2,925,000	2,925,000	2,950,900	25,900
Social security reimbursement	8,125,000	8,125,000	8,147,286	22,286
Retirement reimbursement	17,925,000	17,925,000	17,994,366	69,366
Life insurance reimbursement	550,000	550,000	556,829	6,829
Remedial education	4,325,000	4,325,000	4,366,711	41,711
Share of State sales tax - schools	59,000,000	59,000,000	60,251,332	1,251,332
SOQ - basic special education	16,000,000	16,000,000	16,148,038	148,038
Special education - homebound	190,000	190,000	211,713	21,713
Vocational education - local administrative and supervisory	725,000	725,000	45,336	(679,664)
Vocational education - SOQ occupational	2,250,000	2,250,000	2,285,929	35,929
Handicapped - foster home	400,000	400,000	487,313	87,313
Salary incentive K-3	5,600,000	5,600,000	5,742,771	142,771
R.O.T.C.	360,000	360,000	389,958	29,958
Adult Basic Education	-	-	779,340	779,340
At risk	3,475,000	3,475,000	4,249,385	774,385
Education State Compensation	7,000,000	7,000,000	8,118,981	1,118,981
Other categorical aid	125,000	125,000	131,944	6,944
State lottery proceeds	11,000,000	11,000,000	10,726,576	(273,424)
Total categorical aid	278,945,000	278,945,000	281,169,338	2,224,338
Non-categorical aid:				
Miscellaneous	-	-	9,420	9,420
Total revenue from the Commonwealth	278,945,000	278,945,000	281,178,758	2,233,758
<b>Total Component Unit - General Fund</b>	<b>\$ 279,699,500</b>	<b>\$ 279,363,000</b>	<b>\$ 281,807,744</b>	<b>\$ 2,444,744</b>

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**COMPONENT UNIT - SCHOOL BOARD**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Schedule 12**  
**Page 2 of 2**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 7,111,222	\$ 7,111,222	\$ 4,707,121	\$ (2,404,101)
School fees and tuitions	-	-	314,048	314,048
Total charges for services	<u>7,111,222</u>	<u>7,111,222</u>	<u>5,021,169</u>	<u>(2,090,053)</u>
Miscellaneous:				
Miscellaneous	263,704	263,704	189,713	(73,991)
Recoveries and rebates	2,794,526	2,794,526	1,588,377	(1,206,149)
Total miscellaneous	<u>3,058,230</u>	<u>3,058,230</u>	<u>1,778,090</u>	<u>(1,280,140)</u>
Total revenue from local sources	<u>10,169,452</u>	<u>10,169,452</u>	<u>6,799,259</u>	<u>(3,370,193)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,611,352	1,611,352	1,337,874	(273,478)
Technology	1,791,998	1,791,998	1,547,447	(244,551)
Summer school	2,023,512	2,023,512	438,259	(1,585,253)
General adult education	299,522	299,522	713,009	413,487
Other state educational grants	13,372,152	13,372,152	13,192,031	(180,121)
Total revenue from the Commonwealth	<u>19,098,536</u>	<u>19,098,536</u>	<u>17,228,620</u>	<u>(1,869,916)</u>
Revenue from the Federal Government:				
Title I	10,210,156	12,302,950	9,753,265	(2,549,685)
Title VI-B	10,717,437	10,717,437	10,348,555	(368,882)
Vocational federal act	-	-	424,345	424,345
Head start	1,425,440	1,425,440	1,104,237	(321,203)
Pre-school	323,730	323,730	247,704	(76,026)
School lunch program	14,650,000	14,650,000	8,999,149	(5,650,851)
School breakfast program	50,000	50,000	3,362,064	3,312,064
Other Federal educational grants	8,286,697	18,485,751	3,690,087	(14,795,664)
Total revenue from the Federal government	<u>45,663,460</u>	<u>57,955,308</u>	<u>37,929,406</u>	<u>(20,025,902)</u>
Total intergovernmental	<u>64,761,996</u>	<u>77,053,844</u>	<u>55,158,026</u>	<u>(21,895,818)</u>
<b>Total Component Unit - Special Revenue Fund</b>	<b>\$ 74,931,448</b>	<b>\$ 87,223,296</b>	<b>\$ 61,957,285</b>	<b>\$ (25,266,011)</b>
<b>Grand Total Revenues - Component Unit - School Board</b>	<b>\$ 354,630,948</b>	<b>\$ 366,586,296</b>	<b>\$ 343,765,029</b>	<b>\$ (22,821,267)</b>

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, 2020**

**Schedule 13**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Education:				
Administration of schools:				
Administration	\$ 58,648,597	\$ 72,968,117	\$ 66,084,732	\$ 6,883,385
Instructional	368,082,523	364,563,921	361,872,887	2,691,034
Transportation	28,473,797	28,474,482	28,424,521	49,961
Operation and maintenance	48,231,736	47,969,960	46,310,645	1,659,315
Total administration of schools	<u>503,436,653</u>	<u>513,976,480</u>	<u>502,692,786</u>	<u>11,283,694</u>
Debt Service:				
Principal retirement	10,350,325	10,350,325	10,350,325	-
Interest	686,561	686,561	686,561	-
Total debt service	<u>11,036,886</u>	<u>11,036,886</u>	<u>11,036,886</u>	<u>-</u>
Total education	<u>514,473,539</u>	<u>525,013,366</u>	<u>513,729,672</u>	<u>11,283,694</u>
<b>Total Component Unit - General Fund</b>	<b><u>\$ 514,473,539</u></b>	<b><u>\$ 525,013,366</u></b>	<b><u>\$ 513,729,672</u></b>	<b><u>\$ 11,283,694</u></b>
<b>Special Revenue Fund:</b>				
Education:				
Instruction	\$ 45,986,241	\$ 78,036,314	\$ 41,358,747	\$ 36,677,567
Other educational programs	5,708,240	10,876,714	1,885,665	8,991,049
Transportation	-	482,543	428,354	54,189
Operation and maintenance	-	100,000	94,125	5,875
Total education	<u>51,694,481</u>	<u>89,495,571</u>	<u>43,766,891</u>	<u>45,728,680</u>
School food service	<u>23,236,967</u>	<u>23,464,424</u>	<u>19,730,937</u>	<u>3,733,487</u>
<b>Total Component Unit - Special Revenue Fund</b>	<b><u>\$ 74,931,448</u></b>	<b><u>\$ 112,959,995</u></b>	<b><u>\$ 63,497,828</u></b>	<b><u>\$ 49,462,167</u></b>
<b>Grand Total Expenditures - Component Unit - School Board</b>	<b><u>\$ 589,404,987</u></b>	<b><u>\$ 637,973,361</u></b>	<b><u>\$ 577,227,500</u></b>	<b><u>\$ 60,745,861</u></b>

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**

### **Financial Trends**

**Tables I - IV**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

**Tables V - VIII**

These schedules contain information to help the reader assess the County's most significant local revenue sources, the real and personal property tax.

### **Debt Capacity**

**Tables IX - X**

These schedules present information which help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

**Tables XI - XII**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

**Tables XIII - XV**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**HENRICO COUNTY, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(accrual basis of accounting)**  
**( $\$$  in thousands)**

Table I

	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 946,772	\$ 1,009,019	\$ 1,029,263	\$ 1,049,191	\$ 1,082,833	\$ 1,093,486	\$ 1,102,415	\$ 1,168,862	\$ 1,208,373	\$ 1,245,252
Restricted For:										
Highways, Streets and Buildings	94,717	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048	76,830
Debt Service	35,199	37,787	34,667	35,187	35,729	35,283	33,318	38,889	42,912	771
Grants	39,207	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044	50,673
Unrestricted	182,965	129,229	107,902	125,687	(75,487)	(99,933)	(76,034)	(78,587)	(66,470)	23,622
Total Governmental Activities Net Position	\$ 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	\$ 1,397,148
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 923,622	\$ 946,577	\$ 969,304	\$ 1,015,261	\$ 1,006,550	\$ 1,045,556	\$ 1,049,633	\$ 1,040,062	\$ 1,059,884	\$ 1,026,920
Debt Service	16,516	16,516	15,070	17,005	17,002	21,532	21,532	27,247	30,421	30,376
Unrestricted	73,779	64,471	63,384	31,682	47,360	27,843	58,476	89,177	94,644	167,398
Total Business-type Activities Net Position	\$ 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	\$ 1,224,694
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 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	\$ 2,272,173
Restricted For:										
Highways, Streets, and Buildings	94,717	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048	76,830
Debt Service	51,715	54,303	49,737	52,192	52,731	56,815	54,850	66,136	73,333	31,147
Grants	39,207	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044	50,673
Unrestricted	256,744	193,700	171,286	157,369	(28,127)	(72,091)	(17,558)	10,590	28,174	191,020
Total Primary Government Net Position	\$ 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	\$ 2,621,842

**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.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(accrual basis of accounting)  
(\$ in thousands)

