



Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



HENRICO COUNTY, VIRGINIA

2021-2022

COUNTY OF HENRICO

VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2022**

**Prepared By
The Director of Finance**

**HENRICO COUNTY, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2022**

Table of Contents

| <u>INTRODUCTORY SECTION (UNAUDITED)</u> | <u>PAGE</u> |
|--|----------------------------|
| Letter of Transmittal | i – xii |
| Certificate of Achievement for Excellence in Financial Reporting | xiii |
| Directory of Officials | xiv |
| Organization Chart | xv |
| <u>FINANCIAL SECTION</u> | <u>EXHIBITS</u> |
| Independent Auditors' Report | 1 – 2 |
| Management's Discussion and Analysis (Unaudited) | 3 – 13 |
| <u>Government-Wide Financial Statements:</u> | |
| Statement of Net Position | 1 14 |
| Statement of Activities | 2 15 – 16 |
| <u>Governmental Funds' Financial Statements:</u> | |
| Balance Sheet | 3 17 |
| Statement of Revenues, Expenditures and Changes in Fund Balances | 4 18 |
| <u>Proprietary Funds' Financial Statements:</u> | |
| Statement of Net Position | 5 19 |
| Statement of Revenues, Expenses and Changes in Net Position | 6 20 |
| Statement of Cash Flows | 7 21 |
| <u>Fiduciary Funds' Financial Statements:</u> | |
| Statement of Fiduciary Net Position - Agency Funds | 8 22 |
| Schedule of Changes in Fiduciary Net Position - Healthcare OPEB Trust Fund | 9 23 |
| <u>Component Units' Financial Statements:</u> | |
| Statement of Net Position | 10 24 |
| Statement of Activities | 11 25 |
| Notes to Financial Statements | 26 – 121 |
| <u>REQUIRED SUPPLEMENTARY INFORMATION OTHER THAN MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</u> | |
| Budgetary Comparison Exhibits: | |
| Exhibit of Revenues - Budget and Actual - Governmental Funds | 12 124 – 126 |
| Exhibit of Expenditures - Budget and Actual - Governmental Funds | 13 127 – 130 |
| Schedules of Required Supplementary Information: | |
| Schedule of Changes in the Net Pension Liability and Related Ratios: | |
| Governmental Activities and Business-Type Activities | 14 131 – 132 |
| School Board Non-Professional Group | 15 133 |
| JRJDC | 16 134 |
| Schedule of Contributions | 17 135 |
| Schedule of School's Proportionate Share of the Net Pension Liability | 18 136 |
| Schedule of School's Contributions – Teachers' Pension Plan | 19 137 |
| Schedule of Contributions – JRJDC | 20 138 |
| Notes to Required Supplementary Pension Information | 139 |

**HENRICO COUNTY, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2022**

Table of Contents

| | | |
|---|----|-----------|
| Schedule of Changes in the Net Healthcare OPEB Liability and Related Ratios..... | 21 | 140 |
| Schedule of Contributions - Healthcare OPEB Trust Fund..... | 22 | 141 |
| Schedule of Investment Returns - Healthcare OPEB Trust Fund..... | 23 | 142 |
| Schedule of Changes in the Net Healthcare OPEB Liability and Related Ratios: | | |
| Governmental Activities and Business-Type Activities..... | 24 | 143 |
| Component Units..... | 25 | 144 |
| Schedule of Contributions – Healthcare OPEB Trust Fund..... | 26 | 145 |
| Schedule of Changes in the Total Line of Duty OPEB Liability and Related Ratios..... | 27 | 146 |
| Schedule of Contributions for the Line of Duty OPEB Plan..... | 28 | 147 |
| Schedule of Schools’ Proportionate Share of the Net OPEB Liability: | | |
| Teachers Health Insurance Credit OPEB Plan..... | 29 | 148 |
| Schedule of School’s Contributions – Teachers’ Health Insurance Credit OPEB Plan..... | 30 | 149 |
| Schedule of Proportionate Share of the Net OPEB Liability: | | |
| Group Life Insurance OPEB Plan..... | 31 | 150 |
| Schedule of Contributions – Group Life Insurance OPEB Plan..... | 32 | 151 |
| Schedule of School’s Proportionate Share of the Net OPEB Liability: | | |
| Teachers Group Life Insurance Credit OPEB Plan..... | 33 | 152 |
| Schedule of School Contributions – Teachers’ Group Life Insurance OPEB Plan..... | 34 | 153 |
| Schedule of School’s Proportionate Share of the Net OPEB Liability: | | |
| Non-Professional Group Life OPEB Plan..... | 35 | 154 |
| Schedule of School’s Contributions – Non-Professional Group Life OPEB Plan..... | 36 | 155 |
| Schedule of Proportionate Share of the Net OPEB Liability: | | |
| JRJDC’s Group Life OPEB Plan..... | 37 | 156 |
| Schedule of Contributions – JRJDC’s Group Life OPEB Plan..... | 38 | 157 |
| Notes to Required Supplementary OPEB Information..... | | 158 – 160 |

OTHER SUPPLEMENTAL INFORMATION SCHEDULES

Debt Service Fund - Budgetary Comparison Schedules:

SCHEDULES

| | | |
|---|---|-----|
| Schedule of Revenues - Budget and Actual..... | 1 | 163 |
| Schedule of Expenditures - Budget and Actual..... | 2 | 164 |

Internal Service Funds’ Financial Statements:

| | | |
|---|---|-----|
| Combining Statements of Net Position..... | 3 | 166 |
| Combining Statements of Revenues, Expenses and Changes in Net Position..... | 4 | 167 |
| Combining Statements of Cash Flows..... | 5 | 168 |

Custodial Funds’ Financial Statements:

| | | |
|--|---|-----|
| Combining Statements of Assets and Liabilities..... | 6 | 170 |
| Combining Statements of Changes in Assets and Liabilities..... | 7 | 171 |

Discretely Presented Component Unit - School Board:

| | | |
|---|----|-----------|
| Combining Balance Sheet..... | 8 | 173 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances..... | 9 | 174 |
| Schedule of Revenues - Budget and Actual..... | 10 | 175 – 176 |
| Schedule of Expenditures - Budget and Actual..... | 11 | 177 |

**HENRICO COUNTY, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2022**

Table of Contents

STATISTICAL SECTION (UNAUDITED)

TABLES

| | | |
|---|------------|-----------|
| Net Position by Component | I | 179 |
| Schedule of Changes in Net Position | II | 180-181 |
| Fund Balances - Governmental Funds | III | 182 |
| Changes in Fund Balances - Governmental Funds..... | IV | 183 |
| Assessed Value and Actual Value of Taxable Property | V | 184 |
| Direct Tax Rates..... | VI | 185 |
| Principal Property Tax Payers..... | VII | 186 |
| Property Tax Levies and Collections | VIII | 187 |
| Ratios of Outstanding Debt by Type | IX | 188 |
| Pledged Revenue Coverage..... | X | 189 |
| Demographic and Economic Statistics..... | XI | 190 |
| Top Twenty Principal Employers..... | XII | 191 |
| Government Employees by Department | XIII | 192 |
| Operating Indicators by Function..... | XIV | 193 – 194 |
| Capital Asset Statistics by Function..... | XV | 195 |

INTRODUCTORY SECTION

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO



John A. Vithoukas
County Manager

November 29, 2022

The Honorable Board of Supervisors
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico, Virginia's (the County) Annual Comprehensive Financial Report (Report), as of and for the fiscal year ended June 30, 2022. 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 Report. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200 or finance.info@henrico.us. This report may also be found online at the County's official website www.henrico.us/finance/Public-data/.

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 Report is complete and accurate in all material respects.

Cherry Bekaert LLP, a certified public accounting firm, audited the County's financial statements 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 from 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 June 30, 2022, 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 shipping channel. 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, 341,365 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

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 Annual Financial Report.

Economic Overview

Henrico County offers a business-friendly environment with competitive tax rates and a cost of living below the national average. The County's triple-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 information technology, 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).

The Honorable Board of Supervisors
November 29, 2022

Local and regional economic indicators indicate a healthy and stable economy that has recovered from pandemic economic impacts. With a long history of prudent financial management - and the distinction of being one of only 48 triple AAA rated counties in the country, Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, especially in the given climate, Henrico County has been positioned for maximum resiliency in difficult economic conditions, and County leadership expects 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. Henrico County continues with a resilient local economy as evidenced by 185,000+ jobs that rank the County 2nd in Virginia and is home to 25,000+ businesses and six Fortune 1000 headquarters including Altria Group, Genworth Financial, Markel Corporation, ASGN, Brink's, and Arko Corp. 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 business location and expansion.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. Unemployment rates for both Virginia and Henrico have decreased over the past year. The County's unemployment rate has declined to 3.2 percent, which is on par with the State's rate, and notably lower than that of the U.S. (3.8 percent). Continuing unemployment claims data for Virginia are indicating a downward trend promising stabilization for Henrico.

The County's real estate tax base continues to experience growth as the total taxable assessed value of real property as of January 2022 was approximately \$49.6 billion, representing an increase of about \$5.4 billion in growth compared to 2021. Existing residential and commercial property values grew by 11.3 percent more than the prior year, while new residential and commercial construction grew slower than 2021 by 17.9 percent.

Continued shortfalls in available inventory and low mortgage rates impacted home prices significantly. Median sales price increased roughly \$17,500, or 5.3 percent from June 2021 to June 2022. The average sales price for a single-family home in Henrico for June 2022 was \$350,000 and average days on the market dropped to 9. Additionally, while the total number of construction permits issued for the fiscal year ended June 30, 2022, decreased by 3.0 percent from the previous

The Honorable Board of Supervisors
November 29, 2022

fiscal year, the total value of construction permits issued increased by 37.5 percent. Construction permits include permits for the construction of single family, residential and commercial dwellings.

Other revenue sources experienced robust growth in fiscal year 2021-2022. Henrico County remains one of the Commonwealth's leaders in retail sales, ranking fourth in total annual taxable sales, behind only the Counties of Loudoun, Fairfax, and Prince William. 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 calendar year 2021 were \$6.3 billion, nearly a billion higher than 2020. While localities throughout the region and state were also up, Henrico's noteworthy increase shows relative strength and is another indication that the County remains a destination for shoppers locally, regionally and from throughout the Commonwealth. Retail hubs in the County include Regency Square, Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

The County has an 8.0 percent transient occupancy tax on overnight lodging. During FY22, this brought in \$14.9 million, a 71.5 percent increase from FY21. This increase was directly driven by the resumption of both business and personal post-pandemic travel. State-wide visitor spending is up 44.0 percent, with lodging activity increasing 48.2 percent state-wide. The County remains an active tourism location, and tourism, especially sports tourism, will continue to be a focus area to boost the local economy and County revenue streams.

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. Revenue generated by the Meals Tax is dedicated exclusively to the operational and capital project needs of Henrico's public schools. In FY22, the County collected \$34.8 million in meals tax.

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 decreased the real estate tax rate seven times, including the most recent reduction for tax year 2022, reducing real estate tax rate from \$0.87 to \$0.85 per \$100 of assessed value. In addition to the reduced tax rate, in February 2022 the Board approved a first-of-its-kind 2 cent per \$100 assessed value tax credit payable directly to taxpayers. Along with these decreases, Henrico is also the lowest taxing locality among Virginia's ten largest localities.

In the past five years, Henrico has reduced tax rates on aircraft, machinery and tools, data center equipment and biotechnology and research equipment. These measures make Henrico more competitive and give Henrico the lowest effective tax rates in these industries among central Virginia localities. Furthermore, Henrico increased the Business Professional Occupancy License tax exemption from \$100,000 in 2018 to \$500,000 in FY21, providing additional tax relief to virtually every County business. The low tax burden combined with a record of prudent fiscal

The Honorable Board of Supervisors
November 29, 2022

management and excellent services creates an enticing, pro-business environment in Henrico.

Financial Guidelines

The following informal guidelines represent principles and practices that guide the County and help to strengthen 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 Approved Budget at <http://www.henrico.us/finance/public-data/>.

General Guidelines:

The County maintains AAA/Aaa/AAA General Obligation Bond ratings with Standard & Poor's, Moody's Investor Service and Fitch IBCA, respectively. These excellent bond ratings mean two things for County residents. First, our financial management has been examined by three separate agencies that routinely analyze local government finances and determined Henrico worthy of the highest financial recognition available. Secondly, 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 and the long-term operational needs of the County.

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. (Note: The CIP is now a ten-year document.)

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 Honorable Board of Supervisors
November 29, 2022

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 Budget.

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 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. 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.

As a percentage of actual General Fund expenditures, the County's unassigned fund balance has been:

| | |
|-------|-------|
| FY17: | 15.0% |
| FY18: | 15.0% |
| FY19: | 15.0% |
| FY20: | 15.0% |
| FY21: | 15.0% |
| FY22: | 15.0% |

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 reaffirmations of our AAA ratings from all three bond rating agencies for the past 21 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, 48 counties in the nation enjoy the triple-AAA distinction, which represents just over one percent of all counties nationwide. In addition, Henrico's water and sewer revenue bonds earned a triple AAA rating from all 3 rating agencies, reaffirmed as recently as August 2022, making the County one of only 15 combined water & sewer utility issuers nationwide 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 recent years.

On 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 issuance from this bond referendum. All projects are now either complete, under construction or funded. They include new and upgraded facilities in all five magisterial districts.

The Honorable Board of Supervisors
November 29, 2022

The final education project under this referendum, the renovation of Adams Elementary School, was approved as part of the FY22 capital budget and is currently underway. For general government projects, the Staples Mill Fire Station is under construction and is scheduled to be completed November 2022, while construction of the Nine Mile Road Fire Station and Richmond-Henrico Turnpike road improvements expected to begin spring 2023. Many recreation and park projects are completed with several more underway or in the final design phase.

Henrico County's Cobbs Creek Reservoir project secures the County's water needs for at least the next 50 years. Phase I of the project involved the acquisition of the properties necessary to construct the reservoir. County staff worked with 22 property owners to purchase the needed properties with the cost of the acquisitions totaling \$9 million (approximately \$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, construction roads and staging areas, and erecting a communication tower. The majority of this work was completed in June 2016, at a cost of \$5.6 million. Between February 2016 and July 2017, Colonial Pipeline and Dominion Energy relocated their utility lines at a cost of \$35.0 million for Colonial Pipeline and \$3.1 million for Dominion Energy. Phase III, which began in October 2016, includes construction of three earthen dams, a pump station, and river intake facilities. The construction contract for Phase III is with MEG/Haymes Joint Venture LLC for \$137.4 million and the reservoir is expected to be fully operational by late 2023.

The County initiated construction on a new Public Safety Emergency Communications project that will replace the current system, which is no longer supported by the manufacturer and operates with outdated technology. The new system will be more advanced and provide manufacturer support for at least twenty years. Henrico County, the Cities of Richmond and Colonial Heights, the Counties of Chesterfield and Hanover, and the Capital Regional Airport Commission awarded individual contracts for this project in June of 2016. The 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, was completed in early fall of 2022. Construction of the tower sites is progressing with six complete, four existing sites retrofitted to accommodate the new equipment, two under construction, and one newly leased tower almost complete. The system's fixed network equipment has been installed at the prime site and thirteen remote sites. Phase two subscriber installation and distribution was completed in early 2022. Expenditures are tracking with the described deployment progress of the project and are on target with what was originally projected.

FY22 included several major economic development announcements. Global brand, Mondelēz, announced plans to invest \$122.5 million in its Henrico County supply chain operations over three years. A new sales fulfillment center close to the company's Richmond Biscuit Bakery will support Mondelēz sales and distribution in the U.S. and will create approximately 80 new jobs in Henrico County. Also, Coca-Cola Consolidated will be expanding their production and distribution facility

located in Sandston, bringing in \$23 million of new investment and creating more than 40 new jobs. Henrico County earned two Silver Shovel awards for economic development in July 2021. This program recognizes U.S. locations that attract major investment projects and create substantial new jobs throughout their community. The projects included the relocation of T-Mobile's Customer Experience Center, which brought \$30 million in new investment to the area and will create 500 new jobs, and SimpliSafe's establishment of a \$5.5 million customer support center, which will create 572 new jobs. And most recently, Red River Foods, Inc., a supplier of premium specialty snacks headquartered in Richmond, will invest \$16.5 million to establish a warehouse and processing facility at 2840 Sprouse Drive in Henrico County. 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.

As part of the 2022 general election, Henrico County voters will have the opportunity to vote on the County's next bond referendum, which proposes \$511.4 million in funding for County capital projects. The bond referendum will appear as four questions on the ballot, with a separate question for each of four project categories: schools; public safety; recreation and parks; and stormwater drainage. Approval of a category by a majority of the votes cast authorizes the County to contract debt and issue its general obligation bonds to fund the projects. School projects consisting of the construction, rebuild, and renovation of eight educational buildings across the County make up two thirds, or \$340.5 million, of the referendum total. Nine public safety construction, rebuild, and renovation projects total \$83.85 million. Recreation projects comprise \$37 million for the construction, addition, and improvement of three Henrico parks. Finally, \$50 million is dedicated to drainage improvement projects across all five magisterial districts.

FY22 was the fifteenth year of the County's healthcare self-insurance program, whereby the County began paying claims and third-party administrative fees. Self-insurance allows the County to control all aspects of the plan's coverages more fully, 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

The lingering impacts of the COVID-19 public health emergency and the rapid pace of inflationary growth since have had a significant impact on national, state, and local economies. The Federal Government's quick fiscal and monetary policy responses to combat an economic downturn in March of 2020 allowed for an extended period of cheap debt and an inflow of cash resulting in increased spending at all levels. However, since the start of 2022, the Federal Government has shifted its strategic course in order to tame excessive inflation seen in many sectors of the economy including housing, transportation, and energy. Unfortunately, a byproduct of interest rate hikes and halted subsidies is a sharp increase in the likelihood of a national, and potentially global,

The Honorable Board of Supervisors
November 29, 2022

recession. Recent positive trends in the labor market and wages may soften the recessionary impact. Despite their recent upswings, home prices have remained relatively flat since June, while used car and oil prices have been trending strongly downward.

Henrico County continues to closely monitor the effects of inflation, federal reserve policy, and economic trends that point toward a recession, by developing best and worst-case scenarios for FY23. This provides the County vital information to adapt fiscal policy and procedures in response to economic changes in real-time. Furthermore, Henrico continues to emphasize employee compensation in a time where wages continue to be outpaced by prices. As such, for FY23 the County was able to give a 5% pay increase to all employees. While revenue collections have not been impacted greatly at this point in time, continued surveillance of the local market will be instrumental going forward.

Because economic indicators that have 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 Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. This was the forty-first 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 ACFR, while also satisfying applicable legal requirements.


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

The Honorable Board of Supervisors
November 29, 2022


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 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



Sheila S. Minor
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Henrico
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2022

BOARD OF SUPERVISORS

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

ADMINISTRATIVE OFFICIALS

| | |
|--------------------------------|---|
| John A. Vithoukas | County Manager |
| W. Brandon Hinton | Deputy County Manger for Administration |
| 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 |
| Cari M. Tretina | Chief of Staff |
| Sheila S. Minor | Director of Finance |
| Andrew R. Newby | County Attorney |

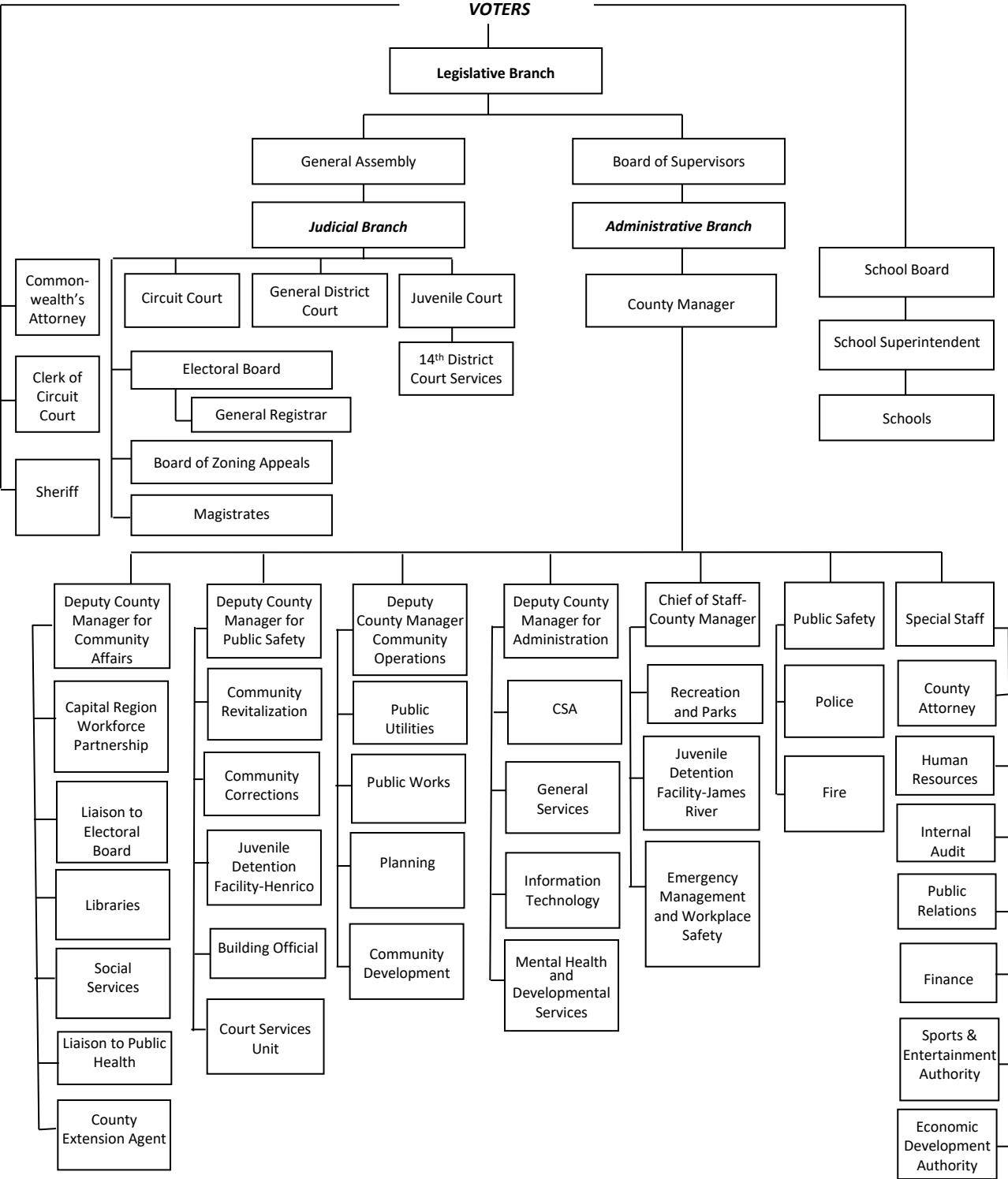
ELECTED SCHOOL BOARD

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

ADMINISTRATIVE OFFICIALS - SCHOOLS

| | |
|-----------------------------|---|
| Dr. Amy E. Cashwell | Superintendent of Schools |
| Dr. Beth N. Teigen | Chief of Staff |
| John B. Wack | Chief Financial Officer |
| Dr. Lesley L. Hughes | Chief Learning Officer |
| Lenny G. Pritchard | Chief of Operations |
| Adrienne Cole Johnson | Chief of Family and Community Engagement |
| Francine G. Bouldin | Chief Human Resources Officer |
| Eileen M. Cox | Chief of Communications and Community Engagement |
| Dr. Monica R. Manns | Chief of Equity, Diversity and Opportunity Officer |
| Dr. Ingrid G. Grant | Chief of School Leadership |

Organization Chart



Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, as of June 30, 2022, 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.

Basis for Opinions

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 (the "Specifications"). Our responsibilities under those standards and Specifications are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Specifications will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Governmental Auditing Standards*, and the Specifications, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental 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 in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Supplemental Information Schedules

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Other Supplemental Information Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the County'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's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Richmond, Virginia
November 28, 2022

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

The following discussion and analysis of the County's financial performance provides an overview of the County's financial activities as of the end of fiscal year June 30, 2022 (FY 2022). 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 2022

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$758.8 million. General revenues of \$866.9 million exceeded expenses, net of program revenues, by \$108.0 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$3,000.6 million at June 30, 2022 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures by \$11.8 million (Exhibit 4) after making transfers out of \$154.4 million, which include transfers to the Capital Projects Fund for \$44.5 million, Special Revenue Fund for \$31.6 million and Debt Service Fund for \$78.3 million. In addition, the General Fund contributed \$274.3 million to the County's component units (Exhibit 12).

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The County's Annual Comprehensive Financial Report (ACFR) 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 ACFR 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 is 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 is generally reported in proprietary funds, which like the government-wide financial statements, provide both long-term 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.

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 Custodial Funds. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All 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, 2021, and 2022:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Component Units | |
|---------------------------------------|--------------------------------|------------------|---------------------------------|------------------|---------------------------------|------------------|------------------------|-----------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Current Assets | \$1,154.2 | \$1,224.3 | \$285.4 | \$277.9 | \$1,439.6 | \$1,502.2 | \$96.4 | \$163.2 |
| Noncurrent Assets | - | 30.2 | - | 4.0 | - | 34.2 | - | 19.7 |
| Capital Assets | 1,748.5 | 1,811.5 | 1,484.1 | 1,525.3 | 3,232.6 | 3,336.8 | 297.1 | 301.7 |
| Total Assets | 2,902.7 | 3,066.0 | 1,769.5 | 1,807.2 | 4,672.2 | 4,873.2 | 393.5 | 484.6 |
| Deferred Outflows of Resources | 104.6 | 103.1 | 27.2 | 37.0 | 131.8 | 140.1 | 147.6 | 147.2 |
| Total Current Liabilities | 228.1 | 264.3 | 45.6 | 50.4 | 273.7 | 314.7 | 48.3 | 94.3 |
| Net Pension Liability | 261.0 | 82.2 | 17.7 | 6.6 | 278.7 | 88.8 | 524.7 | 276.0 |
| Net OPEB Liability | 61.0 | 51.2 | 1.7 | 1.5 | 62.7 | 52.7 | 77.3 | 78.7 |
| Liabilities due in more than a year | 674.1 | 671.5 | 461.1 | 451.9 | 1,135.2 | 1,123.4 | 5.8 | 21.0 |
| Total Liabilities | 1,224.2 | 1,069.2 | 526.1 | 510.4 | 1,750.3 | 1,579.6 | 656.1 | 470.0 |
| Deferred Inflows of Resources | 212.4 | 421.2 | 0.8 | 11.9 | 213.2 | 433.1 | 39.0 | 230.6 |
| Net Position: | | | | | | | | |
| Net Investment in Capital Assets | 1,285.0 | 1,272.2 | 1,030.0 | 1,088.5 | 2,315.0 | 2,360.7 | 290.1 | 282.7 |
| Restricted | 169.0 | 308.5 | 30.4 | 29.6 | 199.4 | 338.1 | 3.4 | 6.0 |
| Unrestricted (deficit) | 116.7 | 98.0 | 209.4 | 203.8 | 326.1 | 301.8 | (447.5) | (357.5) |
| Total Net Position (deficit) | \$1,570.7 | \$1,678.7 | \$1,269.8 | \$1,321.9 | \$2,840.5 | \$3,000.6 | \$(154.0) | \$(68.8) |

On December 10, 2019, the County signed an agreement with First Tee - Greater Richmond to take over the operation and management of Belmont Golf Course. As of June 30, 2021, the County has discontinued reporting the operations of Belmont Golf Course as an enterprise fund.

The County's net position increased by 5.6%, or \$160.1 million to \$3,000.6 million from 2,840.5 million. Both Governmental Activities and Business-type Activities contributed to the increase in net position (Exhibit 1). The net position of the County's governmental activities increased by 6.9%, or \$108.0 million to \$1,678.7 million (Exhibit 2).

The governmental Net Investment in Capital Assets decreased by \$12.8 million. GAAP requires the County to report all assets financed by the issuance of general obligation bonds backed by the full faith and credit of the County. This is because the County has taxing authority to raise funds and pay the general obligation debt. This Included assets utilized by the School Board, a Component unit of the County. Such assets used by component units will be reported by the County until the debt matures. With debt retirements in fiscal year 2022, some assets that had been reported as County assets were recharacterized as School Board assets during the year.

In addition to assets moving from the County to being reported by the School Board, leases were reclassified as Right to Use Assets, also reducing capital assets.

Restricted net position increased by \$139.5 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net position decreased by \$18.7 million to 98.0 million at June 30, 2022, 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 4.1%, or \$52.1 million from \$1,269.8 million to \$1,321.9 million (Exhibit 2). Unrestricted net position available for the continuing operation of the water and sewer activities was \$203.8 million as of June 30, 2022 (Exhibit 1).

The net deficit of the aggregate discretely presented component units improved by 55.3%, or \$85.2 million from (\$154.0) million to (\$68.8) million. Net Investment in Capital Assets decreased by \$7.4 million due to debt payments above and beyond the acquisition of new assets, along with reclassifying some Capital assets as Right to Use assets. Unrestricted net deficit improved by \$90.0 million to (357.5) million at June 30, 2022, 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, 2021, and 2022:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Component Units | |
|--|----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|--------------------|------------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Revenues: | | | | | | | | |
| Program Revenues: | | | | | | | | |
| Charges for Services | \$41.9 | \$45.1 | \$126.0 | \$134.9 | \$167.9 | \$180.0 | \$5.7 | \$6.3 |
| Operating Grants and Contributions | 185.0 | 152.4 | - | - | 185.0 | 152.4 | 389.2 | 411.8 |
| Capital Grants and Contributions | - | - | 7.3 | 14.9 | 7.3 | 14.9 | - | - |
| General Revenues: | | | | | | | | |
| Property Taxes | 489.3 | 543.9 | - | - | 489.3 | 543.9 | - | - |
| Other Taxes | 192.7 | 228.4 | - | - | 192.7 | 228.4 | - | - |
| Other | 81.2 | 94.5 | 26.5 | 17.4 | 107.7 | 111.9 | 3.8 | 13.8 |
| Payment from Primary Government | - | - | - | - | - | - | 207.8 | 274.3 |
| Total Revenues | \$990.1 | \$1,064.3 | \$159.8 | \$167.2 | \$1,149.9 | \$1,231.5 | \$606.5 | \$706.2 |
| Expenses: | | | | | | | | |
| General Government | 137.3 | 132.4 | - | - | 137.3 | 132.4 | - | - |
| Judicial Administration | 13.7 | 14.3 | - | - | 13.7 | 14.3 | - | - |
| Public Safety | 218.4 | 242.9 | - | - | 218.4 | 242.9 | 6.2 | 5.8 |
| Public Works | 78.8 | 89.7 | - | - | 78.8 | 89.7 | - | - |
| Health and Welfare | 68.8 | 73.5 | - | - | 68.8 | 73.5 | - | - |
| Education | 215.1 | 308.0 | - | - | 215.1 | 308.0 | 614.2 | 615.2 |
| Parks, Recreation and Cultural | 44.4 | 48.8 | - | - | 44.4 | 48.8 | - | - |
| Community Development | 24.7 | 32.3 | - | - | 24.7 | 32.3 | - | - |
| Interest on Long-term Debt | 15.1 | 14.4 | - | - | 15.1 | 14.4 | - | - |
| Water and Sewer | - | - | 115.8 | 115.1 | 115.8 | 115.1 | - | - |
| Total Expenses | 816.3 | 956.3 | 115.8 | 115.1 | 932.1 | 1,071.3 | 620.4 | 621.0 |
| Change in Net Position | 173.8 | 108.0 | 44.0 | 52.1 | 217.7 | 160.1 | (\$13.9) | 85.2 |
| Net Position (deficit), beginning of year | 1,396.9 | 1,570.7 | 1,225.8 | 1,269.8 | 2,622.7 | 2,840.5 | (\$140.1) | (\$154.0) |
| Net Position (deficit), end of year | \$1,570.7 | \$1,678.7 | \$1,269.8 | \$1,321.9 | \$2,840.5 | \$3,000.6 | (\$154.0) | (\$68.8) |

REVENUES

For the fiscal year ended June 30, 2022, revenues from governmental activities totaled \$1,064.3 million, an increase of \$74.2 million from fiscal year 2021. Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half of calendar year 2021 and the first half of calendar year 2022 real property tax. The Real estate tax revenue collected during fiscal year 2022 was \$406.2 million, an increase of \$24.2 million or 6.3% from fiscal year 2021 due to increased property values (Exhibit

12). The County Board of Supervisors reduced the real estate tax rate by two cents 85 cents per \$100 of assessed value for calendar year 2022.

During fiscal year 2022, the County collected \$110.3 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 \$147.3 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, 2021, the County accrued \$18.5 million for the first half of the calendar year.

The fiscal year 2022 property tax collections were up by \$26.0 million or 30.8% over fiscal year 2021 because the value of almost all vehicles was up for the year. A decrease in new car production, a smaller used car inventory, and an increased demand for vehicles drove the motor vehicle valuations higher. Used vehicle wholesale prices have increased over 28% in 2022.

Business-type activities produced total revenues of \$167.2 million, an increase of \$7.4 million from fiscal year 2021. The County's Water and Sewer activity produced \$134.9 million in charges for services and \$14.9 million in capital grants and contributions (Exhibit 2).

EXPENSES

For the fiscal year ended June 30, 2022, expenses for governmental activities totaled \$956.3 million, an increase of \$140.0 million or 17.2% from fiscal year 2021 (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. The largest expense increases occurred in Education, Public Safety and Community development.

Education continues to be one of the County's highest priorities and commitments. Spending on Education was up \$92.9 million or 43.1% which includes a direct payment by the primary government of \$274.3 million for School operations (Exhibit 4). The increase is primarily due to general raises for teachers, and market adjustments for administrative school positions.

Public Safety expenses increased by \$24.5 million or 11.2%. County Police Officers, Firefighters and Sheriff's Deputies received generational raises of two pay grades.

The expenses of business-type activities, the result of County Water and Sewer activity totaled \$115.1 million, a decrease of (\$0.7 million) or (0.6%) over fiscal year 2021 business-type activities (Exhibit 2).

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2022, the governmental funds reflect a combined fund balance of \$809.6 million, an increase of \$25.9 million from fiscal year 2021 (Exhibit 4). The General Fund accounts for \$395.4 million (Exhibit 4) of the total combined balance. This is an increase of \$12.0 million or 3.1% from the General Fund balance of \$383.4 million recorded at June 30, 2021. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$60.8 million or 7.0% from fiscal year 2021. The largest increases occurred in General property taxes, which increased by \$50.6 million and other local

taxes, which increased by \$34.6 million, offsetting a decrease of \$24.9 million from intergovernmental sources.