Table II

	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 88,350	\$ 96,745	\$ 96,108	\$ 86,769	\$ 101,642	\$ 129,491	\$ 97,783	\$ 91,002	\$ 94,497	\$ 157,135
Judicial Administration	11,101	11,158	10,908	10,916	11,215	11,298	11,889	12,267	12,845	13,143
Public Safety	169,856	172,498	173,219	179,030	181,590	186,839	198,047	198,269	205,319	212,937
Public Works	71,986	75,272	70,303	77,624	82,583	80,918	89,386	87,221	91,603	87,460
Health and Welfare	60,937	60,572	57,700	58,681	61,796	66,956	70,840	74,941	79,862	82,090
Education	209,564	205,558	188,025	200,483	217,148	251,840	249,223	235,170	239,957	269,087
Parks, Recreation and Culture	34,329	34,987	34,781	34,159	35,058	37,434	40,309	42,123	43,429	45,451
Community Development	26,692	27,903	28,869	27,681	31,813	29,868	28,640	30,396	28,681	28,518
Interest on Long-term Debt	18,520	19,177	21,289	15,854	17,195	11,941	12,302	12,069	13,623	12,496
Total Governmental Activities Expenses	691,335	703,870	681,202	691,197	740,040	806,585	798,419	783,458	809,815	908,317
Business-type Activities:										
Water and Sewer	92,028	90,830	89,813	96,918	102,977	107,950	105,919	108,696	112,548	113,127
Belmont Park Golf Course	1,227	1,241	1,166	1,150	965	1,082	1,001	926	896	552
Total Business-type Activities Expenses	93,255	92,071	90,979	98,068	103,942	109,032	106,920	109,622	113,444	113,678
<b>Total Primary Government Expenses</b>	<b>\$ 784,590</b>	<b>\$ 795,941</b>	<b>\$ 772,181</b>	<b>\$ 789,265</b>	<b>\$ 843,982</b>	<b>\$ 915,617</b>	<b>\$ 905,339</b>	<b>\$ 893,080</b>	<b>\$ 923,259</b>	<b>\$ 1,021,995</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for services:										
General Government	\$ 11,461	\$ 12,212	\$ 11,094	\$ 11,118	\$ 13,164	\$ 11,969	\$ 13,659	\$ 16,613	\$ 14,225	\$ 16,202
Judicial Administration	88	90	106	124	185	957	982	972	1,015	955
Public Safety	3,153	3,190	3,464	2,951	3,197	2,878	5,029	3,142	3,791	3,434
Public Works	15,760	13,667	15,077	14,851	3,392	3,464	3,085	2,572	2,693	2,487
Health and Welfare	9,507	10,225	10,234	11,255	10,764	11,317	11,096	11,223	12,231	11,741
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,439	1,497	1,494	1,446	1,360	1,250	1,249	1,208	1,237	761
Community Development	4,901	5,749	6,328	6,479	7,561	7,843	8,615	9,853	9,872	8,945
Operating grants and contributions	-	-	109,426	117,403	137,434	152,903	155,163	148,000	157,835	178,550
Total Governmental Activities Revenues	46,309	46,630	157,223	165,627	177,057	192,581	198,878	193,583	202,899	223,076
Business-type Activities:										
Water and Sewer	100,164	104,221	108,790	108,725	121,201	128,219	133,724	134,199	123,057	131,878
Belmont Park Golf Course	867	979	844	797	853	823	694	697	782	459
Total Business-type Activities Revenues	101,031	105,200	109,634	109,522	122,054	129,042	134,418	134,896	123,839	132,336
<b>Total Primary Government Revenues</b>	<b>\$ 147,340</b>	<b>\$ 151,830</b>	<b>\$ 266,857</b>	<b>\$ 275,149</b>	<b>\$ 299,111</b>	<b>\$ 321,623</b>	<b>\$ 333,296</b>	<b>\$ 328,479</b>	<b>\$ 326,738</b>	<b>\$ 355,412</b>

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit I

(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.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(accrual basis of accounting)  
(\$ in thousands)

Table II (Cont'd)

	2011	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020
<b>Net (Expense) Revenue</b>										
Governmental Activities										
General Government	\$ (75,510)	\$ (83,065)	\$ (86,689)	\$ (74,645)	\$ (86,565)	\$ (115,290)	\$ (82,401)	\$ (71,887)	\$ (76,100)	\$ (139,463)
Judicial Administration	(5,874)	(5,869)	(5,498)	(5,505)	(5,454)	(4,694)	(4,906)	(5,297)	(5,776)	(6,271)
Public Safety	(137,288)	(139,818)	(142,236)	(146,844)	(150,739)	(155,208)	(163,389)	(166,276)	(172,147)	(164,262)
Public Works	(12,395)	(20,548)	(13,665)	(15,234)	(14,734)	(16,612)	(12,399)	(20,316)	(22,168)	(11,734)
Health and Welfare	(21,057)	(21,047)	(21,664)	(20,749)	(21,119)	(24,174)	(25,558)	(26,640)	(25,637)	
Education	(209,564)	(205,558)	(188,025)	(200,483)	(217,148)	(251,840)	(249,223)	(235,170)	(239,957)	(269,087)
Parks, Recreation and Culture	(32,711)	(33,296)	(33,103)	(32,502)	(33,359)	(35,984)	(38,845)	(40,701)	(39,077)	(43,503)
Community Development	(14,153)	(15,847)	(14,613)	(13,754)	(21,178)	(14,010)	(11,901)	(12,600)	(11,427)	(12,788)
Interest on Long-term Debt	(18,520)	(19,177)	(21,289)	(15,854)	(17,195)	(11,941)	(12,302)	(12,069)	(13,623)	(12,496)
Total Governmental Activities Net Expense	(527,072)	(544,225)	(526,782)	(525,570)	(562,984)	(614,002)	(599,540)	(589,874)	(606,916)	(685,241)
Business-type Activities										
Water and Sewer	8,137	13,392	17,885	11,806	18,224	20,270	27,805	25,503	10,509	18,751
Belmont Park Golf Course	(360)	(262)	(323)	(353)	(112)	(259)	(307)	(229)	(114)	(93)
Total Business-type Activities Net Revenue	7,777	13,130	17,562	11,453	18,112	20,011	27,498	25,274	10,395	18,658
<b>Total Primary Government Net Expense</b>	<b>\$ (519,295)</b>	<b>\$ (531,095)</b>	<b>\$ (509,220)</b>	<b>\$ (514,117)</b>	<b>\$ (544,872)</b>	<b>\$ (593,991)</b>	<b>\$ (572,042)</b>	<b>\$ (564,600)</b>	<b>\$ (596,521)</b>	<b>\$ (666,583)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities										
Taxes										
Property	\$ 356,285	\$ 355,138	\$ 355,171	\$ 367,971	\$ 377,406	\$ 387,744	\$ 403,164	\$ 420,886	\$ 446,944	\$ 468,650
Local Sales and Use	55,342	55,913	55,852	55,825	58,095	62,286	64,666	68,256	68,775	69,908
Business License	27,525	28,487	29,641	29,828	32,086	33,521	35,432	35,618	38,308	39,627
Hotel and Motel	9,389	10,627	10,851	11,008	12,193	13,169	13,448	13,898	14,045	11,275
Bank Franchise	18,906	17,440	11,740	9,138	11,482	12,133	17,318	17,775	18,241	16,508
Other	16,931	18,075	20,158	21,250	46,344	48,614	49,828	50,948	52,026	50,229
Interest and Investment Earnings	2,689	2,225	1,519	1,946	2,271	2,945	2,045	5,305	18,052	15,303
Grants and Contributions	57,854	54,053	51,426	51,143	50,727	50,633	55,243	50,576	50,983	51,918
Miscellaneous/Donated Assets	1,505	908	1,592	2,131	2,591	1,121	4,976	1,685	4,840	5,063
Total Governmental Activities	546,426	542,866	537,950	550,240	593,195	612,166	646,120	664,947	712,215	728,481
Business-type Activities										
Interest and Investment Earnings	714	1,051	1,024	2,075	799	1,020	975	1,122	1,037	3,684
Grants and Contributions	436	492	436	1,611	1,608	1,650	1,608	1,609	15,336	16,548
Miscellaneous/Donated Assets	2,264	(1,026)	1,172	1,051	1,214	1,340	1,923	1,712	1,695	855
Total Business-type Activities	3,414	517	2,632	4,737	3,621	4,010	4,506	4,443	18,069	21,087
<b>Total Primary Government</b>	<b>\$ 549,840</b>	<b>\$ 543,383</b>	<b>\$ 540,582</b>	<b>\$ 554,977</b>	<b>\$ 596,816</b>	<b>\$ 616,176</b>	<b>\$ 650,626</b>	<b>\$ 669,390</b>	<b>\$ 730,283</b>	<b>\$ 749,568</b>
<b>Change in Net Position</b>										
Governmental Activities:	\$ 19,354	\$ (1,359)	\$ 11,168	\$ 24,670	\$ 30,211	\$ (1,836)	\$ 46,580	\$ 75,073	\$ 105,299	\$ 43,240
Business-type Activities:	11,191	13,647	20,194	16,190	21,733	24,021	32,004	29,717	28,464	39,745
<b>Total Primary Government Net Position</b>	<b>\$ 30,545</b>	<b>\$ 12,288</b>	<b>\$ 31,362</b>	<b>\$ 40,860</b>	<b>\$ 51,944</b>	<b>\$ 22,185</b>	<b>\$ 78,584</b>	<b>\$ 104,790</b>	<b>\$ 133,763</b>	<b>\$ 82,985</b>