At the same time, General Fund Expenditures increased by \$128.1 million or 20.2% from fiscal year 2021. The FY 2022 budget appears much larger than the FY 2021 budget because the prior budget was created at the outset of COVID-19 and \$100 million was cut out of FY 2021 proposed revenue. Other Financing Uses decreased by (\$39.3) million or 34.6% from fiscal year 2021. Finally, the following items affected the fund balance and should be noted:

- The General Fund transferred \$44.5 million to the Capital Projects Fund to finance various capital projects, \$31.6 million to the Special Revenue Fund and \$78.3 million for debt service. The total transfers were up \$40.7 million from the previous year.
- The General Fund contributed \$274.3 million to fund fiscal year 2022 School Board operations, an increase of \$66.5 million or 32.0% from the fiscal year 2021 contribution. School expenses increased less than 1% over FY 21.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$66.1 million (Exhibit 4) increased by \$4.5 million or 7.3% from fiscal year 2021. The increase is due to revenues of \$79.1 million and other financing sources of \$31.7 million exceeding expenditures of \$106.3 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 \$46.3 million in revenues. The County's Social Services operations accounted for \$18.2 million in State and Federal grant revenues (Exhibit 12) and \$30.7 million in expenditures during fiscal year 2022 (Exhibit 13).
- The Debt Service Fund Balance increased to \$1.2 million from \$0.3 million during fiscal year 2022 (Exhibit 4). The fund received transfers from the General Fund of \$78.3 million and expenditures for debt service were \$77.5 million.
- The Capital Projects Fund Balance of \$346.9 million (Exhibit 4) is an increase of \$8.5 million, or 2.5% in comparison to fiscal year 2021. During the fiscal year, expenditures for capital projects were \$137.3 million, and revenues were \$47.0 million. Other financing sources include transfers from the General Fund of \$44.5 million, general obligation bond proceeds of \$48.1 million, and bond premium of \$6.3 million during fiscal year 2022.

GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund Budget
(in millions)

| | <u>Original</u> | <u>Revised</u> | <u>Actual</u> |
|--|------------------------|------------------------|----------------------|
| Revenues: | | | |
| Taxes | \$664.9 | \$666.5 | \$760.7 |
| Intergovernmental | 131.5 | 134.2 | 136.8 |
| Other | <u>32.3</u> | <u>32.2</u> | <u>28.5</u> |
| Total Revenues | <u>828.7</u> | <u>832.9</u> | <u>926.0</u> |
| Expenditures and Other Uses: | | | |
| Expenditures | 719.9 | 771.5 | 761.2 |
| Other Financing Uses | <u>104.5</u> | <u>105.1</u> | <u>152.8</u> |
| Total Expenditures and Other Financing Uses | <u>824.4</u> | <u>876.6</u> | <u>914.0</u> |
| Change in Fund Balance | <u><u>\$4.3</u></u> | <u><u>(\$43.7)</u></u> | <u><u>\$12.0</u></u> |

Revenues exceeded expenditures and other financing uses by \$12.0 million in the General Fund for fiscal year 2022.

Actual General Fund revenues were more than the original budgeted revenues by \$97.3 million during fiscal year 2022. Actual revenue collections exceeded the revised budget by \$93.1 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 \$43.8 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded the revised budget by \$50.4 million (Exhibit 12). Actual General Fund expenditures were greater than the original budget by \$41.3 million, and less than the revised budget by (\$10.3) million. During fiscal year 2022, 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, 2021.
- To reappropriate grant revenues authorized in fiscal year 2021 or earlier, but not expended or encumbered as of June 30, 2021 and to appropriate grants or donation accepted or adjusted in fiscal year 2022.
- 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 American Rescue Plan Act (ARPA) and Elementary and Secondary Schools Emergency Relief (ESSER) funds received in FY 2022 for COVID-19 related expenditures.

CAPITAL ASSETS

At the end of fiscal year 2022, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,811.5 million, which represents a net increase of \$63.0 million or 3.6% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets (in millions)

| | Governmental Activities | | Business-type Activities | | Total | | Component Units | |
|---|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|--------------------|----------------|
| | 2021 | 2022 | 2021 | 2022 | 2020 | 2022 | 2020 | 2022 |
| Non-Depreciable Assets: | | | | | | | | |
| Land | \$406.7 | \$405.2 | \$18.8 | \$22.2 | \$425.5 | \$427.4 | \$47.6 | \$52.2 |
| Construction in Progress | 295.0 | 148.7 | 306.3 | 350.0 | 601.3 | 498.7 | 2.7 | 4.7 |
| Other Capital Assets: | | | | | | | | |
| Building | 981.1 | 1,210.3 | 404.7 | 403.7 | 1,385.8 | 1,614.0 | 411.3 | 414.4 |
| Infrastructure | 741.0 | 757.3 | 1,285.2 | 1,308.6 | 2,026.2 | 2,065.9 | - | - |
| Equipment | 294.1 | 308.4 | 173.5 | 171.4 | 467.6 | 479.8 | 259.7 | 183.5 |
| Improvements other than Buildings | 125.3 | 131.4 | 1.4 | 1.4 | 126.7 | 132.8 | 42.6 | 42.6 |
| Accumulated Depreciation On Other Capital Assets | (1,094.8) | (1,149.8) | (705.8) | (732.0) | (1,800.6) | (1,881.8) | (466.8) | (395.7) |
| Total | <u>\$1,748.5</u> | <u>\$1,811.5</u> | <u>\$1,484.1</u> | <u>\$1,525.3</u> | <u>\$3,232.6</u> | <u>\$3,336.8</u> | <u>\$297.1</u> | <u>\$301.7</u> |

Right to Use Assets (in millions)

| | Governmental Activities | | Business-type | | Total | | Component | |
|--|----------------------------|---------------|---------------|-------------|---------------|---------------|--------------|---------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 |
| Right to Use Assets: | | | | | | | | |
| Equipment | \$1.8 | \$1.8 | \$ - | \$ - | \$1.8 | \$1.8 | \$ - | \$ - |
| Building | 10.2 | 11.8 | - | - | 10.2 | 11.8 | 2.4 | 4.7 |
| Computer Equipment & Other | 1.9 | 1.9 | - | - | 1.9 | 1.9 | - | 19.0 |
| Accumulated Depreciation On Right to Use Assets | - | (2.9) | - | - | - | (2.9) | - | (4.1) |
| Total | <u>\$13.9</u> | <u>\$12.6</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$13.9</u> | <u>\$12.6</u> | <u>\$2.4</u> | <u>\$19.6</u> |

The business-type net activities capital assets grew by \$41.2 million to \$1,525.3 million, an increase of 2.8% over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities.

The Component Units' capital assets increased by \$4.6 million to \$301.7 million, a increase of 1.5% 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

At the end of fiscal year 2022, the County had \$579.3 million in outstanding General Obligation Bonds, an increase of \$3.9 million, or 0.7 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.

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.

On October 12, 2021, the County sold \$48.1 million VPSA Special Obligation School Financing Bonds, \$48.1. The proceeds will be used to finance various school capital improvement projects. The interest ranges from 1.625 percent to 5 percent.

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, 2022, the County's investment portfolio amounted to \$1,053.0 million, an increase of \$55.5 million. Henrico experienced a steady increase in Investment yields during fiscal year 2022 due to Federal Reserve rate hikes. In the rising rate environment, the fair market value of County investments experienced steady declines. They are unrealized losses but will be reflected in the County Net Position at June 30th. The expectation is that County will hold the investments until maturity without actual losses. 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. 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, 2022, the County had a net decrease of 4,385 jobs since 2018, resulting in total employment of 185,186. The County’s unemployment rate, which was reported at 3.0 percent as of June 30, 2022, matched the State’s unemployment rate of 3.0 percent, and was below the federal rate of 3.8 percent. As of 2021 (the latest data available from the U.S. Bureau of Economic Analysis), the County’s per capita income of \$71,583 registered higher than both the national average of \$64,143, and the Commonwealth of Virginia average of \$66,305.

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/finance/Public-data/.

**HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2022**

Exhibit 1

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-------------------------|------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets: | | | | |
| Current assets: | | | | |
| Cash, cash equivalents, and temporary investments | \$ 899,718,452 | \$ 194,438,660 | \$ 1,094,157,112 | \$ 103,787,714 |
| Receivables, net | 241,810,311 | 28,420,606 | 270,230,917 | 357,854 |
| Due from other governments | 49,478,627 | - | 49,478,627 | 58,876,803 |
| Internal balances | (1,512,921) | 1,512,921 | - | - |
| Due from component unit | 33,901,064 | - | 33,901,064 | - |
| Inventories | 977,751 | 1,223,951 | 2,201,702 | 135,124 |
| Restricted cash and cash equivalents | - | 52,390,136 | 52,390,136 | 63,932 |
| Noncurrent assets: | | | | |
| Other assets | 17,630,269 | 4,005,479 | 21,635,748 | - |
| Right to use assets, net | 12,609,664 | 9,713 | 12,619,377 | 19,686,635 |
| Capital assets: | | | | |
| Land and construction in progress | 553,900,145 | 372,164,404 | 926,064,549 | 56,884,654 |
| Other capital assets, net | 1,257,559,081 | 1,153,073,357 | 2,410,632,438 | 244,792,631 |
| Capital assets, net | 1,811,459,226 | 1,525,237,761 | 3,336,696,987 | 301,677,285 |
| Total Assets | 3,066,072,443 | 1,807,239,227 | 4,873,311,670 | 484,585,347 |
| Deferred Outflows of Resources: | | | | |
| Contributions after measurement date | 37,345,974 | 2,240,111 | 39,586,085 | 62,414,452 |
| Change in proportionate share allocation | 1,236,271 | 6,595 | 1,242,866 | 4,495,862 |
| Change of assumptions | 49,995,556 | 3,129,192 | 53,124,748 | 52,945,922 |
| Difference between actual and expected experience | 14,536,249 | 649,861 | 15,186,110 | 27,354,116 |
| Deferred loss on debt refunding, net | - | 30,931,247 | 30,931,247 | - |
| Total Deferred Outflows of Resources | 103,114,050 | 36,957,006 | 140,071,056 | 147,210,352 |
| Total Assets and Deferred Outflows of Resources | 3,169,186,493 | 1,844,196,233 | 5,013,382,726 | 631,795,699 |
| Current liabilities: | | | | |
| Accounts payable | 71,460,933 | 17,805,922 | 89,266,855 | 5,645,426 |
| Deposits payable | - | 1,009,860 | 1,009,860 | - |
| Accrued liabilities | 42,889,431 | 2,814,269 | 45,703,700 | 10,401,069 |
| Amounts held for others | 10,645,502 | - | 10,645,502 | 83,866 |
| Unearned revenues | 35,407,506 | 11,285,268 | 46,692,774 | 30,537,975 |
| Due to Primary Government | - | - | - | 33,901,064 |
| Long-term liabilities due within one year | 103,864,272 | 17,476,544 | 121,340,816 | 13,768,046 |
| Total current liabilities | 264,267,644 | 50,391,863 | 314,659,507 | 94,337,446 |
| Noncurrent liabilities: | | | | |
| Net pension liability | 82,223,381 | 6,600,886 | 88,824,267 | 276,013,723 |
| Net OPEB liability | 51,219,987 | 1,545,025 | 52,765,012 | 78,689,926 |
| Long-term liabilities due in more than one year | 671,523,782 | 451,896,617 | 1,123,420,399 | 20,980,407 |
| Total non-current liabilities | 804,967,150 | 460,042,528 | 1,265,009,678 | 375,684,056 |
| Total Liabilities | 1,069,234,794 | 510,434,391 | 1,579,669,185 | 470,021,502 |
| Deferred Inflows of Resources: | | | | |
| Change in proportionate share allocation | 595,351 | 591,890 | 1,187,241 | 2,937,882 |
| Difference between actual and expected experience | 21,976,515 | 1,524,667 | 23,501,182 | 28,287,989 |
| Difference between projected and actual earnings | 147,719,653 | 9,047,475 | 156,767,128 | 183,563,282 |
| Change of assumptions | 19,456,151 | 585,392 | 20,041,543 | 15,575,500 |
| Other - leases | 12,110,362 | 122,451 | 12,232,813 | 249,576 |
| Deferred revenues | 219,363,526 | - | 219,363,526 | - |
| Total Deferred Inflows of Resources | 421,221,558 | 11,871,875 | 433,093,433 | 230,614,229 |
| Total Liabilities and Deferred Inflows of Resources | 1,490,456,352 | 522,306,266 | 2,012,762,618 | 700,635,731 |
| Net Position: | | | | |
| Net investment in capital assets | 1,272,214,880 | 1,088,418,852 | 2,360,633,732 | 282,621,855 |
| Restricted for: | | | | |
| Highways, streets and buildings | 241,223,621 | - | 241,223,621 | - |
| Debt service | 1,179,213 | 29,649,169 | 30,828,382 | - |
| Grants | 66,128,748 | - | 66,128,748 | 6,035,501 |
| Unrestricted net position (deficit) | 97,983,679 | 203,821,946 | 301,805,625 | (357,497,388) |
| Total Net Position | \$ 1,678,730,141 | \$ 1,321,889,967 | \$ 3,000,620,108 | \$ (68,840,032) |

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, 2022**

| Functions/Programs | Expenses | Program Revenues | |
|---|-------------------------|-------------------------|--|
| | | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| Governmental Activities: | | | |
| General government | \$ 132,423,926 | \$ 18,632,798 | \$ 1,454,210 |
| Judicial administration | 14,341,845 | 781,233 | 5,238,272 |
| Public safety | 242,850,793 | 3,615,874 | 29,899,184 |
| Public works | 89,728,806 | 2,658,876 | 71,794,817 |
| Health and welfare | 73,513,806 | 13,818,583 | 36,086,657 |
| Education | 307,954,734 | - | - |
| Parks, recreation and culture | 48,759,132 | 645,566 | 263,331 |
| Community development | 32,263,436 | 4,916,503 | 7,624,900 |
| Interest on long-term debt | 14,428,040 | - | - |
| Total Governmental Activities | <u>956,264,518</u> | <u>45,069,433</u> | <u>152,361,371</u> |
| Business-type activities: | | | |
| Water and Sewer | <u>115,144,607</u> | <u>134,880,835</u> | <u>-</u> |
| Total Business-type Activities | <u>115,144,607</u> | <u>134,880,835</u> | <u>-</u> |
| Total Primary Government | <u>\$ 1,071,409,125</u> | <u>\$ 179,950,268</u> | <u>\$ 152,361,371</u> |
| Component Units: | | | |
| School Board | \$ 615,220,444 | \$ 548,942 | \$ 411,764,063 |
| James River Juvenile Detention Commission | <u>5,784,752</u> | <u>5,725,837</u> | <u>54,358</u> |
| Total Component Units | <u>\$ 621,005,196</u> | <u>\$ 6,274,779</u> | <u>\$ 411,818,421</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 (Deficit) at June 30, 2021

Total Net Position (Deficit) at June 30, 2022

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

Exhibit 2

| Capital Grants and Contributions | Net (Expenses) Revenues and Changes in Net Position | | | |
|--|---|-----------------------------|------------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| \$ - | \$ (112,336,918) | \$ - | \$ (112,336,918) | \$ - |
| - | (8,322,340) | - | (8,322,340) | - |
| - | (209,335,735) | - | (209,335,735) | - |
| - | (15,275,113) | - | (15,275,113) | - |
| - | (23,608,566) | - | (23,608,566) | - |
| - | (307,954,734) | - | (307,954,734) | - |
| - | (47,850,235) | - | (47,850,235) | - |
| - | (19,722,033) | - | (19,722,033) | - |
| - | (14,428,040) | - | (14,428,040) | - |
| - | (758,833,714) | - | (758,833,714) | - |
| 14,916,538 | - | 34,652,766 | 34,652,766 | - |
| 14,916,538 | - | 34,652,766 | 34,652,766 | - |
| \$ 14,916,538 | \$ (758,833,714) | \$ 34,652,766 | \$ (724,180,948) | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ (202,907,439) |
| - | - | - | - | (4,557) |
| \$ - | \$ - | \$ - | \$ - | \$ (202,911,996) |
| | \$ 543,939,860 | \$ - | \$ 543,939,860 | \$ - |
| | 87,993,897 | - | 87,993,897 | - |
| | 46,330,255 | - | 46,330,255 | - |
| | 14,944,485 | - | 14,944,485 | - |
| | 17,980,194 | - | 17,980,194 | - |
| | 61,156,551 | - | 61,156,551 | - |
| | 911,194 | 94,216 | 1,005,410 | - |
| | 92,460,007 | 16,800,118 | 109,260,125 | - |
| | 795,810 | - | 795,810 | 318,460 |
| | 359,436 | 599,000 | 958,436 | 13,453,836 |
| | - | - | - | 274,331,456 |
| | 866,871,689 | 17,493,334 | 884,365,023 | 288,103,752 |
| | 108,037,975 | 52,146,100 | 160,184,075 | 85,191,756 |
| | 1,570,692,166 | 1,269,743,867 | 2,840,436,033 | (154,031,788) |
| \$ | \$ 1,678,730,141 | \$ 1,321,889,967 | \$ 3,000,620,108 | \$ (68,840,032) |

**HENRICO COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022**

Exhibit 3

| | General Fund | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|---|-----------------------|----------------------|---------------------|-----------------------|--------------------------------|
| Assets: | | | | | |
| Cash and temporary investments | \$ 417,553,143 | \$ 63,728,213 | \$ 1,179,213 | \$ 376,450,051 | \$ 858,910,620 |
| Receivables, net | 233,518,018 | 6,170,345 | - | - | 239,688,363 |
| Due from other governmental units | 33,591,460 | 3,722,039 | - | 12,165,128 | 49,478,627 |
| Due from component unit | 33,879,605 | - | - | - | 33,879,605 |
| Other assets | 9,430,027 | 2,895,341 | - | - | 12,325,368 |
| Total assets | <u>\$ 727,972,253</u> | <u>\$ 76,515,938</u> | <u>\$ 1,179,213</u> | <u>\$ 388,615,179</u> | <u>\$ 1,194,282,583</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 64,274,741 | \$ 1,119,732 | \$ - | \$ 5,092,084 | \$ 70,486,557 |
| Accrued liabilities | 13,714,204 | 2,889,123 | - | 3,038,678 | 19,642,005 |
| Amounts held for others | 10,645,477 | - | - | 25 | 10,645,502 |
| Unearned revenues | 119,882 | 3,295,672 | - | 31,991,952 | 35,407,506 |
| Due to other funds | 1,139,387 | 230,959 | - | 1,603,165 | 2,973,511 |
| Total liabilities | <u>89,893,691</u> | <u>7,535,486</u> | <u>-</u> | <u>41,725,904</u> | <u>139,155,081</u> |
| Deferred Inflows of Resources: | | | | | |
| Other - leases | 9,258,658 | 2,851,704 | - | - | 12,110,362 |
| Unavailable revenues | 233,442,535 | - | - | - | 233,442,535 |
| Total deferred inflows of resources | <u>242,701,193</u> | <u>2,851,704</u> | <u>-</u> | <u>-</u> | <u>245,552,897</u> |
| Fund Balances: | | | | | |
| Restricted | 7,760,623 | 45,662,586 | - | - | 53,423,209 |
| Committed | 41,750,000 | - | - | 346,889,275 | 388,639,275 |
| Assigned | 191,415,476 | 20,466,162 | 1,179,213 | - | 213,060,851 |
| Unassigned | 154,451,270 | - | - | - | 154,451,270 |
| Total fund balances | <u>395,377,369</u> | <u>66,128,748</u> | <u>1,179,213</u> | <u>346,889,275</u> | <u>809,574,605</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 727,972,253</u> | <u>\$ 76,515,938</u> | <u>\$ 1,179,213</u> | <u>\$ 388,615,179</u> | |

Adjustments for the Statement of Net Position:

| | |
|---|-------------------------|
| Capital assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6) | \$ 1,798,202,387 |
| Right to use assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6) | 12,605,215 |
| Unearned revenues that have not been recognized as revenue in the current period and, therefore, are reported as liabilities in the governmental funds. (Note 3) | 14,079,009 |
| 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) | (775,092,459) |
| Net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (80,752,784) |
| 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. | (10,322,259) |
| Deferred outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds. | (85,344,078) |
| Net OPEB liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (50,906,850) |
| 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. | 41,382,454 |
| 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. | <u>5,304,901</u> |
| Total Net Position of Governmental Activities | <u>\$ 1,678,730,141</u> |

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, 2022

Exhibit 4

| | General Fund | Special Revenue | Debt Service | Capital Projects | Total Governmental Funds |
|--|-----------------------|----------------------|---------------------|---------------------|--------------------------------|
| Revenues: | | | | | |
| General property taxes | \$ 538,134,543 | \$ - | \$ - | \$ - | \$ 538,134,543 |
| Other local taxes | 222,552,512 | - | - | - | 222,552,512 |
| Licenses and permits | 11,136,199 | - | - | - | 11,136,199 |
| Fines and forfeitures | 1,674,840 | - | - | - | 1,674,840 |
| Revenue from use of money and property | 1,739,092 | 234,242 | - | 542,928 | 2,516,262 |
| Charges for services | 3,483,624 | 30,996,279 | - | - | 34,479,903 |
| Miscellaneous | 4,278,288 | 766,894 | - | 359,436 | 5,404,618 |
| Recovered costs | 6,278,503 | 773,408 | - | - | 7,051,911 |
| Intergovernmental | 136,754,040 | 46,326,439 | - | 46,062,155 | 229,142,634 |
| Total Revenues | <u>926,031,641</u> | <u>79,097,262</u> | <u>-</u> | <u>46,964,519</u> | <u>1,052,093,422</u> |
| Expenditures: | | | | | |
| Current operating: | | | | | |
| General government | 75,630,631 | 4,001,658 | - | - | 79,632,289 |
| Judicial administration | 12,873,375 | 1,301,270 | - | - | 14,174,645 |
| Public safety | 230,743,089 | 8,330,547 | - | - | 239,073,636 |
| Public works | 50,024,602 | 16,479,235 | - | - | 66,503,837 |
| Health and social services | 2,888,239 | 69,748,443 | - | - | 72,636,682 |
| Parks, recreation, and culture | 40,562,724 | 13,397 | - | - | 40,576,121 |
| Community development | 26,921,548 | 5,099,347 | - | - | 32,020,895 |
| Education | 274,331,456 | - | - | - | 274,331,456 |
| Miscellaneous | 45,717,516 | - | 37,475 | - | 45,754,991 |
| Debt service: | | | | | |
| Principal | 1,405,255 | 1,272,221 | 52,245,000 | - | 54,922,476 |
| Interest and other charges | 109,429 | 36,529 | 25,204,781 | - | 25,350,739 |
| Capital outlay | - | - | - | 137,299,932 | 137,299,932 |
| Total Expenditures | <u>761,207,864</u> | <u>106,282,647</u> | <u>77,487,256</u> | <u>137,299,932</u> | <u>1,082,277,699</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>164,823,777</u> | <u>(27,185,385)</u> | <u>(77,487,256)</u> | <u>(90,335,413)</u> | <u>(30,184,277)</u> |
| OTHER FINANCING (USES) SOURCES: | | | | | |
| Transfers in | - | 31,638,587 | 78,346,649 | 44,479,058 | 154,464,294 |
| Transfers out | (154,464,294) | - | - | - | (154,464,294) |
| Issuance of bonds | - | - | - | 48,115,000 | 48,115,000 |
| Issuance of bond premiums | - | - | - | 6,267,681 | 6,267,681 |
| Leases issued | 1,616,489 | 43,136 | - | - | 1,659,625 |
| Total other financing (uses) sources, net | <u>(152,847,805)</u> | <u>31,681,723</u> | <u>78,346,649</u> | <u>98,861,739</u> | <u>56,042,306</u> |
| Net change in fund balance | <u>11,975,972</u> | <u>4,496,338</u> | <u>859,393</u> | <u>8,526,326</u> | <u>25,858,029</u> |
| Total Fund Balances - June 30, 2021 | <u>383,401,397</u> | <u>61,632,410</u> | <u>319,820</u> | <u>338,362,949</u> | <u>783,716,576</u> |
| Total Fund Balances - June 30, 2022 | <u>\$ 395,377,369</u> | <u>\$ 66,128,748</u> | <u>\$ 1,179,213</u> | <u>346,889,275</u> | <u>\$ 809,574,605</u> |

Adjustments for the Statement of Activities:

| | |
|--|-----------------------|
| Net change in fund balances - total governmental funds | \$ 25,858,029 |
| Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. | 54,922,476 |
| Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3) | 5,805,317 |
| Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life. | 134,528,697 |
| 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. | (2,113,944) |
| Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. (Note 6) | (64,778,843) |
| Amortization expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. | (2,882,118) |
| 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) | 10,922,699 |
| Debt proceeds are recorded as a source in governmental funds, but are not reported as revenue in the Statement of Activities. | (56,042,306) |
| Pension/OPEB activity is recorded as a expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds. | 8,865,847 |
| 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. | (7,508,896) |
| Internal service funds' revenues and expenses not recorded in the governmental funds. | 461,017 |
| Change in Net Position of Governmental Activities | <u>\$ 108,037,975</u> |

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, 2022**

Exhibit 5

| | Business-type Activities Enterprise Fund Water and Sewer Revenue | Internal Service Funds |
|--|---|---------------------------------------|
| Assets: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 194,438,660 | \$ 40,807,832 |
| Receivables, net | 28,420,606 | 2,121,948 |
| Due from other funds | 1,603,165 | 1,484,036 |
| Due from component unit | - | 21,459 |
| Inventories | 1,223,951 | 977,751 |
| Restricted cash and cash equivalents | 52,390,136 | - |
| Total current assets | 278,076,518 | 45,413,026 |
| Noncurrent assets: | | |
| Other assets | 4,005,479 | - |
| Right to use assets | 9,713 | 4,449 |
| Capital assets: | | |
| Land and construction in progress | 372,164,404 | - |
| Other capital assets, net | 1,153,073,357 | 13,256,839 |
| Capital assets, net | 1,525,237,761 | 13,256,839 |
| Total non-current assets | 1,529,252,953 | 13,261,288 |
| Total assets | 1,807,329,471 | 58,674,314 |
| Deferred Outflows of Resources: | | |
| Contributions after measurement date | 2,240,111 | 468,414 |
| Change in proportionate share allocation | 6,595 | 4,622 |
| Change of assumptions | 3,129,192 | 658,695 |
| Difference between actual and expected experience | 649,861 | 136,711 |
| Deferred loss on debt refunding, net | 30,931,247 | - |
| Total deferred outflows of resources | 36,957,006 | 1,268,442 |
| Total assets and deferred outflows of resources | 1,844,286,477 | 59,942,756 |
| Liabilities: | | |
| Current liabilities: | | |
| Accounts payable | 17,805,922 | 974,376 |
| Deposits payable | 1,009,860 | - |
| Due to other funds | 90,244 | 23,446 |
| Accrued liabilities | 2,814,269 | 12,925,167 |
| Unearned revenues | 11,285,268 | - |
| Long-term liabilities due within one year | 17,476,544 | 251,153 |
| Total current liabilities | 50,482,107 | 14,174,142 |
| Noncurrent liabilities: | | |
| Net pension liability | 6,600,886 | 1,470,597 |
| Net OPEB liability | 1,545,025 | 313,137 |
| Long-term liabilities due in more than one year | 451,896,617 | 44,442 |
| Total non-current liabilities | 460,042,528 | 1,828,176 |
| Total liabilities | 510,524,635 | 16,002,318 |
| Deferred Inflows of Resources: | | |
| Change in proportionate share allocation | 591,890 | 137,783 |
| Difference between actual and expected experience | 1,524,667 | 373,221 |
| Difference between projected and actual earnings | 9,047,475 | 1,901,708 |
| Change of assumptions | 585,392 | 145,272 |
| Other - leases | 122,451 | - |
| Total deferred inflows of resources | 11,871,875 | 2,557,984 |
| Total liabilities and deferred inflows of resources | 522,396,510 | 18,560,302 |
| Net Position: | | |
| Net investment in capital assets | 1,088,418,852 | 13,256,839 |
| Restricted for debt service | 29,649,169 | - |
| Unrestricted net position | 203,821,946 | 28,125,615 |
| Total net position | \$ 1,321,889,967 | \$ 41,382,454 |

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, 2022**

Exhibit 6

| | Business-type Activities Enterprise Fund Water and Sewer Revenue | Internal Service Funds |
|---|---|---------------------------------------|
| Operating Revenues: | | |
| Charges for services: | | |
| Water system | \$ 68,060,552 | \$ - |
| Sewer system | 66,820,283 | - |
| Interdepartmental charges | - | 21,650,797 |
| Contributions | - | 135,571,203 |
| Other | 599,000 | 5,740,669 |
| Total operating revenues | 135,479,835 | 162,962,669 |
| Operating Expenses: | | |
| Purchased services | 13,902,267 | - |
| Utility charges | 5,497,179 | 158,625 |
| Personnel services and benefits | 18,925,146 | 147,221,493 |
| Professional services | 12,555,113 | 89,098 |
| Materials and supplies | 8,598,389 | 14,341,126 |
| Maintenance and repairs | 3,882,560 | 3,788,944 |
| Other expenses | 7,064,460 | 1,581,640 |
| Depreciation and amortization | 32,699,506 | 2,414,490 |
| Total operating expenses | 103,124,620 | 169,595,416 |
| Operating income | 32,355,215 | (6,632,747) |
| Nonoperating Revenues (Expenses): | | |
| Investment income | 94,216 | 160,505 |
| Connection fees | 15,188,643 | - |
| Contributions | 1,611,475 | - |
| Interest expense | (11,933,824) | - |
| Gain on sale of equipment | - | 300,512 |
| Other | (86,163) | - |
| Total nonoperating revenues, net | 4,874,347 | 461,017 |
| Income before capital contributions | 37,229,562 | (6,171,730) |
| Capital contributions - donated assets | 14,916,538 | - |
| Change in net position | 52,146,100 | (6,171,730) |
| Total net position - June 30, 2021 | 1,269,743,867 | 47,554,185 |
| Total net position - June 30, 2022 | \$ 1,321,889,967 | \$ 41,382,454 |

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, 2022**

Exhibit 7

| | Business-type Activities Enterprise Fund Water and Sewer Revenue | Internal Service Funds |
|--|---|---------------------------------------|
| Cash Flows From Operating Activities: | | |
| Receipts from customers | \$ 133,114,820 | \$ 162,518,084 |
| Payments to suppliers | (51,901,036) | (162,323,736) |
| Payments to employees | (16,651,353) | (4,192,270) |
| Net cash provided by (used in) operating activities | <u>64,562,431</u> | <u>(3,997,922)</u> |
| Cash Flows From Capital and Related Financing Activities: | | |
| Purchase of capital assets | (57,704,761) | (999,136) |
| Proceeds from sale of capital assets | 81,055 | 303,187 |
| Connection fees paid by contractors | 15,137,550 | - |
| Contributions | 1,932,108 | - |
| Virginia Nutrient Removal Credits | 253,898 | - |
| Issuance of bonds | 450,782 | - |
| Interest paid on bonds | (12,389,660) | - |
| Principal paid on debt | (17,265,000) | - |
| Net cash used in capital and related financing activities | <u>(69,504,028)</u> | <u>(695,949)</u> |
| Cash Flows From Investing Activities: | | |
| Investment income received | 94,216 | 160,505 |
| Net decrease in cash and cash equivalents | <u>(4,847,381)</u> | <u>(4,533,366)</u> |
| Total Cash and Cash Equivalents - June 30, 2021 | 251,676,177 | 45,341,198 |
| Total Cash and Cash Equivalents - June 30, 2022 | <u>\$ 246,828,796</u> | <u>\$ 40,807,832</u> |
| Reconciliation of Operating Income (loss) to Net Cash Provided by (used in) Operating Activities: | | |
| Operating income | \$ 32,355,215 | \$ (6,632,747) |
| net cash provided by operating activities: | | |
| Depreciation | 32,699,506 | 2,414,490 |
| Amortization | - | 1,643 |
| Increase in accounts and notes receivable | (1,540,494) | (252,510) |
| Increase in inventories | (354,139) | (308,372) |
| Increase in due from other funds | - | (189,427) |
| Increase in due from component unit | - | (2,648) |
| Decrease in deferred outflows of resources | 351,307 | 89,880 |
| Increase in accounts payable | 1,961,397 | 437,494 |
| Increase in accrued liabilities | 147,627 | 634,693 |
| Decrease in accrued compensated absences | (55,926) | - |
| Increase in due to other fund | - | 2,750 |
| Decrease in net pension liability | (11,078,883) | (2,328,438) |
| Decrease in net OPEB liability | (146,850) | (19,718) |
| Increase in deferred inflows of resources | 11,030,922 | 2,154,988 |
| Decrease in unearned revenues | (807,251) | - |
| Net cash provided by (used in) operating activities | <u>\$ 64,562,431</u> | <u>\$ (3,997,922)</u> |
| Reconciliation to Cash and Cash Equivalents on the Statement of Net Position: | | |
| Cash and cash equivalents | \$ 194,438,660 | \$ 40,807,832 |
| Restricted cash and cash equivalents | 52,390,136 | - |
| Total Cash and Cash Equivalents - June 30, 2022 | <u>\$ 246,828,796</u> | <u>\$ 40,807,832</u> |

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 subdivision throughout the County. The value of the assets received during the year was \$14,916,538.