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit

(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. 6

(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.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(modified accrual basis of accounting)**  
**(\$ in thousands)**

Table III

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund:</b>										
Nonspendable	\$ 113	\$ 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	3,308
Committed	5,000	10,000	2,920	18,842	28,204	33,206	35,454	65,937	56,630	8,579
Assigned	79,631	89,409	72,184	61,822	61,511	62,420	77,076	69,467	75,745	115,498
Unassigned	133,005	109,597	114,170	115,034	117,489	119,346	123,934	127,744	133,163	138,252
<b>Total General Fund</b>	<b>222,261</b>	<b>213,651</b>	<b>194,413</b>	<b>202,623</b>	<b>214,638</b>	<b>220,362</b>	<b>243,463</b>	<b>267,227</b>	<b>267,342</b>	<b>265,750</b>
<b>All Other Governmental Funds:</b>										
Restricted	26,738	28,532	28,448	30,253	28,973	29,018	26,844	20,853	25,137	28,482
Committed	208,320	212,618	191,275	148,380	119,743	140,570	242,931	211,810	280,751	355,128
Assigned	15,238	14,964	15,907	17,768	19,298	23,139	24,668	24,705	24,150	22,961
<b>Total All Other Governmental Funds</b>	<b>250,296</b>	<b>256,114</b>	<b>235,630</b>	<b>196,401</b>	<b>168,014</b>	<b>192,727</b>	<b>294,443</b>	<b>257,368</b>	<b>330,037</b>	<b>406,572</b>
<b>Total Fund Balances</b>	<b>\$ 472,557</b>	<b>\$ 469,765</b>	<b>\$ 430,043</b>	<b>\$ 399,024</b>	<b>\$ 382,652</b>	<b>\$ 413,089</b>	<b>\$ 537,906</b>	<b>\$ 524,595</b>	<b>\$ 597,380</b>	<b>\$ 672,322</b>

**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

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(modified accrual basis of accounting)**  
**(\$ in thousands)**

Table IV

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
General Property Taxes	\$ 353,555	\$ 351,142	\$ 352,275	\$ 367,120	\$ 375,685	\$ 387,388	\$ 402,026	\$ 420,786	\$ 447,469	\$ 466,198
Other Local Taxes	127,013	129,354	125,872	125,113	158,824	165,920	176,154	182,032	186,844	183,291
Licenses and Permits	2,963	3,486	3,177	3,732	6,052	4,744	5,385	9,811	7,368	8,221
Fines and Forfeitures	3,187	2,958	3,415	2,649	2,523	1,945	2,110	2,161	2,147	1,885
Use of Money and Property	3,673	3,117	2,746	3,335	3,534	4,194	3,295	6,286	19,023	15,739
Charges for Services	25,993	26,279	27,446	28,783	28,383	29,317	31,325	29,196	30,451	29,885
Miscellaneous	8,545	6,861	8,639	8,807	9,360	10,681	12,628	12,306	16,549	13,617
Recovered Costs	6,319	6,908	6,231	5,635	5,821	5,599	7,617	6,313	6,670	7,444
Intergovernmental Revenue	165,570	160,862	155,590	167,242	172,485	180,066	188,030	184,786	189,626	209,132
<b>Total Government Revenues</b>	<b>696,818</b>	<b>690,967</b>	<b>685,391</b>	<b>712,416</b>	<b>762,667</b>	<b>789,854</b>	<b>828,570</b>	<b>853,677</b>	<b>906,146</b>	<b>935,412</b>
<b>Expenditures:</b>										
General Government	66,831	67,384	70,513	69,093	71,123	71,692	82,816	77,501	76,033	76,231
Judicial Administration	10,872	11,055	10,811	10,918	11,125	11,212	11,801	12,182	12,755	13,255
Public Safety	166,872	168,379	170,502	170,382	175,250	178,206	187,857	192,828	201,996	211,279
Public Works	47,941	54,071	51,344	59,730	63,621	61,463	66,543	69,029	70,318	70,176
Health and Welfare	60,487	60,342	57,369	58,616	61,614	66,583	70,532	74,643	79,599	82,336
Parks, Recreation and Culture	29,873	30,826	30,508	30,024	30,520	32,431	35,962	36,546	37,094	37,788
Community Development	26,416	27,711	28,687	27,548	31,497	29,648	28,412	30,185	28,517	28,406
Education	200,633	195,626	177,967	188,849	205,157	211,399	223,786	223,845	228,648	266,525
Miscellaneous	16,072	17,821	14,964	15,494	16,987	18,373	8,146	20,141	24,991	22,691
Debt Service - Principal	32,477	32,542	38,869	37,999	38,670	38,935	41,963	40,305	44,493	49,642
Debt Service - Interest	19,260	22,610	22,162	21,168	19,077	17,488	16,765	17,167	19,728	21,143
Capital Outlay	82,574	80,574	51,801	53,716	54,864	56,145	45,478	75,029	117,730	165,577
<b>Total Government Expenditures</b>	<b>760,308</b>	<b>768,941</b>	<b>725,497</b>	<b>743,537</b>	<b>779,505</b>	<b>793,575</b>	<b>820,061</b>	<b>869,401</b>	<b>941,902</b>	<b>1,045,049</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,490)	(77,974)	(40,106)	(31,121)	(16,838)	(3,721)	8,509	(15,724)	(35,755)	(109,636)
<b>Other Financing Sources (Uses):</b>										
Transfers-in	96,801	84,029	109,077	87,589	107,121	123,971	109,542	123,601	161,744	146,589
Transfers-out	(96,801)	(84,029)	(109,077)	(87,589)	(107,121)	(123,971)	(109,542)	(123,601)	(161,744)	(146,589)
Issuance of Bonds	72,205	66,075	37,500	-	50,485	-	156,010	-	99,395	195,690
Issuance of Bond Premiums	5,714	7,885	7,566	-	9,645	-	20,766	-	9,065	22,558
Loan Financing	-	-	-	-	-	34,000	-	-	-	-
Capital Lease Obligations Incurred	306	1,222	126	101	95	158	913	2,415	80	535
Payments to Escrow Agent	-	-	(44,809)	-	(59,758)	-	(61,386)	-	-	(34,204)
Total Other Financing Sources, Net	78,225	75,182	383	101	467	34,158	116,303	2,415	108,540	184,579
Net Change in Fund Balances	\$ 14,735	\$ (2,792)	\$ (39,723)	\$ (31,020)	\$ (16,371)	\$ 30,437	\$ 124,812	\$ (13,309)	\$ 72,785	\$ 74,943
Debt service as a percentage of noncapital expenditures	7.94%	8.17%	9.26%	8.64%	8.07%	7.37%	7.54%	7.36%	7.86%	7.84%

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 4

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
**(\$ in thousands)**

Table V

Year	Real Property					Personal Property					Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
	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)				
	\$ 22,439,661	\$ 9,262,487	\$ 988,146	\$ 32,690,294	\$ 0.87	\$ 3,208,453	\$ 3,324	\$ 3,211,777	\$ 3.50				
2011	\$ 21,340,606	9,326,319	980,339	31,647,264	0.87	3,432,535	3,433	3,435,968	3.50	\$ 35,902,071	\$ 7.37 (4)	\$ 35,902,071	
2012	21,059,811	9,716,301	938,957	31,715,069	0.87	3,586,164	3,143	3,589,307	3.50	35,083,232	7.37 (4)	35,083,232	
2013	21,988,906	9,919,518	908,401	32,816,825	0.87	3,585,703	3,305	3,589,008	3.50	35,304,376	7.37 (4)	35,304,376	
2014	22,810,890	10,292,187	962,217	34,065,294	0.87	3,766,963	2,529	3,769,492	3.50	36,405,833	7.37 (4)	36,405,833	
2015	23,518,182	10,657,341	1,004,054	35,179,577	0.87	4,013,147	2,222	4,015,369	3.50	37,834,786	6.57 (5)	37,834,786	
2016	24,611,556	11,130,742	1,129,400	36,871,698	0.87	4,087,035	2,130	4,089,165	3.50	39,194,946	5.47 (6)	39,194,946	
2017	26,117,583	11,776,171	1,162,001	39,055,755	0.87	4,241,370	1,994	4,243,364	3.50	40,960,863	5.47 (6)	40,960,863	
2018	27,424,613	12,779,275	1,195,272	41,399,160	0.87	4,610,809	2,225	4,613,034	3.50	43,299,119	5.47 (6)	43,299,119	
2019	28,778,727	13,879,253	1,229,029	43,887,009	0.87	4,557,328	1,796	4,559,124	3.50	46,012,194	5.47 (6)	46,012,194	
2020										48,446,133	5.47 (6)	48,446,133	

**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.

See accompanying independent auditors' report.

**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
2020	\$ 0.87	\$ 3.50	\$ 0.30	\$ 0.50	\$ 0.30	\$ 5.47
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

**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.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**PRINCIPAL PROPERTY TAX PAYERS**  
**CURRENT YEAR, PRIOR YEAR AND TEN YEARS AGO**  
**(Unaudited)**

Table VII

Taxpayer	Type of Business	Calendar Year 2020			Calendar Year 2019			Calendar Year 2011		
		Real/Personal Property Assessed		Percent of Total	Real/Personal Property Assessed		Percent of Total	Real/Personal Property Assessed		Percent of Total
		Valuation	Rank	Valuation	Valuation	Rank	Valuation	Valuation	Rank	Valuation
Virginia Power Company	Utility	\$ 797,899,180	1	1.65%	\$ 765,639,021	1	1.66%	\$ 463,535,687	1	1.29%
Scout Development LLC (2)	Data Center	576,373,062	2	1.19%	-	N/A	-	-	N/A	-
General Services Corporation	Apartments	454,716,500	3	0.94%	401,133,500	3	0.87%	190,094,300	7	0.53%
Short Pump Town Centers LLC (Queensland) (1)	Retail and Offices	448,089,400	4	0.92%	415,937,900	2	0.90%	-	N/A	-
Weinstein Family	Apartments	294,305,400	5	0.61%	242,113,500	6	0.53%	-	N/A	-
Highwoods Properties	Offices and Warehouses	250,289,100	6	0.52%	242,129,000	5	0.53%	257,376,000	4	0.72%
HCA Health Services of VA	Hospital	205,171,557	7	0.42%	207,074,274	7	0.45%	145,988,626	10	0.41%
The Wilton Companies	Offices, Retail & Warehouses	199,008,100	8	0.41%	253,490,300	4	0.55%	216,121,600	5	0.60%
Gumenick	Apartments and Retail	198,151,100	9	0.41%	197,889,100	9	0.43%	155,696,500	9	0.43%
Verizon	Utility	196,886,915	10	0.41%	198,843,391	8	0.43%	304,851,389	3	0.85%
Breeden Companies	Apartments and Retail	-	N/A	-	175,937,400	10	0.38%	-	N/A	-
Forest City (Short Pump TC, White Oak, etc) (1)	Retail and Offices	-	N/A	-	-	N/A	-	388,845,900	2	1.08%
United Dominion Realty Trust	Apartments	-	N/A	-	-	N/A	-	165,629,200	8	0.46%
Liberty Property, LP	Warehouses and Offices	-	N/A	-	-	N/A	-	210,226,800	6	0.59%
<b>Totals</b>		<b>\$ 3,620,890,314</b>		<b>7.47%</b>	<b>\$ 3,100,187,386</b>		<b>6.74%</b>	<b>\$ 2,498,366,002</b>		<b>6.96%</b>
<b>Total Assessed Values</b>		<b>\$ 48,446,132,862</b>			<b>\$ 46,012,195,329</b>			<b>\$ 35,902,070,827</b>		

**Source:** County of Henrico Director of Finance

(1) Short Pump Town Centers LLC bought Forest City in July 2018

(2) Scout Development LLC bought and developed the site that  
is home to the Facebook, Inc. data center

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table VIII

Year	Original Fiscal Year	Collections within the Fiscal Year of Levy			Total Collections to Date		
		Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
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%	1,516,567	431,430,666	99.5%	
2020	455,725,784	433,994,901	95.2%	N/A (1)	433,994,901	95.2%	

**Notes:**

(1) Fiscal year 2020 collections in subsequent years will be available as of the next reporting period.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (1)**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table IX

Fiscal Year	General Bonded Debt				Percentage of Estimated Actual				Component Units		
	General Obligation Bonds (2)	Less, Amounts Designated for Principal Payments	Net Bonded Debt	Percentage of Personal Income (3)	Value of Taxable Property	Per Capita Debt	Capital Leases	School Board	JRJDC		
								Capital Leases	Facility Bond	Capital Leases	
2011	\$ 494,358,769	\$ 4,768,994	\$ 489,589,775	3.1%	1.4%	\$ 1,570.58	\$ 35,902,455	\$ 21,698,861	\$ 2,960,000	\$ 5,963	
2012	533,781,559	2,757,410	531,024,149	3.2%	1.5%	1,684.95	35,011,636	11,606,052	2,425,000	3,906	
2013	498,120,008	757,411	497,362,597	2.9%	1.4%	1,563.26	31,648,127	7,246,929	1,860,000	1,397	
2014	459,391,297	757,411	458,633,886	2.5%	1.3%	1,427.10	27,654,285	42,682,213	1,270,000	-	
2015	424,098,966	1,129,065	422,969,901	2.2%	1.1%	1,300.31	23,515,198	31,573,304	650,000	8,244	
2016	384,048,359	1,148,179	382,900,180	1.9%	1.0%	1,163.03	53,336,713	25,965,793	-	6,508	
2017	461,714,254	202,833	461,511,421	2.2%	1.1%	1,388.56	46,420,396	26,086,650	-	4,333	
2018	421,919,118	1,178,658	420,740,460	1.9%	1.0%	1,254.88	41,643,906	14,835,498	-	1,610	
2019	485,511,538	242,103	485,269,435	2.1%	1.1%	1,430.67	34,939,140	26,976,897	-	-	
2020	558,035,689	770,870	557,264,819	2.3%	1.2%	1,623.46	88,116,739	16,651,291	-	-	
Fiscal Year	Governmental-Type Activities				Business-Type Activities				Percentage of Estimated Actual		
	General Obligation Bonds (2)	Capital Leases	Water & Sewer Revenue Bonds (2)	Capital Leases	Total Government	Primary Government	Percentage of Personal Income (3)	Value of Taxable Property	Per Capita Debt		
2011	\$ 494,358,769	\$ 35,902,455	\$ 181,293,222	\$ 16,110	\$ 711,570,556	4.6%	2.0%	\$ 2,282.68			
2012	533,781,559	35,011,636	172,866,644	20,562	741,680,401	4.4%	2.1%	2,353.37			
2013	498,120,008	31,648,127	164,219,306	21,719	694,009,160	4.0%	2.0%	2,181.33			
2014	459,391,297	27,654,285	239,236,344	28,148	726,310,074	3.9%	2.0%	2,260.02			
2015	424,098,966	23,515,198	231,360,899	35,173	679,010,236	3.5%	1.8%	2,087.44			
2016	384,048,359	53,336,713	321,833,554	20,769	759,239,395	3.8%	1.9%	2,306.13			
2017	461,714,254	46,420,396	310,040,991	25,885	818,201,526	3.9%	2.0%	2,461.73			
2018	421,919,118	41,643,906	404,656,626	13,303	868,232,953	3.9%	2.0%	2,589.55			
2019	485,511,538	34,939,140	463,978,992	15,285	984,444,955	4.3%	2.1%	2,902.33			
2020	558,035,689	88,116,739	448,256,027	13,155	1,094,421,610	4.5%	2.3%	3,188.34			

**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).

See accompanying independent auditors' report.

**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
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
2020	127,586,484	67,089,381	60,497,103	13,385,000	17,035,992	30,420,992	1.99

**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.

See accompanying independent auditors' report.