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

**HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY
NET POSITION
JUNE 30, 2022**

Exhibit 8

| | Healthcare OPEB Trust | Custodial Funds |
|---|----------------------------------|------------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 1,292 | \$ 1,610,185 |
| Investments: | | |
| Pooled funds | 84,834,230 | - |
| Total investments | 84,834,230 | - |
| Accounts receivable | - | 84 |
| Prepaid | - | 459 |
| Due from other governments | - | 160,238 |
| Deferred outflows | - | 806,166 |
| Right to use asset, net | - | 16,769 |
| Total Assets | \$ 84,835,522 | \$ 2,593,901 |
| Liabilities: | | |
| Accounts payable | - | - |
| Total Liabilities | \$ - | \$ - |
| Fiduciary Net Position: | | |
| Funds restricted for postemployment benefits other than pensions | 84,835,522 | - |
| Funds restricted for others | - | 2,593,901 |
| | \$ 84,835,522 | \$ 2,593,901 |

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 9

| | Healthcare OPEB Trust | Custodial Funds |
|---|----------------------------------|------------------------|
| Additions: | | |
| Contributions | | |
| Employer | \$ 8,077,011 | \$ - |
| Members | - | 1,837,218 |
| Total contributions | 8,077,011 | 1,837,218 |
| Tuition income | - | 3,365,650 |
| State and federal grants | - | 993,584 |
| Pass-through funds | - | 399,784 |
| Miscellaneous | - | 90,490 |
| Investment income | - | 13 |
| Total additions | \$ 8,077,011 | \$ 6,686,739 |
| Deductions: | | |
| Benefit payments/refunds | \$ 5,397,181 | \$ 2,338,844 |
| Investment loss | 8,349,555 | - |
| Administrative expenses | 500 | - |
| Operations expenses | - | 3,992,479 |
| Total deductions | 13,747,236 | 6,331,323 |
| Net increase in fiduciary net position | (5,670,225) | 355,416 |
| Fiduciary net position restricted for postemployment benefits other than pensions and other beneficiaries: | | |
| Total Fiduciary Net Position at June 30, 2021 | 90,505,747 | 2,238,485 |
| Total Fiduciary Net Position at June 30, 2022 | \$ 84,835,522 | \$ 2,593,901 |

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, 2022**

Exhibit 10

| | School Board | James River Juvenile Detention Commission | Total |
|--|-------------------------|--|------------------------|
| Assets: | | | |
| Cash and cash equivalents | \$ 99,799,198 | \$ 3,988,516 | \$ 103,787,714 |
| Restricted cash | - | 63,932 | 63,932 |
| Due from other governmental units | 58,861,814 | 14,989 | 58,876,803 |
| Inventories | 135,124 | - | 135,124 |
| Receivables, net | 265,738 | 92,116 | 357,854 |
| Total current assets | <u>159,061,874</u> | <u>4,159,553</u> | <u>163,221,427</u> |
| Noncurrent assets: | | | |
| Right to use assets, net | 19,679,481 | 7,154 | 19,686,635 |
| Capital assets: | | | |
| Land and construction in progress | 56,744,166 | 140,488 | 56,884,654 |
| Other capital assets, net | 240,239,557 | 4,553,074 | 244,792,631 |
| Capital assets, net | <u>296,983,723</u> | <u>4,693,562</u> | <u>301,677,285</u> |
| Total assets | <u>475,725,078</u> | <u>8,860,269</u> | <u>484,585,347</u> |
| Deferred Outflows of Resources: | | | |
| Change in proportionate share allocation | 4,421,393 | 74,469 | 4,495,862 |
| Contributions after measurement date | 61,917,960 | 496,492 | 62,414,452 |
| Change in assumptions | 52,224,796 | 721,126 | 52,945,922 |
| Difference between expected and actual experience | 27,211,769 | 142,347 | 27,354,116 |
| Total deferred outflows of resources | <u>145,775,918</u> | <u>1,434,434</u> | <u>147,210,352</u> |
| Total Assets and Deferred Outflows of Resources | <u>621,500,996</u> | <u>10,294,703</u> | <u>631,795,699</u> |
| Liabilities: | | | |
| Accounts payable | 5,610,019 | 35,407 | 5,645,426 |
| Accrued liabilities | 10,230,841 | 170,228 | 10,401,069 |
| Amount held for others | 83,866 | - | 83,866 |
| Unearned revenues | 30,537,975 | - | 30,537,975 |
| Due to other funds | - | 21,459 | 21,459 |
| Due to Primary Government | 33,231,421 | 648,184 | 33,879,605 |
| Long-term liabilities due within one year | 13,483,248 | 284,798 | 13,768,046 |
| Total current liabilities | <u>93,177,370</u> | <u>1,160,076</u> | <u>94,337,446</u> |
| Noncurrent liabilities: | | | |
| Net pension liability | 274,688,193 | 1,325,530 | 276,013,723 |
| Net OPEB liability | 78,353,723 | 336,203 | 78,689,926 |
| Long-term liabilities due in more than one year | 20,974,230 | 6,177 | 20,980,407 |
| Total liabilities | <u>374,016,146</u> | <u>1,667,910</u> | <u>375,684,056</u> |
| Total liabilities | <u>467,193,516</u> | <u>2,827,986</u> | <u>470,021,502</u> |
| Deferred Inflows of Resources: | | | |
| Change in proportionate share allocation | 2,851,504 | 86,378 | 2,937,882 |
| Difference between expected and actual experience | 27,982,069 | 305,920 | 28,287,989 |
| Difference between projected and actual pension earnings | 181,434,447 | 2,128,835 | 183,563,282 |
| Change in assumptions | 15,442,095 | 133,405 | 15,575,500 |
| Other - leases | 249,576 | - | 249,576 |
| Total deferred inflows of resources | <u>227,959,691</u> | <u>2,654,538</u> | <u>230,614,229</u> |
| Total Liabilities and Deferred Inflows of Resources | <u>695,153,207</u> | <u>5,482,524</u> | <u>700,635,731</u> |
| Net Position (deficit): | | | |
| Net investment in capital assets | 277,928,293 | 4,693,562 | 282,621,855 |
| Restricted grants | - | 78,920 | 78,920 |
| Unrestricted (deficit) | <u>(357,537,085)</u> | <u>(39,223)</u> | <u>(357,576,308)</u> |
| Total Net Position (Deficit) | <u>\$ (73,652,211)</u> | <u>\$ 4,812,179</u> | <u>\$ (68,840,032)</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, 2022**

Exhibit 11

| | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | |
|--|-----------------------|-------------------------|-----------------------------|--|-------------------------|-------------------|-------------------------|
| | Expenses | Charges for Services | Grants and Contributions | Grants and Contributions | School Board | JRJDC | Total |
| Governmental Activities: | | | | | | | |
| School Board: | | | | | | | |
| Instructional | \$ 615,220,444 | \$ 548,942 | \$ 411,764,063 | \$ - | \$ (202,907,439) | \$ - | \$ (202,907,439) |
| Total School Board | 615,220,444 | 548,942 | 411,764,063 | - | (202,907,439) | - | (202,907,439) |
| Business-type Activities: | | | | | | | |
| James River Juvenile Detention Commission | 5,784,752 | 5,725,837 | 54,358 | - | - | (4,557) | (4,557) |
| Total Component Units | <u>\$ 621,005,196</u> | <u>\$ 6,274,779</u> | <u>\$ 411,818,421</u> | <u>\$ -</u> | <u>\$ (202,907,439)</u> | <u>\$ (4,557)</u> | <u>\$ (202,911,996)</u> |
| General revenues: | | | | | | | |
| Interest and investment earnings | | | | \$ - | \$ - | \$ - | |
| Recovered costs | | | | 318,460 | - | - | 318,460 |
| Miscellaneous | | | | 13,453,836 | - | - | 13,453,836 |
| Payment from Primary Government | | | | 274,331,456 | - | - | 274,331,456 |
| Total general revenues | | | | <u>288,103,752</u> | <u>-</u> | <u>-</u> | <u>288,103,752</u> |
| Change in net position | | | | 85,196,313 | (4,557) | | 85,191,756 |
| Total Net Position (deficit) at June 30, 2021 | | | | (158,848,524) | 4,816,736 | | (154,031,788) |
| Total Net Position (deficit) at June 30, 2022 | | | | <u>\$ (73,652,211)</u> | <u>\$ 4,812,179</u> | | <u>\$ (68,840,032)</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, 2022

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, 2022

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 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 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 pension GAAP in 2015 and OPEB GAAP in 2018, the School Board component unit has a deficit net position of \$73,652,211. 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 based on 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 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 how 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, 2022

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 how 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 custodial 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 based on 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, 2022

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 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 Fund

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.

This major fund includes the operation, maintenance and construction of the County-owned water and wastewater (“sewer”) utility (considered a single segment for financial reporting purposes) and is presented as a Business-type activity in the government-wide financial statements.

The County’s Belmont Park Golf Course reported operations as an enterprise fund as of June 30, 2020, and prior years. On December 10, 2019, the County signed an agreement with First Tee - Greater Richmond

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

("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 the revenues received during the management agreement. Henrico County continues to retain the ownership of all 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. Belmont Golf Course reopened for the public on May 29, 2021. As of June 30, 2021, the County has discontinued reporting the operations of Belmont Golf Course as an enterprise fund. Belmont Golf Course employees have been reclassified within Recreation and Parks and are accounted within the County's General Fund.

Internal Service Funds

The Internal Service Funds account 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. Interfund 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:

Custodial Funds account for fiduciary funds administered by the County and are custodial in nature (assets equal liabilities and fiduciary net position) and have full accrual measurement focus. The County Custodial Funds consist of the Jail Inmate Fund, Special Welfare, Mental Health and Developmental Services (MHDS), Non-Judicial Sales Tax Funds and Code RVA. The Jail Inmate Fund accounts for receipts and disbursement of monies for jail inmates for use in the jail commissary. The Special Welfare Fund accounts for the 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. The Non-Judicial Tax Sales Fund accounts for receipts and disbursements of monies received from delinquent tax sales. Code RVA accounts for the receipts and disbursement of monies received from School Boards and State Agencies to operate the Code RVA Technical School. 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, 2022

C. Capital and Right to Use 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 \$10,000 for equipment and \$25,000 for buildings, improvements, infrastructure, and software are met. All land is capitalized. 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 initial measurement of right to use lease assets includes the initial lease liability and initial direct costs. The initial lease liability consists of the present value of future lease payments and the present value of any purchase options. Initial direct costs are incremental costs that would not have been incurred if the lease had not been executed. Right to use assets are amortized over the shorter of the life of the asset or the lease term. Right to use assets useful life are the same as capital assets noted above.

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 Funds’ 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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 funds' 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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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).

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

In January, the Superintendent of Schools submits a proposed budget to the School Board, which conducts public hearings to obtain taxpayer comments. The School Board will then adopt a School Budget and submit it to the County Board of Supervisors before March 1st.

Prior to April 1st, the County Manager submits to the County Board of Supervisors (the "Board") a proposed operating budget for the fiscal year commencing July 1st, 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 1st, the budget is legally enacted through passage of a resolution. Prior to July 1st, 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 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, 2022, the Water and Sewer Revenue Fund incurred interest costs of \$11,933,824.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 the Virginia Retirement System (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 except for 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 \$15,000. 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 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, 2021, for the VRS pension and OPEB plans and prior to the reporting date of June 30, 2022, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2022. Deferred outflows of resources of \$37,345,974, \$2,240,111, and \$62,414,452 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2021, respectively, for such contributions made after the measurement date. Employer contributions made to the VRS are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund 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 outflows of resources or deferred inflows of resources in the Statement of Net Position as of June 30, 2022. The County has reported deferred outflows of resources of \$1,236,271, \$6,595, and \$4,495,862 and deferred inflows of resources of \$595,351, \$591,890, and \$2,937,882 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2022, respectively for such changes in proportionate share allocation.

Change of assumptions as of the measurement dates have been reported as deferred outflows and inflows of resources. Deferred outflows of resources of \$49,995,556, \$3,129,192, and \$52,945,922 and deferred inflows of resources of \$19,456,151, \$585,392, and \$15,575,500 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2022, respectively, for such changes in assumptions.

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

\$14,536,249, \$649,861, and \$27,354,116 and deferred inflows of resources of \$21,976,515, \$1,524,667, and \$28,287,989 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2022, respectively, for such differences between actual and projected experience.

Differences between the projected and actual earnings on pension and OPEB plan investments during the measurement years have been reported as a deferred inflow of resources in the Statement of Net Position as of June 30, 2022. Deferred inflows of resources of \$147,719,653, 9,047,475 and \$183,563,282 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2022, respectively, for such differences between projected and actual earnings.

Deferred inflows of resources of \$12,110,362, \$122,451, and \$249,576 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2022, respectively, for lease receivables deferred inflows of resources.

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 \$30,931,247 as a deferred outflow of resources on both the Business-type Activities and Proprietary Funds' Statements of Net Position as of June 30, 2022.

The County has reported deferred inflows of resources of \$245,552,897 as a deferred inflows of resources on the Governmental Funds' Balance Sheet as of June 30, 2022 and includes \$12,110,362 in deferred lease revenue, unavailable revenues consist of \$25,741,470 in tax collections received in advance (due December 5, 2022) and \$207,701,065 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 does not have nonspendable fund balance at June 30, 2022.

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

expression of intent does not have to be made prior to year-end. Intent is stipulated by actions taken by a majority vote of the County’s Board of Supervisors where those actions provide the County Manager and the Director of Finance the authority to assign fund balances.

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

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

| | <u>General Fund</u> | <u>Special Revenue Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> |
|--------------------------|-------------------------|-------------------------------------|----------------------------------|--------------------------------------|
| Fund balances: | | | | |
| Restricted for: | | | | |
| Road Construction | \$ 7,664,098 | \$ - | \$ - | \$ - |
| Imaging System Upgrades | 96,525 | - | - | - |
| Drug Enforcement | - | 1,834,276 | - | - |
| Public Safety | - | 18,167 | - | - |
| Mental Health Programs | - | 26,366,170 | - | - |
| Social Service Programs | - | <u>17,443,973</u> | - | - |
| Total Restricted | <u>7,760,623</u> | <u>45,662,586</u> | - | - |
| Committed | | | | |
| Public Works | 2,500,000 | - | - | 18,540,018 |
| Technology Improvements | 1,650,000 | - | - | 7,874,976 |
| Building and Grounds | 3,500,000 | - | - | 5,001,548 |
| Road Maintenance | - | - | - | 119,779,619 |
| Community Development | - | - | - | 13,077,784 |
| Community Revitalization | 2,750,000 | - | - | - |
| Landfill Expansion | - | - | - | 31,993,832 |
| Public Safety Projects | 4,850,000 | - | - | 13,051,015 |
| Parks and Recreation | 6,000,000 | - | - | 60,935,948 |
| Libraries | - | - | - | 738,262 |
| Education Projects | <u>20,500,000</u> | - | - | <u>75,896,273</u> |
| Total Committed | <u>41,750,000</u> | - | - | <u>346,889,275</u> |
| Assigned to: | | | | |
| Public Works | - | 20,405,200 | - | - |
| General Government | 108,264,296 | 60,962 | - | - |
| Capital projects | 83,151,180 | - | - | - |
| Debt Service | - | - | <u>1,179,213</u> | - |
| Total Assigned | <u>191,415,476</u> | <u>20,466,162</u> | <u>1,179,213</u> | - |
| Unassigned | <u>154,451,270</u> | - | - | - |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

In the General Fund, the County has \$7,760,623 restricted for various projects to include \$7,664,098 restricted for public works projects and \$96,525 restricted for circuit court enhancements to imaging systems for land records. In the Special Revenue Fund, the County has \$45,662,586 restricted for various programs to include \$1,834,276 for drug enforcement, \$18,167 for commissary operations, \$26,366,170 for mental health programs and \$17,443,973 for social services programs. The County also has \$41,750,000 committed for various capital projects in the County's General Fund which include \$2,500,000 for countywide pedestrian improvements, \$1,650,000 for information technology projects, \$3,500,000 for various building and grounds rehabilitation and improvement projects, \$2,750,000 for neighborhood revitalization projects and investment programs, \$4,850,000 for various public safety projects to include \$1,250,000 for jail security enhancements, \$1,150,000 for police station renovations, \$450,000 for a E-911 center phone system and \$2,000,000 for fire house renovations. The County's committed fund balance also includes \$6,000,000 for various parks and recreation projects to include \$5,000,000 for an indoor sports facility and \$1,000,000 for recreation facility renovations and \$20,500,000 for various high school, middle school, and elementary projects for use in future fiscal years.

In the Capital Projects Fund, the County has \$346,889,275 committed for various projects to include \$18,540,018 for public works, \$7,874,976 for computer and technology improvements, \$5,001,548 for rehabilitation and renovations to various buildings and grounds, \$119,779,619 for road maintenance and drainage, \$13,077,784 for community development projects, \$31,993,832 for landfill expansion and development, \$13,051,015 for public safety, \$60,935,948 for parks and recreation additions and improvements, \$738,262 for library renovations and additions and \$75,896,273 for various high school, middle school and elementary projects.

In the General Fund, the County has \$108,264,296 assigned for general government operations, which include a \$7,500,000 self-insurance reserve, a \$1,866,790 sports tourism reserve, a \$16,378,385 reserve for future operating costs of new facilities, a \$27,000,000 reserve for future vehicle replacements and a \$55,519,121 reserve for various operational costs in future years. The County also has \$83,151,180 assigned for capital projects, which includes \$7,000,000 for a radio communication system, \$5,097,350 for future economic development, \$6,000,000 for financial system upgrades, \$10,000,000 for a new facility and \$55,053,830 for future capital projects. In the Special Revenue Fund, the County has \$20,466,162 assigned for various operations to include \$20,405,200 for public works for the County's solid waste operations and \$60,962 for economic and workforce development within the County. In the Debt Service Fund, the County has \$1,179,213 assigned for future debt service payments. The County has \$154,451,270 in unassigned fund balance in the County's General Fund.

School has \$25,566,550 in assigned fund balance and \$7,278,746 in unassigned fund balance in the Schools' General Fund. Schools also has restricted fund balance for various education program grants of \$5,956,581 in the Schools' Special Revenue Fund. Schools also have committed fund balance in the Schools' Capital Projects Fund of \$44,153,412 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:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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)

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 June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The new leases standard also requires enhanced disclosure which include a general description of the leasing arrangement, the aggregated amount of resource inflows and outflows recognized from lease contracts, including those not included in the measurement of the lease liability and receivable, and the disclosure of the long-term effect of lease arrangements on a government’s resources (See Note 7).

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 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 adopted 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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 removal of LIBOR as an appropriate benchmark interest rate is effective for the fiscal year ending June 30, 2022. The County does not have any agreements or hedging derivative instruments referencing LIBOR and has determined that this Statement will not have an impact on the financial statements and note disclosures.

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 adopted this Statement for fiscal year ending June 30, 2022.

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County does not have any conduit debt obligations and has determined that this Statement will not have an impact on the financial statements and note disclosures.

Q. Future Accounting Pronouncements

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement 53 to refer to resource flows statements.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective for the fiscal year ending June 30, 2022.
- The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year ending June 30, 2023.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate number of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The County will adopt the requirements set forth in this Statement for the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The County will adopt the requirements of this statement for the fiscal year ending June 30, 2025.

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, 2022, 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, 2022. The net increase in fair value of investments during the year ended June 30, 2022, was \$2,094,889. This amount considers all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2022, the carrying value of the County's deposits with banks was \$64,954,436 and the bank balance was \$63,840,928. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$4,654,177 and the bank balance was \$7,031,717. 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 \$1,720,418 and the bank balance was \$1,720,418. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act.

Deposits – Fiscal Agent

At June 30, 2022, the County had deposits of \$29,690,955 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, and LGIP.