**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)
2011	311,726	\$ 15,569,365	\$ 49,946	48,659	7.0%
2012	315,157	16,755,223	53,165	48,981	6.3%
2013	318,158	17,144,560	53,887	49,343	5.9%
2014	321,374	18,454,924	57,425	49,812	5.3%
2015	325,283	19,456,939	59,815	50,370	4.5%
2016	329,227	19,984,925	60,703	50,173	3.7%
2017	332,368	21,053,607	63,344	50,330	3.7%
2018	335,283	22,006,480	65,636	50,182	3.2%
2019	339,191	23,135,833 (5)	68,209	50,406	2.9%
2020	343,258	24,323,143 (5)	70,860	50,486	8.7%

**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 6/30/2020)
- (5) Based on a trend average 2014 - 2018

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**TOP TWENTY PRINCIPAL EMPLOYERS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**

Table XII

<b>Employer</b>	2020 (1)			2019			2018			2017			2016		
	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	3.7%	5,000-9,999	1	3.6%	5,000-9,999	1	3.4%	5,000-9,999	1	3.6%
Bon Secours Richmond Health System (2)	1,000-4,999	2	2.2%	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%
County of Henrico	1,000-4,999	3	2.2%	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%
Henrico Doctors' Hospital (HCA)	1,000-4,999	4	1.6%	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%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	5	1.6%	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%
Capital One Bank	1,000-4,999	6	1.6%	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%
Walmart	1,000-4,999	7	1.6%	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%
Wells Fargo Bank NA	1,000-4,999	8	1.6%	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%
United States Postal Service	1,000-4,999	9	1.6%	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%
Apex Systems, Inc.	1,000-4,999	10	1.6%	1,000-4,999	10	1.6%	500-999	10	0.4%	500-999	12	0.4%	500-999	13	0.4%
Bank of America	500-999	11	0.4%	1,000-4,999	11	1.6%	500-999	12	0.4%	500-999	11	0.4%	1,000-4,999	10	1.6%
Ppd Development	500-999	12	0.4%	500-999	14	0.4%	500-999	20	0.4%	500-999	20	0.4%	-	N/A	-
Kroger	500-999	13	0.4%	500-999	12	0.4%	500-999	11	0.4%	1,000-4,999	10	1.5%	500-999	12	0.4%
Publix Nc Employee Services, LLC	500-999	14	0.4%	500-999	19	0.4%	500-999	18	0.4%	-	N/A	-	-	N/A	-
Truist Financial (BB&T & SunTrust Banks)	500-999	15	0.4%	500-999	17	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
GNA Corporation	500-999	16	0.4%	500-999	13	0.4%	500-999	13	0.4%	500-999	13	0.4%	500-999	11	0.4%
Markel Service, Inc	500-999	17	0.4%	500-999	15	0.4%	500-999	15	0.4%	500-999	14	0.4%	500-999	14	0.4%
T Mobile USA, Inc.	500-999	18	0.4%	500-999	16	0.4%	500-999	16	0.4%	500-999	17	0.4%	500-999	18	0.4%
Virginia Department of Social Services	500-999	19	0.4%	500-999	18	0.4%	500-999	17	0.4%	500-999	16	0.4%	500-999	17	0.4%
Access America	500-999	20	0.4%	500-999	20	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
Patient First Corporation	-	N/A	-	-	N/A	-	500-999	14	0.4%	-	N/A	-	-	N/A	-
General Medical Corporation	-	N/A	-	-	N/A	-	500-999	19	0.4%	500-999	19	0.4%	500-999	20	0.4%
Source4Teachers	-	N/A	-	-	N/A	-	-	N/A	-	500-999	15	0.4%	500-999	16	0.4%
Dominion Resources	-	N/A	-	-	N/A	-	-	N/A	-	500-999	18	0.4%	500-999	19	0.4%
Martin's Food Market	-	N/A	-	500-999	15	0.4%									
<b>Totals</b>			<b>22.9%</b>			<b>23.5%</b>			<b>21.2%</b>			<b>20.8%</b>			<b>22.6%</b>
<b>Total County Employment (3)</b>			<b>192,305</b>			<b>190,968</b>			<b>189,571</b>			<b>203,480</b>			<b>186,728</b>

**Source:** Virginia Employment Commission

Employees and percentage of employment based on size code as published by VEC

(1) 2020 Data as of 1st Qtr 2020

(2) Non-Resident Employer of Henrico County Citizens

(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**GOVERNMENT EMPLOYEES BY DEPARTMENT<sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table XIII

<b>Function/Program</b>	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Agriculture & Home Extension	3	2	2	2	2	2	2	2	2	2
Belmont Golf Course	9	9	9	9	8	8	8	8	8	-
Board of Supervisors	5	5	5	4	4	4	4	4	4	4
Building Inspections	58	56	54	53	52	53	55	55	58	58
Central Automotive Maintenance	65	67	67	67	67	67	67	70	71	71
Circuit Court Services	8	8	8	8	8	8	8	8	10	48
Commonwealth's Attorney	54	56	56	56	56	56	56	57	57	62
Community Corrections	2	2	2	2	2	2	2	2	2	2
Community Revitalization	18	17	17	16	16	17	18	18	19	19
County Attorney	18	18	19	19	19	20	20	20	21	21
County Manager	13	13	13	13	13	14	13	13	12	12
Electoral Board	9	8	8	8	8	8	8	9	9	10
Finance	159	157	153	169	168	168	163	163	163	170
Fire	539	539	539	548	548	548	562	589	596	606
General Services	156	155	147	120	119	119	118	118	118	118
Human Resources	53	52	48	58	56	57	57	58	58	47
Hold Complement (2)	-	19	43	36	22	6	3	7	1	7
Information Technology	83	85	89	88	90	90	97	97	98	99
Internal Audit	4	4	4	4	4	4	4	4	4	6
Juvenile Detention & VJCCCA	33	33	33	33	33	33	33	33	34	34
Library	173	168	164	161	171	197	206	206	210	228
Mental Health	220	220	218	219	219	219	219	219	222	222
Permit Centers	18	17	17	16	16	16	16	16	16	16
Planning	49	46	43	44	44	45	45	45	45	45
Police	799	798	798	807	817	827	842	852	855	864
Public Relations & Media Services	19	19	19	19	19	19	19	19	20	20
Public Utilities	309	307	306	306	306	307	307	309	312	314
Public Works	258	254	254	254	257	259	259	262	263	269
Real Property	7	7	7	7	7	7	7	7	7	7
Recreation & Parks	178	178	177	173	172	170	170	177	177	186
Sheriff	371	371	371	371	373	390	390	394	394	396
Social Services	168	168	168	168	172	177	185	192	201	213
Solid Waste	69	69	69	69	69	69	69	67	66	69
<b>Sub-total General Government</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,927</b>	<b>3,937</b>	<b>3,986</b>	<b>4,032</b>	<b>4,100</b>	<b>4,133</b>	<b>4,245</b>
<b>Education</b>	<b>6,567</b>	<b>6,564</b>	<b>6,564</b>	<b>6,643</b>	<b>6,686</b>	<b>6,762</b>	<b>6,832</b>	<b>6,868</b>	<b>6,972</b>	<b>7,116</b>
<b>Total Government Employees</b>	<b>10,494</b>	<b>10,491</b>	<b>10,491</b>	<b>10,570</b>	<b>10,623</b>	<b>10,748</b>	<b>10,864</b>	<b>10,968</b>	<b>11,105</b>	<b>11,361</b>

**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 (362 as of March 1, 2020) 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.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table XIV

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (1)
<b>General Government</b>										
<b>Finance:</b>										
Standard & Poor's G.O. Bond Rating	AAA									
Moody's G.O. Bond Rating	Aaa									
Fitch G.O. Bond Rating	AAA									
Land Parcels Reviewed	112,383	112,490	112,986	113,641	114,370	114,840	115,532	116,482	117,845	118,161
Vehicles Assessed	347,790	354,721	354,419	351,318	363,776	364,000	389,491	383,083	398,815	397,533
GFOA Award CAFR - # of Years (3)	29	30	31	32	33	34	36	37	38	39
GFOA Award Budget - # of Years	22	23	24	25	26	27	28	29	30	31
<b>General Services:</b>										
Fleet Annual Miles Driven	24,681,815	24,553,438	24,588,773	23,708,593	25,119,814	24,262,178	25,273,320	17,956,232	24,805,401	23,900,000
Gallons of Fuel Consumed	2,955,906	2,940,537	2,909,914	2,809,075	2,901,549	2,974,784	3,045,532	2,982,165	3,029,706	3,070,000
Total Work Orders Completed	22,308	24,550	23,000	20,048	21,253	20,676	20,782	21,995	22,729	23,250
<b>Information Technology (5)</b>										
Support Desk - Tickets	-	-	-	-	4,589	5,035	7,419	8,859	10,402	10,823
Support Desk - Call Queue	-	-	-	-	-	-	-	6,322	6,127	5,286
Systems - Virtual Servers	-	-	-	-	273	310	375	354	348	331
Systems - Physical Servers	-	-	-	-	96	99	104	77	78	78
Systems - Onsite Storage in TB	-	-	-	-	224	310	451	318	322	550
Systems - Cloud Storage in TB	-	-	-	-	5	6	6	7	8	16
<b>Judicial Administration</b>										
<b>Clerk of Circuit Court:</b>										
Deed Book Entries	37,682	48,972	48,926	51,257	36,443	43,000	42,752	43,000	40,194	41,000
Civil Cases	3,034	3,113	3,135	3,237	3,475	4,000	4,659	4,100	5,493	5,600
Criminal Cases	6,431	5,616	5,833	5,375	5,073	5,650	6,650	5,600	5,554	5,750
<b>General District Courts:</b>										
New Criminal Cases Filed	15,196	13,057	13,267	13,158	14,289	14,574	15,573	15,402	16,962	17,750
New Civil Cases Filed	40,411	40,011	39,300	36,025	34,114	34,411	36,935	36,223	38,862	39,663
New Traffic Cases Filed	80,481	71,329	70,555	64,844	62,844	54,325	53,817	54,784	56,173	68,343
<b>Commonwealth Attorney:</b>										
Criminal Cases	34,061	34,227	35,617	35,687	40,597	41,890	45,037	45,284	46,175	46,500
Traffic Cases	109,152	99,262	97,580	90,598	88,907	79,778	76,134	77,622	77,022	80,000
<b>Public Safety</b>										
<b>Police:</b>										
Calls for Service	192,726	198,373	194,029	197,502	203,330	211,832	212,154	217,971	208,950	211,395
Criminal Arrests	20,716	19,989	20,690	27,671	20,059	20,111	22,689	20,969	21,519	21,771
Traffic Arrests	65,481	59,062	58,269	40,935	49,195	43,149	44,613	40,931	47,191	47,743
<b>Fire Protection:</b>										
Calls For Service	39,120	40,963	43,348	43,143	46,233	47,948	49,235	50,287	48,004	49,148
EMS and Rescue Calls	29,114	30,189	36,176	35,662	38,408	39,660	41,216	41,688	39,965	40,036
Fire Incidents	1,110	983	817	777	809	764	768	774	637	750
<b>Sheriff:</b>										
Civil Papers Served	116,434	115,948	100,626	105,120	112,078	117,462	122,337	123,896	120,566	130,000
Annual Commitments to Jail	17,623	12,157	16,134	14,094	16,143	15,613	15,049	14,516	14,741	15,501
Average Daily Inmate Population	1,167	1,138	1,183	1,175	1,221	1,177	1,350	1,436	1,403	1,430
<b>Building Inspections:</b>										
Total Permits Issued	12,208	13,771	14,274	13,972	13,577	13,700	15,773	16,322	15,998	15,724
Total Inspections	51,351	56,236	67,036	70,990	68,861	69,931	81,983	92,685	96,611	101,250
<b>Public Works</b>										
<b>Public Works:</b>										
Lane Miles Maintained	3,402	3,433	3,452	3,454	3,468	3,498	3,516	3,524	3,533	3,543
Traffic Signals Maintained	144	144	149	150	150	150	154	155	156	158
Development Plans Reviewed	653	691	880	875	1,568	1,828	1,922	2,315	1,929	2,000
<b>Health and Social Services</b>										
<b>Public Health:</b>										
Nursing Home Screening (6)	369	479	570	645	666	707	729	703	663	700
WIC Average Monthly Participation (7)	N/A	N/A	N/A	N/A	N/A	5,099	4,776	4,671	4,583	4,800
Patient Visits	27,531	27,153	27,584	28,090	15,258	13,787	15,117	14,259	14,472	14,100
<b>Social Services:</b>										
Clients Entering Employment	483	632	650	675	694	436	511	527	414	292
Clients Employed After 90 Days (2)	367	512	527	547	486	N/A	N/A	N/A	N/A	N/A
<b>Education</b>										
<b>Schools:</b>										
Cost Per Student	\$ 9,015	\$ 9,041	\$ 9,110	\$ 8,978	\$ 9,305	\$ 9,644	\$ 9,790	\$ 10,051	\$ 10,586	\$ 11,233
Teaching Positions	3,720	3,737	3,719	3,741	3,780	3,833	3,906	3,917	3,993	4,056
Student/Teacher Ratio	13.0	13.0	13.4	13.3	13.3	13.1	12.9	12.8	12.6	12.4

**HENRICO COUNTY, VIRGINIA**  
**OPERATING INDICATORS BY FUNCTION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table XIV

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (1)
<b>Parks, Recreation and Cultural:</b>										
<b>Recreation:</b>										
Park Visitation	3,951,571	3,829,590	3,787,758	3,333,223	3,295,348	3,334,908	3,570,480	3,492,505	3,756,148	4,000,000
Program Participants	397,000	397,000	397,000	23,223	30,404	40,350	25,804	97,487	97,726	84,530
Recreation Programs	16,400	16,400	16,400	1,197	2,762	1,199	1,147	1,322	1,311	1,215
<b>Library:</b>										
Customer Visits	2,046,163	2,040,073	2,063,468	2,032,388	1,986,263	1,958,700	2,137,664	2,145,850	2,055,948	2,155,369
Annual Circulation of Materials	3,905,151	3,860,738	3,881,526	3,935,828	3,936,061	4,051,024	4,201,479	4,164,126	4,147,567	4,265,211
<b>Community Development</b>										
<b>Economic Development (4):</b>										
Square Footage of New Businesses	-	-	-	-	89,409	208,544	81,897	1,145,045	1,564,114	500,000
Jobs Created - New	333	392	1,173	1,212	36	163	173	433	320	500
Square Footage of Existing Businesses	-	-	-	-	398,865	787,968	337,324	180,653	377,563	250,000
Jobs Created - Expansions and Retentions	1,856	824	559	164	1,416	1,690	438	239	770	300
<b>Planning:</b>										
Reviews Completed	300	260	232	284	322	342	314	360	288	350
Petitions and Permits Processed	87	87	86	126	118	92	123	103	121	120
Maps Prepared	1,036	1,048	1,048	1,191	1,364	1,154	1,296	979	1,274	1,100
<b>Community Development (con't)</b>										
<b>Community Revitalization:</b>										
Community Maintenance Cases	11,004	10,421	10,766	10,609	11,170	12,496	13,040	11,170	12,793	11,513
Inspections Completed	27,499	26,626	27,406	27,273	30,451	32,532	35,600	30,451	37,117	31,549
Volunteers Hours Worked	2,488	4,076	2,708	3,478	2,256	4,638	4,336	2,256	3,099	2,500
<b>Permit Center:</b>										
Permit Applications Received	4,519	4,734	5,123	5,085	4,437	5,519	5,214	4,004	5,616	6,128
Permit Applications Reviewed	7,113	7,191	6,558	10,930	9,136	10,283	9,178	8,724	6,509	7,613
Permits Issued	4,447	4,646	5,076	5,472	5,058	5,375	4,718	5,201	4,264	4,911
Inquires	13,295	12,793	12,581	15,278	17,917	16,345	15,556	17,935	11,916	14,968
<b>Public Utilities</b>										
<b>Solid Waste:</b>										
Number of Customers	39,862	41,121	42,578	43,728	45,167	46,586	47,955	49,088	50,127	51,000
Tons of Waste Collected	83,264	90,495	93,860	95,748	44,624	47,511	52,774	50,340	55,384	54,700
Tons Deposited in Public Use Areas	29,700	29,888	29,091	29,942	23,946	23,903	27,836	25,504	26,791	27,000
<b>Water and Sewer:</b>										
Number of Water Customers	92,243	92,946	94,006	95,097	95,994	96,811	97,546	98,527	99,435	100,500
Number of Sewer Customers	89,355	90,068	91,110	92,125	93,087	93,939	94,538	95,493	96,383	97,500
Fire Hydrants in Service	11,969	12,167	12,321	12,464	12,611	12,880	13,011	13,236	13,388	13,600

**Source:** Approved County Budget

(1) FY2020 column data is revised budget not actual, where actual data is not yet available.

(2) Due to a system replacement, the data is no longer trackable.

(3) Error reported in previous years was corrected in 2017.

(4) New metrics used beginning in 2018. Data for prior years listed when obtainable.

(5) New metrics used beginning in 2018. Data for prior years listed when obtainable.

(6) New metric used beginning in 2020. Data for prior years listed when obtainable.

(7) New metric used beginning in 2020. 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 (1)
<b>General Government</b>										
Vehicles	575	559	534	920	567	482	602	598	611	493
Building Square Footage	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	2,930,423
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
<b>Police:</b>										
Vehicles	740	734	808	1,064	825	778	803	820	830	865
Police Stations	2	2	2	3	3	3	3	3	3	3
Police Field Offices	3	3	3	2	2	2	2	2	2	2
<b>Sheriff:</b>										
Vehicles	59	61	61	61	67	71	75	75	76	68
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
<b>Juvenile &amp; Domestic Relations</b>										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
<b>Fire Protection:</b>										
Vehicles	177	177	175	179	192	226	205	210	209	205
Stations	20	20	20	20	20	20	20	21	21	21
<b>Public Works:</b>										
Vehicles	315	333	333	335	336	357	347	346	349	343
Miles of Maintained Roads	1,339	1,349	1,354	1,357	1,360	1,370	1,376	1,379	1,382	1,390
Miles of Storm Drainage	1,116	1,116	959	1,547	2,096	1,553	1,600	1,636	1,639	1,666
<b>Education</b>										
<b>Schools:</b>										
Vehicles	1,137	1,173	1,183	1,184	1,186	1,203	1,220	1,184	1,179	1,186
School Facilities	71	73	73	74	72	72	72	72	72	72
<b>Recreation and Cultural</b>										
<b>Recreation:</b>										
Recreation/Community Centers	20	20	20	14	21	21	21	21	20	20
Developed Park Acreage	2,505	2,505	2,515	2,539	2,584	2,584	2,584	2,792	3,346	3,355
Athletic Fields/Courts	410	410	187	227	199	200	200	210	225	235
County Golf Courses (4)	1	1	1	1	1	1	1	1	1	-
<b>Library:</b>										
Number of Libraries (3)	11	11	11	11	11	11	10	10	10	10
Titles in Collection	324,527	314,907	321,108	338,485	328,918	329,139	328,026	276,482	315,711	335,919
Volumes in Collection	860,640	863,149	899,266	903,125	839,037	833,141	741,877	754,993	809,032	873,939
<b>Public Utilities</b>										
Water and Sewer:										
Vehicles	358	358	358	380	373	393	370	376	380	343
Miles of Water Mains	1,548	1,558	1,572	1,582	1,595	1,607	1,622	1,634	1,641	1,647
Miles of Sewer Mains	1,450	1,456	1,463	1,470	1,481	1,491	1,504	1,514	1,522	1,528
Landfills (2)	1	1	1	1	-	-	-	-	-	-

**Source:** Approved County Budget

(1) FY2020 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.