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’ Acceptances (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, 2022

Primary Government

| | <u>Fair Value</u> | <u>Policy</u> | <u>Percent of Portfolio</u> |
|------------------------------------|-------------------------|---------------|-----------------------------|
| Municipal Bonds | \$ 56,597,354 | 70% | 5.38% |
| U.S. Government Agencies | 87,802,267 | 70% | 8.34% |
| Commercial Paper | 114,967,798 | 35% | 10.92% |
| Treasury Bills | 121,749,585 | 100% | 11.56% |
| Treasury Notes | 62,984,850 | 100% | 5.98% |
| U.S. Government Money Market Funds | 200,595,963 | 40% | 19.05% |
| Local Government Investment Pool | 408,280,634 | 75% | 38.76% |
| Total Investments | <u>\$ 1,052,978,451</u> | | <u>100.00%</u> |

School Board

| | <u>Fair Value</u> | <u>Policy</u> | <u>Percent of Portfolio</u> |
|------------------------------------|----------------------|---------------|-----------------------------|
| Municipal Bonds | \$ 6,233,879 | 70% | 6.54% |
| U.S. Government Agencies | 9,670,924 | 70% | 10.16% |
| Commercial Paper | 12,663,054 | 35% | 13.31% |
| Treasury Bills | 13,410,029 | 100% | 14.09% |
| Treasury Notes | 6,937,425 | 100% | 7.29% |
| U.S. Government Money Market Funds | 1,258,904 | 40% | 1.32% |
| Local Government Investment Pool | 44,969,806 | 75% | 47.26% |
| Total Investments | <u>\$ 95,144,021</u> | | <u>100.00%</u> |

James River Juvenile Detention Center

| | <u>Fair Value</u> | <u>Policy</u> | <u>Percent of Portfolio</u> |
|------------------------------------|---------------------|---------------|-----------------------------|
| Treasury Bills | \$ 1,038,481 | 100% | 44.54% |
| Treasury Notes | 1,014,059 | 100% | 43.49% |
| U.S. Government Money Market Funds | 9,785 | 75% | 0.42% |
| Local Government Investment Pool | 269,205 | 100% | 11.55% |
| Total Investments | <u>\$ 2,331,530</u> | | <u>100.00%</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, 2022:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Primary Government

| | Total June 30, 2022 | Fair Value Measurement Using | | |
|------------------------------------|----------------------------|--|--|--|
| | | Quoted Prices Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Municipal Bonds | \$ 56,597,354 | \$ - | \$ 56,597,354 | \$ - |
| U.S. Government Agencies | 87,802,267 | 87,802,267 | - | - |
| Commercial Paper | 114,967,798 | - | 114,967,798 | - |
| Treasury Bills | 121,749,585 | 121,749,585 | - | - |
| Treasury Notes | 62,984,850 | 62,984,850 | - | - |
| U.S. Government Money Market Funds | 200,595,963 | 200,595,963 | - | - |
| Local Government Investment Pool | 319,359,008 | - | 319,359,008 | - |
| LGIP Extended Maturity | 88,921,626 | - | 88,921,626 | - |
| Total Investments | \$ 1,052,978,451 | \$ 473,132,665 | \$ 490,924,160 | \$ - |

School Board

| | Total June 30, 2022 | Fair Value Measurement Using | | |
|------------------------------------|----------------------------|--|--|--|
| | | Quoted Prices Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Municipal Bonds | \$ 6,233,879 | \$ - | \$ 6,233,879 | \$ - |
| U.S. Government Agencies | 9,670,924 | 9,670,924 | - | - |
| Commercial Paper | 12,663,054 | - | 12,663,054 | - |
| Treasury Bills | 13,410,029 | 13,410,029 | - | - |
| Treasury Notes | 6,937,425 | 6,937,425 | - | - |
| U.S. Government Money Market Funds | 1,258,904 | 1,258,904 | - | - |
| Local Government Investment Pool | 35,175,591 | - | 35,175,591 | - |
| LGIP Extended Maturity | 9,794,215 | - | 9,794,215 | - |
| Total Investments | \$ 95,144,021 | \$ 31,277,282 | \$ 54,072,524 | \$ - |

James River Juvenile Detention Center

| | Total June 30, 2022 | Fair Value Measurement Using | | |
|------------------------------------|----------------------------|--|--|--|
| | | Quoted Prices Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| U.S. Treasury Bills | \$ 1,038,481 | \$ 1,038,481 | \$ - | \$ - |
| Treasury Notes | 1,014,059 | 1,014,059 | - | - |
| U.S. Government Money Market Funds | 9,785 | 9,785 | - | - |
| Local Government Investment Pool | 22,415 | - | 22,415 | - |
| LGIP Extended Maturity | 246,790 | - | 246,790 | - |
| Total Investments | \$ 2,331,530 | \$ 2,062,325 | \$ 269,205 | \$ - |

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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

Investment Risk Disclosures

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2022. 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 are 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, 2022

Investment Maturities

As of June 30, 2022, the County reporting entity had the following investments and maturities:

Primary Government

| | Investment Maturities (in years) | | |
|------------------------------------|---|-------------------------|-----------------------|
| | Fair Value | Less than 1 year | 1-5 years |
| Municipal Bonds | \$ 56,597,354 | \$ 29,321,183 | \$ 27,276,171 |
| U.S. Government Agencies | 87,802,267 | 57,119,021 | 30,683,246 |
| Commercial Paper | 114,967,798 | 114,967,798 | - |
| Treasury Bills | 121,749,585 | 121,749,585 | - |
| Treasury Notes | 62,984,850 | - | 62,984,850 |
| U.S. Government Money Market Funds | 200,595,963 | 200,595,963 | - |
| Local Government Investment Pool | 319,359,008 | 319,359,008 | - |
| LGIP Extended Maturity | 88,921,626 | - | 88,921,626 |
| Total Investments | <u>\$ 1,052,978,451</u> | <u>\$ 843,112,558</u> | <u>\$ 209,865,893</u> |
| Total Deposits - Bank | \$ 64,954,436 | | |
| Total Deposits - Fiscal Agent | 29,690,955 | | |
| Total Cash on Hand | 97,671 | | |
| Total Deposits and Investments | <u>\$ 1,147,721,513</u> | | |

Component Units:

School Board

| | Investment Maturities (in years) | | |
|------------------------------------|---|-------------------------|----------------------|
| | Fair Value | Less than 1 year | 1-5 years |
| Municipal Bonds | \$ 6,233,879 | \$ 3,229,563 | \$ 3,004,316 |
| U.S. Government Agencies | 9,670,924 | - | 9,670,924 |
| Commercial Paper | 12,663,054 | 12,663,054 | - |
| Treasury Bills | 13,410,029 | 13,410,029 | - |
| Treasury Notes | 6,937,425 | - | 6,937,425 |
| U.S. Government Money Market Funds | 1,258,904 | 1,258,904 | - |
| Local Government Investment Pool | 35,175,591 | 35,175,591 | - |
| LGIP Extended Maturity | 9,794,215 | - | 9,794,215 |
| Total Investments | <u>\$ 95,144,021</u> | <u>\$ 65,737,141</u> | <u>\$ 29,406,880</u> |
| Total Deposits - Bank | \$ 4,654,177 | | |
| Total Cash on Hand | 1,000 | | |
| Total Deposits and Investments | <u>\$ 99,799,198</u> | | |

James River Juvenile Detention Commission

| | Investment Maturities (in years) | | |
|--|---|-------------------------|---------------------|
| | Fair Value | Less than 1 year | 1-5 years |
| U.S. Treasury Bills | \$ 1,038,481 | \$ 1,038,481 | \$ - |
| U.S. Government Money Market Funds | 9,785 | 9,785 | - |
| Treasury Notes | 1,014,059 | - | 1,014,059 |
| Local Government Investment Pool | 22,415 | 22,415 | - |
| LGIP Extended Maturity | 246,790 | - | 246,790 |
| Total Investments | <u>\$ 2,331,530</u> | <u>\$ 1,070,681</u> | <u>\$ 1,260,849</u> |
| Total Deposits | \$ 1,720,418 | | |
| Total Cash on Hand | 500 | | |
| Total Deposits and Investments | <u>\$ 4,052,448</u> | | |
| Total Deposit and Investments-Reporting Entity | <u>\$ 1,251,573,159</u> | | |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Mental Health and Developmental Services Fund cash of \$156,153 and Jail Inmate Fund cash of \$279,767 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, 2022, the fair value of the Healthcare OPEB Plan’s interest in the Trust Fund was \$84,835,522. 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, 2022 consist of the following:

Primary Government

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|----------------------|---------------------------------------|----------------------------|--|-----------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise Funds</u> | <u>Total</u> |
| Receivables: | | | | |
| Interest | \$ 4,743,238 | \$ - | \$ - | \$ 4,743,238 |
| Taxes | 235,037,140 | - | - | 235,037,140 |
| Accounts | <u>2,406,884</u> | <u>9,640,896</u> | <u>31,020,606</u> | <u>43,068,386</u> |
| Gross Receivables | 242,187,262 | 9,640,896 | 31,020,606 | 282,848,764 |
| Less: Allowances for | | | | |
| Doubtful Accounts | <u>8,669,244</u> | <u>3,470,551</u> | <u>2,600,000</u> | <u>14,739,795</u> |
| Receivables, net | <u>\$233,518,018</u> | <u>\$ 6,170,345</u> | <u>\$ 28,420,606</u> | <u>\$ 268,108,969</u> |

Central Automotive Maintenance has a receivable of \$17,141 as of June 30, 2022, which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$207,701,065 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

funds. Tax revenues reported in the government-wide statements include \$5,805,317 of revenues that do not provide current financial resources and, therefore, are not included in the governmental funds.

Schools' receivables totaling \$265,738 consist of miscellaneous receivables of \$22,091 and lease receivables of \$243,647. JRJDC has miscellaneous receivables of \$92,116 as of June 30, 2022.

Component Units

| | School Board | JRJDC | Total |
|-----------------------------------|-----------------|-----------|---------------|
| Receivables: Intergovernmental | \$ 58,861,814 | \$ 14,989 | \$ 58,876,803 |

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 1st. 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 5th) of the levy on assessed value at January 1, 2021 and the first installment (June 5th) of the levy on assessed value at January 1, 2022. 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 2022, 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, 2022

NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2022 include:

| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> |
|---|----------------------|----------------------------|-----------------------------|
| Commonwealth of Virginia: | | | |
| Non-categorical aid for: | | | |
| Local Sales and Use Tax | \$ 7,259,462 | \$ - | \$ - |
| PPTRA | 18,460,463 | - | - |
| Richmond Center | 3,715,301 | - | - |
| Categorical aid for: | | | |
| Public Works | 700 | - | 9,827,827 |
| Public Safety | 1,752,267 | 98,465 | - |
| Social Services | - | 643,100 | - |
| Treasurer | 1,957,978 | - | - |
| Correction & Detention | - | 58,127 | - |
| Finance | 73,259 | - | - |
| Mental Health & Development Services | - | 123,855 | - |
| Circuit Court | 166,245 | - | - |
| Library | 1,450 | - | - |
| Commonwealth's Attorney | <u>204,335</u> | <u>13,219</u> | <u>-</u> |
| Total due from the Commonwealth of Virginia | <u>33,591,460</u> | <u>936,766</u> | <u>9,827,827</u> |
| Federal Government Categorical Aid: | | | |
| Work Training Grants (CRWP) | - | 769,495 | - |
| Public Safety | - | 250,070 | 2,337,301 |
| Library | - | 3,374 | - |
| Social Services | - | 1,031,280 | - |
| Correction & Detention | - | 7,041 | - |
| Community Development Block Grant | <u>-</u> | <u>724,013</u> | <u>-</u> |
| Total due from the Federal government | <u>-</u> | <u>2,785,273</u> | <u>2,337,301</u> |
| Total due from other governmental units | <u>\$ 33,591,460</u> | <u>\$ 3,722,039</u> | <u>\$12,165,128</u> |

JRJDC has \$107,105 due from other localities. Amounts due from other governmental units for the School Board Component Unit at June 30, 2022 include:

| | <u>School Board</u> |
|---|-------------------------|
| Commonwealth of Virginia: | |
| Non-categorical aid for: | |
| State Sales and Use Tax | \$ 6,116,086 |
| Categorical aid for: | |
| Education | <u>5,127,247</u> |
| Total due from the Commonwealth of Virginia | <u>11,243,333</u> |
| Federal Government Categorical Aid: | |
| Education | <u>47,618,481</u> |
| Total due from the Federal government | <u>47,618,481</u> |
| Total due from other governmental units | <u>\$ 58,861,814</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6. CAPITAL ASSETS

Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022, follows:

| Governmental Activities | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|--|----------------------------------|-----------------------|-----------------------|----------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 406,720,755 | \$ 3,053,767 | \$ 4,535,325 | \$ 405,239,197 |
| Construction in progress | 295,027,320 | 131,784,440 | 278,150,812 | 148,660,948 |
| Total Capital Assets Not Being Depreciated | <u>701,748,075</u> | <u>134,838,207</u> | <u>282,686,137</u> | <u>553,900,145</u> |
| Other Capital Assets: | | | | |
| Buildings | 981,076,916 | 241,896,891 | 12,695,065 | 1,210,278,742 |
| Infrastructure | 741,043,990 | 16,206,719 | - | 757,250,709 |
| Equipment | 290,909,269 | 21,911,649 | 4,420,639 | 308,400,279 |
| Improvements | 125,303,161 | 8,147,567 | 2,007,943 | 131,442,785 |
| Total Other Capital Assets | <u>2,138,333,336</u> | <u>288,162,826</u> | <u>19,123,647</u> | <u>2,407,372,515</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (280,340,027) | (23,081,501) | (4,704,739) | (298,716,789) |
| Infrastructure | (552,847,477) | (20,428,792) | - | (573,276,269) |
| Equipment | (204,319,712) | (18,057,392) | (4,073,590) | (218,303,514) |
| Improvements | (55,796,274) | (5,625,648) | (1,905,060) | (59,516,862) |
| Total Accumulated Depreciation | <u>(1,093,303,490)</u> | <u>(67,193,333)</u> | <u>(10,683,389)</u> | <u>(1,149,813,434)</u> |
| Total Net of Depreciation | <u>\$ 1,746,777,921</u> | <u>\$ 355,807,700</u> | <u>\$ 291,126,395</u> | <u>\$ 1,811,459,226</u> |

The adjustment from modified to full accrual for capital assets net of accumulated depreciation at June 30, 2022 are comprised of the following:

| | |
|---|------------------------|
| General Capital Assets, Net | \$1,811,459,226 |
| Internal Service Fund Capital Assets, Net | <u>(13,256,839)</u> |
| Combined Adjustment | <u>\$1,798,202,387</u> |

The adjustment from modified to full accrual for depreciation for the fiscal year ended June 30, 2022 is comprised of the following:

| | |
|------------------------------------|----------------------|
| General Government Administration | \$ 7,672,576 |
| Judicial Administration | 66,236.93 |
| Public Safety | 10,151,892 |
| Public Works | 23,526,126 |
| Education | 16,630,017 |
| Health and Welfare | 518,696 |
| Parks and Recreation | 8,402,417 |
| Community Development | <u>225,372</u> |
| Total Depreciation | <u>\$ 67,193,333</u> |
| Internal Service Fund Depreciation | <u>(2,414,490)</u> |
| Combined Adjustment | <u>\$ 64,778,843</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| Business-type Activities | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| <u>Water and Sewer:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 18,838,931 | \$ 3,358,165 | \$ 19,900 | \$ 22,177,196 |
| Construction in progress | 306,270,728 | 61,263,829 | 17,547,349 | 349,987,208 |
| Total Capital Assets Not Being Depreciated | <u>325,109,659</u> | <u>64,621,994</u> | <u>17,567,249</u> | <u>372,164,404</u> |
| Other Capital Assets: | | | | |
| Buildings | 404,722,822 | 421,320 | 1,434,179 | 403,709,963 |
| Infrastructure | 1,285,190,681 | 24,536,127 | 1,105,679 | 1,308,621,129 |
| Equipment | 173,487,611 | 3,741,811 | 5,868,562 | 171,360,860 |
| Improvements | 1,410,152 | - | - | 1,410,152 |
| Total Other Capital Assets | <u>1,864,811,266</u> | <u>28,699,258</u> | <u>8,408,420</u> | <u>1,885,102,104</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (152,352,542) | (8,007,860) | (173,216) | (160,187,186) |
| Infrastructure | (417,098,604) | (19,408,437) | (818,270) | (435,688,771) |
| Equipment | (135,038,379) | (5,243,537) | (5,467,835) | (134,814,081) |
| Improvements | (1,299,037) | (39,672) | - | (1,338,709) |
| Total Accumulated Depreciation | <u>(705,788,562)</u> | <u>(32,699,506)</u> | <u>(6,459,321)</u> | <u>(732,028,747)</u> |
| Total Net of Depreciation | <u>\$ 1,484,132,363</u> | <u>\$ 60,621,746</u> | <u>\$ 19,516,348</u> | <u>\$ 1,525,237,761</u> |

| Component Units | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| <u>School Board:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 47,584,831 | \$ 4,535,310 | \$ - | \$ 52,120,141 |
| Construction in progress | 2,699,279 | 7,334,141 | 5,409,395 | 4,624,025 |
| Total Capital Assets Not Being Depreciated | <u>50,284,110</u> | <u>11,869,451</u> | <u>5,409,395</u> | <u>56,744,166</u> |
| Other Capital Assets: | | | | |
| Buildings | 402,028,754 | 12,466,204 | 9,356,629 | 405,138,329 |
| Improvements | 42,288,271 | 3,605,807 | 3,595,389 | 42,298,689 |
| Equipment | 258,771,631 | 13,479,506 | 89,620,185 | 182,630,952 |
| Total Other Capital Assets | <u>703,088,656</u> | <u>29,551,517</u> | <u>102,572,203</u> | <u>630,067,970</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (223,786,618) | (11,290,708) | (5,773,783) | (229,303,543) |
| Improvements | (26,409,056) | (1,692,709) | (2,927,800) | (25,173,965) |
| Equipment | (211,006,073) | (13,489,470) | (89,144,638) | (135,350,905) |
| Total Accumulated Depreciation | <u>(461,201,747)</u> | <u>(26,472,887)</u> | <u>(97,846,221)</u> | <u>(389,828,413)</u> |
| Total Net of Depreciation | <u>\$ 292,171,019</u> | <u>\$ 14,948,081</u> | <u>\$ 10,135,377</u> | <u>\$ 296,983,723</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| Component Units | Balance June 30, 2021 | Increases | Decreases | Balance June 30, 2022 |
|--|----------------------------------|----------------------|----------------------|----------------------------------|
| <u>James River Juvenile Detention Center:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 30,000 | \$ - | \$ - | \$ 30,000 |
| Construction in progress | - | 110,488 | - | 110,488 |
| Total Capital Assets Not Being Depreciated | <u>30,000</u> | <u>110,488</u> | <u>-</u> | <u>140,488</u> |
| Other Capital Assets: | | | | |
| Buildings | 9,243,433 | - | - | 9,243,433 |
| Improvements | 269,547 | - | - | 269,547 |
| Equipment | 855,707 | 28,314 | - | 884,021 |
| Total Other Capital Assets | <u>10,368,687</u> | <u>28,314</u> | <u>-</u> | <u>10,397,001</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (4,661,833) | (231,086) | - | (4,892,919) |
| Improvements | (236,421) | (3,564) | - | (239,985) |
| Equipment | (654,484) | (56,539) | - | (711,023) |
| Total Accumulated Depreciation | <u>(5,552,738)</u> | <u>(291,189)</u> | <u>-</u> | <u>(5,843,927)</u> |
| Total Net of Depreciation | <u>\$ 4,845,949</u> | <u>\$ (152,387)</u> | <u>\$ -</u> | <u>\$ 4,693,562</u> |
| <u>Combined Component Units:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 47,614,831 | \$ 4,535,310 | \$ - | \$ 52,150,141 |
| Construction in progress | 2,699,279 | 7,444,629 | 5,409,395 | 4,734,513 |
| Total Capital Assets Not Being Depreciated | <u>50,314,110</u> | <u>11,979,939</u> | <u>5,409,395</u> | <u>56,884,654</u> |
| Other Capital Assets: | | | | |
| Buildings | 411,272,187 | 12,466,204 | 9,356,629 | 414,381,762 |
| Improvements | 42,557,818 | 3,605,807 | 3,595,389 | 42,568,236 |
| Equipment | 259,627,338 | 13,507,820 | 89,620,185 | 183,514,973 |
| Total Other Capital Assets | <u>713,457,343</u> | <u>29,579,831</u> | <u>102,572,203</u> | <u>640,464,971</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings | (228,448,451) | (11,521,794) | (5,773,783) | (234,196,462) |
| Improvements | (26,645,477) | (1,696,273) | (2,927,800) | (25,413,950) |
| Equipment | (211,660,557) | (13,546,009) | (89,144,638) | (136,061,928) |
| Accumulated Depreciation | <u>(466,754,485)</u> | <u>(26,764,076)</u> | <u>(97,846,221)</u> | <u>(395,672,340)</u> |
| Total Net of Depreciation | <u>\$ 297,016,968</u> | <u>\$ 14,795,694</u> | <u>\$ 10,135,377</u> | <u>\$ 301,677,285</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022:

| | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|-------------------------------|--|----------------------|----------------------|--|
| General obligation (GO) bonds | \$575,415,000 | \$ 48,115,000 | \$ 44,185,000 | \$ 579,345,000 |
| VRA special revenue bond | 13,560,000 | - | 2,480,000 | 11,080,000 |
| EDA lease revenue bonds | 60,065,000 | - | 5,580,000 | 54,485,000 |
| Lease liability | 1,779,395 | 13,714,030 | 2,678,952 | 12,814,473 |
| Accrued claims payable | 27,461,921 | 22,155,405 | 20,345,326 | 29,272,000 |
| Accrued compensated absences | 31,350,893 | 27,160,340 | 26,996,010 | 31,515,223 |
| Net pension liability | 261,013,360 | 174,695,151 | 353,485,130 | 82,223,381 |
| Line of Duty OPEB liability | 33,439,256 | 2,576,130 | 11,914,910 | 24,100,476 |
| Net GLI OPEB liability | 18,082,979 | 4,372,504 | 10,238,748 | 12,216,735 |
| Net Healthcare OPEB liability | 9,454,535 | 21,424,310 | 15,976,069 | 14,902,776 |
| Landfill postclosure costs | <u>3,589,672</u> | <u>165,125</u> | <u>-</u> | <u>3,754,797</u> |
| Total | <u>1,035,212,011</u> | <u>\$314,377,995</u> | <u>\$493,880,145</u> | <u>855,709,861</u> |
| Premium on bonds | <u>57,575,481</u> | <u>\$ 6,267,681</u> | <u>\$ 10,721,601</u> | <u>53,121,561</u> |
| Total long-term liabilities | 1,092,787,492 | | | 908,831,422 |
| Current Maturities | <u>(96,685,617)</u> | | | <u>(103,864,272)</u> |
| Net long-term liabilities | <u>\$996,101,875</u> | | | <u>\$ 804,967,150</u> |

The current maturity of long-term liabilities at June 30, 2022 consists of the following:

| | |
|------------------------------|-----------------------|
| General obligation bonds | \$ 49,065,000 |
| VRA special revenue bonds | 2,560,000 |
| EDA lease revenue bonds | 2,810,000 |
| Lease obligations | 2,754,037 |
| Accrued claims payable | 19,537,722 |
| Accrued compensated absences | <u>27,137,513</u> |
| Total current maturities | <u>\$ 103,864,272</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, 2022 is as follows:

| | |
|---|-----------------------|
| Long-term liabilities (detail above) | \$ 908,831,422 |
| Net pension liability (detail above) | (82,223,381) |
| Net OPEB liabilities (detail above) | (51,219,987) |
| Internal Service Fund long-term liabilities | <u>(295,595)</u> |
| Combined adjustment | <u>\$ 775,092,459</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 \$10,922,699, which represents the decrease in accrued interest on bonds payable of \$201,098 and amortization of bond premium of \$10,721,601 for the year ended June 30, 2022.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021. In 2016, voters authorized \$419,800,000, of which \$412,745,000 has been issued as of June 30, 2021.

On May 13, 2009, the County issued \$33,785,000 General Obligation Public Improvement Refunding Bonds – Series 2009 to advance refund, \$20,010,000 of the County's Series 2001 General Obligation Public Improvement Bonds and \$13,320,000 of the County's Series 2002 General Obligation Public Improvement Bonds. The interest rate on the 2009 bond issue is between 2 percent and 5 percent and the final maturity will occur on March 1, 2022. The principal payments range from \$100,000 to \$3,110,000. The County reduced its aggregate debt service payments by approximately \$ 1.8 million over the next 13 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$5.23 million. The proceeds of the 2009 Refunding Issue were deposited in a trust fund and were used to purchase U.S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which is fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On May 3, 2010, the County issued \$119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from \$475,000 to \$18,040,000. The County reduced its aggregate debt service payments by approximately \$3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which is fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 20, 2010, the County issued General Obligation Public Improvement Bonds, Series 2010A in the aggregate principal amount of \$72,205,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1st in each of the years 2011 through 2030.

On September 1, 2011, the County issued General Obligation Public Improvement Bonds, Series 2011 in the aggregate principal amount of \$66,075,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1st in each of the years 2012 through 2031.

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

On March 31, 2015, the County issued General Obligation Public Improvement Refunding Bonds, Series 2015, in the aggregate

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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

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

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

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

On October 9, 2019, the County issued General Obligation Public Improvement Bonds, Series 2019 in the aggregate principal amount of \$105,115,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, recreation and parks facilities and roads in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1st in each of the years 2021 through 2039. The interest ranges from 3 percent to 5 percent.

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 15th in each of the years 2022 through 2025. The interest rate is 5 percent.

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1st 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 defeased \$14,720,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011. The Bonds mature on August 1st in each of the years 2021 through 2031. The interest ranges from 0.49 percent to 1.430 percent.

On October 12, 2021, the County sold VPSA Special Obligation School Financing Bonds, Series 2021 in the aggregate principal amount of \$48,115,000. The proceeds of the Bonds will be used to finance various school capital improvement projects. The bonds mature on August 15th in each of the years 2022 through 2041. The interest ranges from 1.625 percent to 5 percent.

As of June 30, 2022, 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, 2022.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2022 are as follows:

| | <u>Interest Rates</u> | <u>Date Issued</u> | <u>Final Maturity Date</u> | <u>Amount of Original Issue</u> | <u>Balance</u> |
|-----------------|-----------------------|--------------------|----------------------------|---------------------------------|------------------------------|
| 2012 GO. Bonds | 2.00-5.00 | 10/03/12 | 08/01/26 | \$ 37,500,000 | \$ 33,170,000 |
| 2015 GO. Bonds | 2.00-5.00 | 03/31/15 | 08/01/28 | 50,485,000 | 36,375,000 |
| 2017A GO. Bonds | 3.00-5.00 | 05/31/17 | 08/01/37 | 102,255,000 | 81,795,000 |
| 2017B GO. Bonds | 2.00-5.00 | 05/31/17 | 08/01/30 | 53,755,000 | 49,925,000 |
| 2018 GO. Bonds | 3.00-5.00 | 07/31/18 | 08/01/38 | 99,395,000 | 84,485,000 |
| 2019 GO. Bonds | 3.00-5.00 | 10/09/19 | 08/01/39 | 105,115,000 | 99,275,000 |
| 2020A GO. Bonds | 2.00-5.00 | 07/02/20 | 08/01/40 | 105,980,000 | 105,980,000 |
| 2020B GO. Bonds | .049-1.43 | 07/02/20 | 08/01/31 | 15,545,000 | 15,295,000 |
| 2020R GO. Bonds | 5.00 | 04/16/20 | 07/15/25 | 24,930,000 | 24,930,000 |
| 2021 VPSA Bonds | 1.625-5.00 | 10/12/21 | 08/15/41 | 48,115,000 | <u>48,115,000</u> |
| TOTAL | | | | | <u>\$ 579,345,000</u> |

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

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|------------------------------|------------------------------|
| 2023 | \$ 49,065,000 | \$ 22,333,226 |
| 2024 | 48,485,000 | 20,108,772 |
| 2025 | 48,515,000 | 17,803,137 |
| 2026 | 46,670,000 | 15,500,864 |
| 2027 | 42,850,000 | 13,327,001 |
| 2028-2032 | 164,790,000 | 40,793,556 |
| 2033-2037 | 115,070,000 | 16,224,418 |
| 2038-2042 | <u>63,900,000</u> | <u>2,554,043</u> |
| TOTAL | <u>\$ 579,345,000</u> | <u>\$ 148,645,017</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, 2022

Virginia Resources Authority (VRA) Special Revenue Bonds

On May 26, 2021, the County issued VRA Special Revenue Bonds in the aggregate principal amount of \$13,560,000. The proceeds of the bonds will be used for general government projects. The Bonds mature on October 1st in each of the years 2022 through 2025. The interest rate is 5.125%.

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

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|-----------------------------|----------------------------|
| 2023 | \$ 2,560,000 | \$ 502,250 |
| 2024 | 2,695,000 | 367,591 |
| 2025 | 2,840,000 | 225,756 |
| 2026 | <u>2,985,000</u> | <u>76,491</u> |
| TOTAL | \$ <u>11,080,000</u> | \$ <u>1,172,088</u> |

Economic Development Authority (EDA) Lease Revenue Bonds

On August 27, 2009, the EDA issued \$10,210,000 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 November 1, 2019 the EDA issued Lease Revenue Bonds, Series 2019 in the aggregate principal amount of \$10,115,000. The proceeds of the bonds were used to purchase Wilton Farm. The Bonds mature on January 15th in each of the years 2020 through 2034. The interest rate is 1.98%.

On April 2, 2020 the EDA issued Lease Revenue Bonds, Series 2020A in the aggregate principal amount of \$50,000,000. The proceeds of the bonds were used to construct an indoor sports facility. The Bonds mature on August 1st in each of the years 2020 through 2039. The interest rate is between 1.352% and 2.749%.

On April 2, 2020 the EDA issued Lease Revenue Refunding Bonds, Series 2020B in the aggregate principal amount of \$5,530,000. The bonds were issued to refund the outstanding principal amount of the County's EDA Lease Revenue Bonds, Series 2009B for the Jail East. The Bonds matured on August 1, 2021. The interest rate is 5.0%.

EDA Lease Revenue Bonds

Details of lease revenue bonds for the County at June 30, 2022 are as follows:

| | <u>Interest Rates</u> | <u>Date Issued</u> | <u>Final Maturity Date</u> | <u>Amount of Original Issue</u> | <u>Balance</u> |
|---------------------------|-----------------------|--------------------|----------------------------|---------------------------------|-----------------------------|
| 2019 Lease Revenue Bonds | 1.98% | 11/1/2019 | 01/15/2034 | \$ 10,115,000 | \$ 8,870,000 |
| 2020A Lease Revenue Bonds | 1.352-2.749% | 04/2/2020 | 08/1/2039 | 50,000,000 | <u>45,615,000</u> |
| TOTAL | | | | | \$ <u>54,485,000</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|-----------------------------|-----------------------------|
| 2023 | \$ 2,810,000 | \$ 1,132,007 |
| 2024 | 2,855,000 | 1,088,558 |
| 2025 | 2,905,000 | 1,043,742 |
| 2026 | 2,950,000 | 996,457 |
| 2027 | 3,000,000 | 945,677 |
| 2028-2032 | 15,885,000 | 3,839,049 |
| 2033-2037 | 15,120,000 | 2,096,829 |
| 2033-2034 | <u>8,960,000</u> | <u>370,310</u> |
| TOTAL | <u>\$ 54,485,000</u> | <u>\$ 11,512,630</u> |

Business-type Activities

A summary of the changes in the Water and Sewer Fund (“Fund”) long-term liabilities, including net pension liability, for the year ended June 30, 2022 are as follows:

| | <u>Balance June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2022</u> |
|--|----------------------------------|-----------------------------|-----------------------------|----------------------------------|
| Water and Sewer Revenue Bonds: | | | | |
| 2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00% | \$ 5,540,000 | \$ - | \$ 2,705,000 | \$ 2,835,000 |
| 2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00% | 9,475,000 | - | 1,725,000 | 7,750,000 |
| 2016 Revenue and Refunding Bonds - \$123,625,000, 1.50% to 5.00% | 107,340,000 | - | 79,235,000 | 28,105,000 |
| 2018 Revenue Bonds - \$102,410,000, 3.125% to 5.00% | 96,795,000 | - | 2,030,000 | 94,765,000 |
| 2019 Revenue and Refunding Bonds - \$78,085,000, 3.125% to 5.00% | 75,290,000 | - | 1,315,000 | 73,975,000 |
| 2020A Revenue and Refunding Bonds - \$25,705,000, 3.00% to 5.00% | 25,705,000 | - | - | 25,705,000 |
| 2020B Revenue and Refunding Bonds - \$118,675,000, 0.227% to 2.417% | 116,535,000 | - | 1,295,000 | 115,240,000 |
| 2021 Revenue and Refunding Bonds - \$85,680,000, 1.00% to 2.70% | <u>-</u> | <u>85,680,000</u> | <u>1,910,000</u> | <u>83,770,000</u> |
| Total bonds payable | <u>\$ 436,680,000</u> | <u>\$ 85,680,000</u> | <u>\$ 90,215,000</u> | <u>\$ 432,145,000</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|-------------------------------|----------------------------------|------------------|------------------|----------------------------------|
| Other Liabilities: | | | | |
| Lease liability | \$ 15,140 | \$ - | \$ 5,028 | \$ 10,112 |
| Accrued compensated absences | 1,669,194 | 95,681 | 151,606 | 1,613,269 |
| Net Healthcare OPEB liability | 484,151 | 1,488,030 | 1,330,332 | 641,849 |
| Net GLI OPEB liability | 1,207,724 | 227,000 | 531,548 | 903,176 |
| Net pension liability | 17,679,769 | 10,825,142 | 21,904,025 | 6,600,886 |
| Total | \$ 457,735,978 | \$ 98,315,853 | \$ 114,137,539 | \$ 441,914,292 |
| Premium on bonds payable | 38,223,035 | - | 2,618,255 | 35,604,780 |
| Total long-term liabilities | \$ 495,959,013 | 98,315,853 | 116,755,794 | \$ 477,519,072 |
| Current maturities | (15,447,271) | | | (17,476,544) |
| Net long-term liabilities | \$ 480,511,742 | | | \$ 460,042,528 |

Current maturities of long-term liabilities at June 30, 2022 consist of the following:

| | |
|------------------------------|---------------|
| Revenue bonds | \$ 17,325,000 |
| Lease obligations | 5,017 |
| Accrued compensated absences | 146,527 |
| Total current maturities | \$ 17,476,544 |

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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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.

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 1st 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 1st in each of the years 2021 through 2044. The interest rate is between 0.227 and 2.417 percent.

On September 22, 2021, the County sold Water and Sewer System Refunding Revenue Bonds, Series 2021 (Federally Taxable), in the principal amount of \$85,680,000. The proceeds of the Bonds will be used to advance refund \$72,950,000 in outstanding principal from the Water and Sewer System Revenue and Refunding Bonds, Series 2016 and pay certain costs associated with 2021 bonds. The Bonds mature on May 1st in each of the years 2022 through 2046. The interest rate is between 1 and 2.7 percent.