(4) The First Tee of Greater Richmond is leasing Belmont Golf Course

for twenty years, effective January 1, 2020.

See accompanying independent auditors' report.



# **COUNTY OF HENRICO, VIRGINIA**

## **COMPLIANCE REPORTS**

***As of and for the Year Ended June 30, 2020***

***And Reports of Independent Auditor***

# **COUNTY OF HENRICO, VIRGINIA**

## **TABLE OF CONTENTS**

---

### **COMPLIANCE REPORTS**

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1-2
Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance .....	3-4
Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants.....	5

### **SCHEDULES**

Schedule of Expenditures of Federal Awards.....	6-11
Schedule of Findings and Questioned Costs.....	12-13

**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance with Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Honorable Members of the Board of Supervisors  
County of Henrico, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 6, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Cheryl Behnert CCP".

Richmond, Virginia  
November 6, 2020

## **Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Honorable Members of the Board of Supervisors  
County of Henrico, Virginia

### **Report on Compliance for Each Major Federal Program**

We have audited the County of Henrico, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 6, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia  
December 18, 2020

## **Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants**

To the Honorable Members of the Board of Supervisors  
County of Henrico, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, 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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 6, 2020.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

<b>Code of Virginia</b>	<b>State Agency Requirements</b>
Budget and Appropriation Laws	Procurement
Cash and Investments	Unclaimed Property
Conflicts of Interest	Property Taxes
Intergovernmental Revenues	Debt Provisions
	Education
	Comprehensive Service Act Funds
	Social Services
	Fire Programs Aid to Localities

The results of our tests disclosed one (1) instance of noncompliance required to be reported in accordance with the Specifications as described in the accompanying schedule of findings and questioned costs as item 2020-001.

### **County's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County's compliance. Accordingly, this communication is not suitable for any other purpose.



Richmond, Virginia  
December 18, 2020

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE:				
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF EDUCATION:				
SCHOOL BREAKFAST PROGRAM	10.553	\$ 3,362,064	\$ -	\$ 3,362,064
NATIONAL SCHOOL LUNCH PROGRAM	10.555	8,823,463	-	8,823,463
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		12,185,527	-	12,185,527
STATE DEPARTMENT OF SOCIAL SERVICES:				
STATE ADMIN MATCHING GRANT FOR THE SUPPLEMENTAL NUTRITION ASSIST PROGRAM *	10.561	2,603,376	-	2,603,376
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		2,603,376	-	2,603,376
STATE DEPARTMENT OF JUVENILE JUSTICE:				
NATIONAL SCHOOL LUNCH PROGRAM	10.555	89,298	-	89,298
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF JUVENILE JUSTICE		89,298	-	89,298
NON-CASH AWARDS:				
STATE DEPARTMENT OF AGRICULTURE:				
NATIONAL SCHOOL LUNCH PROGRAM	10.555	1,598,669	-	1,598,669
SUBTOTAL NON-CASH AWARDS STATE DEPARTMENT OF AGRICULTURE		1,598,669	-	1,598,669
TOTAL NATIONAL SCHOOL LUNCH PROGRAM	10.555	10,511,430	-	10,511,430
TOTAL U.S. DEPARTMENT OF AGRICULTURE		\$ 16,476,870	\$ -	\$ 16,476,870
U.S. DEPARTMENT OF EDUCATION:				
DIRECT AWARDS:				
FEDERAL PELL GRANT PROGRAM	84.063	\$ 325,236	\$ -	\$ 325,236
TOTAL DIRECT AWARDS		325,236	-	325,236
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF EDUCATION:				
EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981:				
ADULT EDUCATION BASIC GRANTS TO STATES	84.002	424,865	-	424,865
TITLE I GRANTS TO LOCAL EDUCATION AGENCIES	84.010	9,753,265	-	9,753,265
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	84.013	1,482	-	1,482
TOTAL EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981		10,179,612	-	10,179,612

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
TITLE VI: ASSISTANCE TO STATES FOR EDUCATION OF HANDICAPPED CHILDREN:				
SPECIAL EDUCATION GRANTS TO STATES	*	84.027	\$ 10,359,739	\$ 10,359,739
SPECIAL EDUCATION PRESCHOOL-GRANT	*	84.173	247,704	247,704
TOTAL TITLE VI		10,607,443	-	10,607,443
TITLE VI-B: VOCATIONAL EDUCATION: CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	84.048	1,160,411	-	1,160,411
TOTAL VOCATIONAL EDUCATION		1,160,411	-	1,160,411
ECONOMIC STABILIZATION FUND:				
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	84.425	454,086	-	454,086
TOTAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT		454,086	-	454,086
SPECIAL PROJECTS:				
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196	89,422	-	89,422
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	355,046	-	355,046
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	1,074,232	-	1,074,232
PRESCHOOL DEVELOPMENT GRANTS-EXPANSION GRANTS	84.419	11,668	-	11,668
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	382,486	-	382,486
TOTAL SPECIAL PROJECTS		1,912,854	-	1,912,854
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		24,314,406	-	24,314,406
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<b>\$ 24,639,642</b>	<b>\$ -</b>	<b>\$ 24,639,642</b>
U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES:				
DIRECT AWARDS:				
VIRGINIA COMMISSION FOR THE ARTS:				
PROMOTION OF THE HUMANITIES CHALLENGE GRANTS	45.130	\$ 4,500	\$ -	\$ 4,500
<b>TOTAL U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES</b>		<b>\$ 4,500</b>	<b>\$ -</b>	<b>\$ 4,500</b>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
DIRECT AWARDS:				
ADMINISTRATION FOR CHILDREN, YOUTH & FAMILIES - HEAD START	93.600	\$ 1,104,237	\$ -	\$ 1,104,237
TOTAL DIRECT AWARDS		1,104,237	-	1,104,237
PASS- THROUGH AWARDS:				
STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION:				
SPECIAL EDUCATION GRANTS FOR INFANTS AND FAMILIES	84.181	293,378	-	293,378
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	93.243	203,796	-	203,796
OPIOID STATE TARGETED RESPONSE	93.788	485,100	-	485,100
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	814,700	-	814,700
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	963,487	-	963,487
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION		2,760,461	-	2,760,461
STATE DEPARTMENT OF SOCIAL SERVICES:				
PASS- THROUGH AWARDS:				
PROMOTING SAFE AND STABLE FAMILIES	93.556	122,465	-	122,465
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	1,871,334	-	1,871,334
REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	93.566	15,290	-	15,290
LOW-INCOME HOME ENERGY ASSISTANCE	93.568	243,370	-	243,370
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOP FUND	93.596	233,545	-	233,545
CHAFEE EDUCATION AND TRAINING VOUCHERS	93.599	8,847	-	8,847
ADOPTION AND LEGAL GUARDIANSHIP INCENTIVE PAYMENTS	93.603	4,992	-	4,992
FOSTER CARE-TITLE IV-E	93.658	1,787,795	-	1,787,795
TOTAL FOSTER CARE		1,787,795	-	1,787,795
ADOPTION ASSISTANCE	93.659	930,281	-	930,281
TOTAL ADOPTION ASSISTANCE		930,281	-	930,281
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	93.645	2,343	-	2,343
SOCIAL SERVICES BLOCK GRANT	93.667	1,239,858	-	1,239,858
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674	27,644	-	27,644
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767	52,066	-	52,066
MEDICAL ASSISTANCE PROGRAM	93.778	2,830,609	-	2,830,609
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		9,370,439	-	9,370,439
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES	\$ 13,235,137	\$ -	\$ -	\$ 13,235,137

See Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAUNT NUMBER</b>	<b>FEDERAL CATALOG NUMBER</b>	<b>FEDERAL EXPENDITURES</b>	<b>AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>				
PASS THROUGH AWARDS:				
STATE DEPARTMENT OF EMERGENCY SERVICES:				
EMERGENCY MANAGEMENT PERFORMANCE GRANTS HOMELAND SECURITY GRANT PROGRAM	97.042 97.067	\$ 79,721 170,166	\$ - -	\$ 79,721 170,166
SUBTOTAL STATE DEPARTMENT OF EMERGENCY SERVICES		249,887	-	249,887
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>		<b>\$ 249,887</b>	<b>\$ -</b>	<b>\$ 249,887</b>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
DIRECT AWARDS:				
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS EMERGENCY SOLUTIONS GRANT HOME INVESTMENT PARTNERSHIPS PROGRAM	14.218 14.231 14.239	\$ 592,376 10,549 77,095	\$ 898,772 236,248 637,508	\$ 1,491,148 246,797 714,603
<b>TOTAL U.S. OF HOUSING AND URBAN DEVELOPMENT</b>		<b>\$ 680,020</b>	<b>\$ 1,772,528</b>	<b>\$ 2,452,548</b>
U.S. DEPARTMENT OF JUSTICE:				
DIRECT AWARDS:				
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.606 16.738	\$ 6,979 51,904	\$ - -	\$ 6,979 51,904
<b>TOTAL DIRECT AWARDS</b>		<b>\$ 58,883</b>	<b>\$ -</b>	<b>\$ 58,883</b>
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES:				
CRIME VICTIM ASSISTANCE	16.575	505,616	-	505,616
SUBTOTAL STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES		505,616	-	505,616
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		<b>\$ 564,499</b>	<b>\$ -</b>	<b>\$ 564,499</b>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAANT NUMBER	FEDERAL CATALOG NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
<b>U. S. DEPARTMENT OF LABOR:</b>				
PASS-THROUGH AWARDS:				
COMMUNITY COLLEGE SYSTEM:				
WIA ADULT PROGRAM	17.258	\$ 493,776	\$ 800,690	\$ 1,294,466
TOTAL WIA ADULT PROGRAM		493,776	800,690	1,294,466
WIA YOUTH ACTIVITIES	17.259	476,768	1,123,619	1,600,387
TOTAL WIA YOUTH ACTIVITIES		476,768	1,123,619	1,600,387
WIA DISLOCATED WORKERS	17.278	320,894	739,020	1,059,914
TOTAL WIA DISLOCATED WORKERS PROGRAM		320,894	739,020	1,059,914
SUBTOTAL COMMUNITY COLLEGE SYSTEM		1,291,438	2,663,329	3,954,767
THE SKILLSOURCE GROUP, INC.:				
WORKFORCE INNOVATION FUND	17.283	-	4,600	4,600
TOTAL WORKFORCE INNOVATION FUND		-	4,600	4,600
SUBTOTAL SKILLSOURCE GROUP, INC.		-	4,600	4,600
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		<b>\$ 1,291,438</b>	<b>\$ 2,667,929</b>	<b>\$ 3,959,367</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>				
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF MOTOR VEHICLES:				
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	\$ 309,566	\$ -	\$ 309,566
STATE DEPARTMENT OF TRANSPORTATION:				
HIGHWAY PLANNING AND CONSTRUCTION	20.205	2,082,857	-	2,082,857
SUBTOTAL STATE DEPARTMENT OF TRANSPORTATION		2,082,857	-	2,082,857
STATE DEPARTMENT OF CONSERVATION AND RECREATION:				
RECREATION TRAILS PROGRAM	20.219	114	-	114
SUBTOTAL STATE DEPARTMENT OF TRANSPORTATION		114	-	114
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>		<b>\$ 2,392,537</b>	<b>\$ -</b>	<b>\$ 2,392,537</b>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY/ GRANT PROGRAM/GRAANT NUMBER</b>	<b>FEDERAL CATALOG NUMBER</b>	<b>FEDERAL EXPENDITURES</b>	<b>AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF TREASURY:</b>				
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF ACCOUNTS:				
CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT: CORONAVIRUS RELIEF FUND	*	\$ 17,004,675	\$ -	\$ 17,004,675
SUBTOTAL STATE DEPARTMENT OF ACCOUNTS		17,004,675	-	
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>		<b>\$ 17,004,675</b>	<b>\$ -</b>	<b>\$ 17,004,675</b>
<b>TOTAL FEDERAL EXPENDITURES</b>		<b>\$ 76,539,205</b>	<b>\$ 4,440,457</b>	<b>\$ 80,979,662</b>

NOTES:

\* DENOTES MAJOR FEDERAL PROGRAM

(A) BASIS OF ACCOUNTING-THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE IS PREPARED ON THE MODIFIED ACCRUAL BASIS. EXPENDITURES ARE RECOGNIZED WHEN THEY BECOME A DEMAND ON CURRENT AVAILABLE FINANCIAL RESOURCES. CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS ARE IN THE FORM OF NONCASH AWARDS(SEE NOTE D). FEDERAL FINANCIAL ASSISTANCE PROVIDED TO SUBRECIPIENT IS TREATED AS AN EXPENDITURE WHEN IT IS PAID TO THE SUBRECIPIENT.

(B) REPORTING ENTITY-THE COUNTY OF HENRICO, VIRGINIA, FOR PURPOSE OF THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE INCLUDES ALL THE FUNDS OF THE PRIMARY GOVERNMENT AS DEFINED BY GAAP. THE COUNTY OF HENRICO, VIRGINIA ADMINISTERS CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS THROUGH SUBRECIPIENTS. THOSE SUBRECIPIENTS ARE ALSO NOT CONSIDERED PART OF THE COUNTY OF HENRICO, VIRGINIA, REPORTING ENTITY.

(C) PASS-THROUGH AWARDS-THE COUNTY OF HENRICO, VIRGINIA, RECEIVES CERTAIN FEDERAL FINANCIAL ASSISTANCE FROM PASS-THROUGH AWARDS OF THE COMMONWEALTH OF VIRGINIA. THE AMOUNTS RECEIVED ARE SEPERATELY IDENTIFIED.

(D) NONCASH AWARDS-CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS DO NOT INVOLVE CASH AWARDS TO THE COUNTY OF HENRICO, VIRGINIA. THESE PROGRAMS ARE DONATED COMMODITIES AND FOOD STAMPS AS FOLLOWS:

U. S. DEPARTMENT OF AGRICULTURE:

DONATED COMMODITIES CFDA # 10.555

VALUE OF COMMODITIES ISSUED \$4,602

VALUE OF COMMODITIES ON HAND \$1,586

DONATED COMMODITIES CFDA # 10.555

VALUE OF COMMODITIES ISSUED \$1,378,385

VALUE OF COMMODITIES ON HAND \$266,818

(E) THE COUNTY HAS NOT ELECTED TO USE THE 10% DE MINIMIS COST RATE ALLOWED UNDER THE UNIFORM GUIDANCE.

Totals by Clusters:

Child Nutrition Cluster (CFDA 10.553, 10.555)	\$	13,873,494
WIA Cluster (CFDA 17.258, 17.259, 17.278)		3,954,767
Special Education Cluster (CFDA 84.027, 84.173)	*	10,607,443

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2020*

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**A. Section I – Summary of Auditor’s Results**

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
21.019	Coronavirus Relief Fund
10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster
84.027, 84.173	Special Education Cluster (IDEA)

10. Dollar threshold used to distinguish between type A and type B programs: **\$2,429,390**

11. County of Henrico qualifies as a low-risk auditee under Section 530 of Uniform Guidance

**B. Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

None reported.

**C. Section III – Findings and Questioned Costs Relating to Federal Awards**

None reported.

**D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants**

**2020-001** – Non-material Non-compliance – Social Services Information Security Controls – Acceptable Use Policy.

**Criteria:** In accordance with the Virginia Department of Social Services (“VDSS”) policy, employees should electronically sign the VDSS Information Security – Policy Acknowledgement and Non-Disclosure Agreement on an annual basis as part of the required Role-Based VDSS Information Security and Privacy Awareness Training. The electronic signing/acknowledgment is in addition to the physical form signed for a new employee and renewed every five years with a “wet” signature.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2020*

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**Condition:** We noted eleven (11) instances out of the twenty-two (22) where employees electronically acknowledged the VDSS Information Security – Policy Acknowledge and Non-Disclosure Agreement, but no evidence could be provided that these employees renewed and signed the physical forms with a “wet” signature within the past five years, as required.

**Cause:** The local Department of Social Services did not follow the requirement to renew the physical forms with a wet signature every five years.

**Effect:** Non-compliance may result in action by the Commonwealth of Virginia.

**Recommendation:** The local Department of Social Services should implement a process to ensure that any physical forms approaching the five year period are renewed and resigned with a “wet” signature in accordance with prescribed requirements.

**Views of Responsible Officials and Planned Corrective Action:** VDSS did not advise local departments of this particular change. Upon notification through the audit process, Social Services immediately resolved the situation for the 11 instances, and implemented a process to ensure wet signatures are received within the five year period. Over 20 employees have been updated to date, and a schedule has been created to ensure all employees will complete the process on anniversary dates.

**E. Section V – Status of Prior Year Findings**

None reported.