In fiscal year 2022 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, 2022, \$235,106,638 of Water and Sewer System Revenue Bonds are considered fully defeased.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Principal and interest payment on the Bonds for the next five fiscal years, subsequent to June 30, 2022, and thereafter are as follows:

| <u>Years</u> | <u>Principal</u> | <u>Interest</u> |
|--------------|------------------------------|------------------------------|
| 2023 | \$17,325,000 | \$12,320,998 |
| 2024 | 18,060,000 | 11,588,861 |
| 2025 | 18,610,000 | 11,039,168 |
| 2026 | 19,280,000 | 10,368,982 |
| 2027 | 19,965,000 | 9,680,046 |
| 2028-2032 | 88,375,000 | 42,388,171 |
| 2033-2037 | 88,725,000 | 31,355,710 |
| 2038-2042 | 74,540,000 | 20,636,159 |
| 2043-2047 | 70,120,000 | 9,347,954 |
| 2048-2051 | <u>17,145,000</u> | <u>894,269</u> |
| Total | <u>\$ 432,145,000</u> | <u>\$ 159,620,318</u> |

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, 2022 is as follows:

| | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|-------------------------------|--|-----------------------------|------------------------------|--|
| Lease liability | \$ 6,946,638 | \$ 21,367,296 | \$ 9,258,504 | \$ 19,055,430 |
| Accrued claims payable | 6,037,169 | 1,303,597 | 1,407,766 | 5,933,000 |
| Net pension liability | 520,851,160 | 187,814,499 | 433,977,466 | 274,688,193 |
| Net Healthcare OPEB liability | 6,954,347 | 33,166,966 | 23,105,158 | 17,016,155 |
| Net GLI OPEB liability | 26,306,351 | 6,137,608 | 13,943,160 | 18,500,799 |
| Net HIC OPEB liability | 43,664,744 | 3,765,992 | 4,593,967 | 42,836,769 |
| Accrued compensated absences | <u>11,617,803</u> | <u>5,368,050</u> | <u>7,516,805</u> | <u>9,469,048</u> |
| Total School Board | \$ 622,378,212 | <u>\$258,924,008</u> | <u>\$ 493,802,826</u> | \$ 387,499,394 |
| Current Maturities | <u>(18,881,395)</u> | | | <u>(13,483,248)</u> |
| Net long-term liabilities | <u>\$ 603,496,817</u> | | | <u>\$ 374,016,146</u> |

Current maturities of long-term liabilities at June 30, 2022, consist of the following:

| | |
|------------------------------|-----------------------------|
| Lease obligations | \$ 5,973,227 |
| Accrued claims payable | 1,383,476 |
| Accrued compensated absences | <u>6,126,545</u> |
| Total current maturities | <u>\$ 13,483,248</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, is as follows:

| | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|-------------------------------|--|------------------|------------------|--|
| Lease obligations | \$ 10,411 | \$ - | \$ 2,707 | \$ 7,704 |
| Net pension liability | 3,895,213 | 2,510,828 | 5,080,511 | 1,325,530 |
| Net Healthcare OPEB liability | 105,390 | 290,630 | 247,583 | 148,437 |
| Net GLI OPEB liability | 257,727 | 52,146 | 122,107 | 187,766 |
| Accrued compensated absences | <u>286,626</u> | <u>281,580</u> | <u>284,934</u> | <u>283,272</u> |
| Total JRJDC | \$ 4,455,367 | \$ 3,135,184 | \$ 5,737,842 | \$ 1,952,709 |
| Current Maturities | <u>(251,189)</u> | | | <u>(284,799)</u> |
| Net long-term liabilities | <u>\$ 4,304,178</u> | | | <u>\$ 1,667,910</u> |

Current maturities of long-term liabilities at June 30, 2022, consist of the following:

| | |
|------------------------------|-------------------|
| Lease obligations | \$ 3,199 |
| Accrued compensated absences | <u>281,600</u> |
| Total current maturities | <u>\$ 284,799</u> |

Leases Liability

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. 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. The County leases real estate, certain data processing equipment, computer equipment and other equipment under various long-term lease agreements for periods ranging from one to fifteen years. Interest rates on the agreements range from .17% to 26.65%. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. The County recognizes a lease liability, and the associated right to use lease asset, on the government-wide Statement of Net Position.

The County has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index, Incremental Borrowing Rate, and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance, are included in the measurement of the lease liability presented in the table below. The County did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, the County has no agreements that include sale-leaseback and lease-leaseback transactions.

For additional information, refer to the disclosures below.

Amount of Lease Assets by Major Classes of Underlying Asset

| <u>Asset Class</u> | <u>Lease Asset Value</u> | <u>Accumulated Amortization</u> |
|--------------------|--------------------------|---------------------------------|
| Equipment | \$ 1,842,213 | \$ 630,488 |
| Buildings | 16,543,755 | 2,838,316 |
| Other | 1,857,755 | 116,605 |
| Computer Equipment | <u>19,028,128</u> | <u>3,380,430</u> |
| Total Leases | <u>\$ 39,271,851</u> | <u>\$ 6,965,839</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Principal and Interest Requirements to Maturity

Governmental Activities

| Years | Principal | Interest | Total |
|-------------------------------|----------------------|-------------------|----------------------|
| 2023 | \$ 2,754,037 | \$ 122,476 | \$ 2,876,512 |
| 2024 | 2,504,695 | 87,394 | 2,592,089 |
| 2025 | 1,967,848 | 63,635 | 2,031,483 |
| 2026 | 1,347,446 | 49,384 | 1,396,830 |
| 2027 | 1,077,510 | 38,926 | 1,116,437 |
| 2028-2032 | 2,442,719 | 89,053 | 2,531,771 |
| 2033-2037 | 720,218 | 23,154 | 743,372 |
| Total Governmental Activities | <u>\$ 12,814,473</u> | <u>\$ 474,021</u> | <u>\$ 13,288,494</u> |

Business-Type Activities

| Years | Principal | Interest | Total |
|--------------------------------|------------------|-----------------|------------------|
| 2023 | \$ 5,017 | \$ 892 | \$ 5,909 |
| 2024 | 2,920 | 408 | 3,328 |
| 2025 | 2,176 | 95 | 2,271 |
| Total Business-Type Activities | <u>\$ 10,112</u> | <u>\$ 1,395</u> | <u>\$ 11,507</u> |

Component Units

School Board:

| Years | Principal | Interest | Total |
|--------------------|----------------------|-------------------|----------------------|
| 2023 | \$ 5,973,227 | \$ 110,274 | \$ 6,083,501 |
| 2024 | 5,858,940 | 81,346 | 5,940,286 |
| 2025 | 5,766,045 | 49,506 | 5,815,551 |
| 2026 | 712,595 | 17,635 | 730,229 |
| 2027 | 744,623 | 6,310 | 750,933 |
| Total School Board | <u>\$ 19,055,430</u> | <u>\$ 265,070</u> | <u>\$ 19,320,500</u> |

James River Juvenile Detention Commission:

| Years | Principal | Interest | Total |
|---|------------------|-----------------|-----------------|
| 2023 | \$ 3,199 | \$ 1,107 | \$ 4,306 |
| 2024 | 3,803 | 503 | 4,306 |
| 2025 | 702 | 16 | 718 |
| Total James River Juvenile Detention Commission | <u>\$ 7,704</u> | <u>\$ 1,626</u> | <u>\$ 9,330</u> |

Total Component Units:

| | | | |
|--|----------------------|-------------------|----------------------|
| | <u>\$ 19,063,135</u> | <u>\$ 266,696</u> | <u>\$ 19,329,830</u> |
|--|----------------------|-------------------|----------------------|

Grand Total

| | | | |
|--|----------------------|-------------------|----------------------|
| | <u>\$ 31,887,720</u> | <u>\$ 742,112</u> | <u>\$ 32,629,832</u> |
|--|----------------------|-------------------|----------------------|

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental Activities

| | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|---------------------------------------|--|----------------------|------------------|--|
| Right to Use Assets: | | | | |
| Equipment | \$ - | \$ 1,792,397 | \$ - | \$ 1,792,397 |
| Building | - | 11,843,272 | - | 11,843,272 |
| Other | - | 1,857,755 | - | 1,857,755 |
| Total Right to Use Assets | <u>-</u> | <u>15,493,424</u> | <u>-</u> | <u>15,493,424</u> |
| Less Accumulated Amortization for: | | | | |
| Equipment | - | (610,791) | - | (610,791) |
| Building | - | (2,156,364) | - | (2,156,364) |
| Other | - | (116,605) | - | (116,605) |
| Total Net of Accumulated Amortization | <u>-</u> | <u>(2,883,760)</u> | <u>-</u> | <u>(2,883,760)</u> |
| Total Net of Amortization | <u>\$ -</u> | <u>\$ 12,609,664</u> | <u>\$ -</u> | <u>\$ 12,609,664</u> |

Business-type Activities

Water and Sewer:

| | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|---------------------------------------|--|------------------|------------------|--|
| Right to Use Assets: | | | | |
| Equipment | \$ - | \$ 14,947 | \$ - | \$ 14,947 |
| Total Right to Use Assets | <u>-</u> | <u>14,947</u> | <u>-</u> | <u>14,947</u> |
| Less Accumulated Amortization for: | | | | |
| Equipment | - | (5,234) | - | (5,234) |
| Total Net of Accumulated Amortization | <u>-</u> | <u>(5,234)</u> | <u>-</u> | <u>(5,234)</u> |
| Total Net of Amortization | <u>\$ -</u> | <u>\$ 9,713</u> | <u>\$ -</u> | <u>\$ 9,713</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Component Units

| <u>School Board:</u> | <u>Balance</u> <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2022</u> |
|---|--|----------------------|------------------|--|
| Right to Use Assets: | | | | |
| Equipment | \$ - | \$ 24,413 | \$ - | \$ 24,413 |
| Building | - | 4,700,483 | - | 4,700,483 |
| Computer Equipment | - | 19,028,128 | - | 19,028,128 |
| Total Right to Use Assets | <u>-</u> | <u>23,753,024</u> | <u>-</u> | <u>23,753,024</u> |
| Less Accumulated Amortization for: | | | | |
| Equipment | \$ - | \$ (11,161) | \$ - | \$ (11,161) |
| Building | - | (681,952) | - | (681,952) |
| Computer Equipment | - | (3,380,430) | - | (3,380,430) |
| Total Net of Accumulated Amortization | <u>-</u> | <u>(4,073,543)</u> | <u>-</u> | <u>(4,073,543)</u> |
| Total Net of Amortization | <u>\$ -</u> | <u>\$ 19,679,481</u> | <u>\$ -</u> | <u>\$ 19,679,481</u> |
| <u>James River Juvenile Detention Commission:</u> | <u>Balance</u> | | | <u>Balance</u> |
| | <u>June 30, 2021</u> | <u>Additions</u> | <u>Deletions</u> | <u>June 30, 2022</u> |
| Right to Use Assets: | | | | |
| Equipment | \$ - | \$ 10,456 | \$ - | \$ 10,456 |
| Total Right to Use Assets | <u>-</u> | <u>10,456</u> | <u>-</u> | <u>10,456</u> |
| Less Accumulated Amortization for: | | | | |
| Equipment | \$ - | \$ (3,302) | \$ - | \$ (3,302) |
| Total Net of Accumulated Amortization | <u>-</u> | <u>(3,302)</u> | <u>-</u> | <u>(3,302)</u> |
| Total Net of Amortization | <u>\$ -</u> | <u>\$ 7,154</u> | <u>-</u> | <u>\$ 7,154</u> |

Leases Receivable

For the year ended June 30, 2022, 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, 2022, was \$33,714,102 and \$3,394,060, respectively.

Future minimum lease receivable payments for fiscal years ending after June 30, 2022, are as follows:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Future minimum lease receivable payments for fiscal years ending after June 30, 2022, are as follows:

Principal and Interest Expected to Maturity

Governmental Activities

| Years | Principal | Interest | Total |
|-------------------------------|----------------------|---------------------|----------------------|
| 2023 | \$ 1,429,475 | \$ 125,043 | \$ 1,554,518 |
| 2024 | 1,263,646 | 116,147 | 1,379,793 |
| 2025 | 1,138,065 | 107,244 | 1,245,309 |
| 2026 | 786,737 | 98,922 | 885,659 |
| 2027 | 602,774 | 92,000 | 694,774 |
| 2028 - 2032 | 2,926,782 | 356,396 | 3,283,178 |
| 2033 - 2037 | 2,174,869 | 196,820 | 2,371,689 |
| 2038 - 2044 | 1,959,914 | 70,171 | 2,030,085 |
| Total Governmental Activities | <u>\$ 12,282,262</u> | <u>\$ 1,162,743</u> | <u>\$ 13,445,005</u> |

Business-Type Activities

| Years | Principal | Interest | Total |
|--------------------------------|-------------------|-----------------|-------------------|
| 2023 | \$ 27,222 | \$ 600 | \$ 27,822 |
| 2024 | 27,368 | 454 | 27,822 |
| 2025 | 27,514 | 308 | 27,822 |
| 2026 | 27,661 | 161 | 27,822 |
| 2027 | 708 | 12 | 720 |
| 2028 - 2032 | 713 | 6 | 719 |
| Total Business-Type Activities | <u>\$ 111,186</u> | <u>\$ 1,541</u> | <u>\$ 112,727</u> |

Component Unit - School Board

| Years | Principal | Interest | Total |
|-------------------------------------|-------------------|-----------------|-------------------|
| 2023 | \$ 88,348 | \$ 1,168 | \$ 89,516 |
| 2024 | 68,297 | 774 | 69,071 |
| 2025 | 70,731 | 413 | 71,144 |
| 2026 | 16,270 | 39 | 16,309 |
| Total Component Unit - School Board | <u>\$ 243,646</u> | <u>\$ 2,394</u> | <u>\$ 246,040</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Governmental Activities

The following is a summary of changes in the County's lease receivables for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|------------------------|----------------------------------|----------------------|---------------------|----------------------------------|
| Building | \$ - | \$ 6,449,315 | \$ 815,357 | \$ 5,633,958 |
| Land | - | 679,715 | 80,678 | 599,037 |
| Other | - | 6,616,176 | 566,909 | 6,049,267 |
| Total Lease Receivable | <u>\$ -</u> | <u>\$ 13,745,206</u> | <u>\$ 1,462,944</u> | <u>\$ 12,282,262</u> |

Business-type Activities

The following is a summary of changes in the Water and Sewer lease receivables for the year ended June 30, 2022:

| <u>Water and Sewer:</u> | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|-------------------------|----------------------------------|-------------------|------------------|----------------------------------|
| Other | \$ - | \$ 145,966 | \$ 34,780 | \$ 111,186 |
| Land | - | 23,062 | 23,062 | - |
| Total Lease Receivable | <u>\$ -</u> | <u>\$ 169,028</u> | <u>\$ 57,842</u> | <u>\$ 111,186</u> |

Component Units

The following is a summary of changes in the School Board lease receivables for the year ended June 30, 2022:

| <u>School Board:</u> | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|------------------------|----------------------------------|-------------------|------------------|----------------------------------|
| Land | \$ - | \$ 329,623 | \$ 85,977 | \$ 243,646 |
| Total Lease Receivable | <u>\$ -</u> | <u>\$ 329,623</u> | <u>\$ 85,977</u> | <u>\$ 243,646</u> |

Governmental Activities

The following is a summary of changes in the County's deferred inflows for lease receivables for the year ended June 30, 2022:

| | Balance June 30, 2021 | Additions | Deletions | Balance June 30, 2022 |
|------------------------------------|----------------------------------|----------------------|---------------------|----------------------------------|
| Building | \$ - | \$ 6,449,315 | \$ 895,447 | \$ 5,553,868 |
| Land | - | 679,715 | 75,786 | 603,929 |
| Other | - | 6,616,175 | 663,610 | 5,952,565 |
| Total Deferred Inflow of Resources | <u>\$ -</u> | <u>\$ 13,745,205</u> | <u>\$ 1,634,843</u> | <u>\$ 12,110,362</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Business-type activities

The following is a summary of changes in the Water and Sewer Fund's deferred inflows for lease receivables for the year ended June 30, 2022:

| <u>Water and Sewer:</u> | Balance | | | Balance |
|------------------------------------|----------------------|-------------------|------------------|----------------------|
| | June 30, 2021 | Additions | Deletions | June 30, 2022 |
| Other | \$ - | \$ 145,966 | \$ 33,997 | \$ 111,969 |
| Land | - | 23,062 | 12,580 | 10,482 |
| Total Deferred Inflow of Resources | <u>\$ -</u> | <u>\$ 169,028</u> | <u>\$ 46,577</u> | <u>\$ 122,451</u> |

Component Units

The following is a summary of changes in the School Board's deferred inflows for lease receivables for the year ended June 30, 2022:

| <u>School Board:</u> | Balance | | | Balance |
|------------------------------------|----------------------|-------------------|------------------|----------------------|
| | June 30, 2021 | Additions | Deletions | June 30, 2022 |
| Land | \$ - | \$ 329,623 | \$ 80,047 | \$ 249,576 |
| Total Deferred Inflow of Resources | <u>\$ -</u> | <u>\$ 329,623</u> | <u>\$ 80,047</u> | <u>\$ 249,576</u> |

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 \$5,000 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, 2022, 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, 2022, includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$1,113,324 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, 2022, 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 \$12,137,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2022.

In addition, the County has recorded \$17,135,000 for the County and \$5,933,000 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, 2021, that are not expected to be liquidated with current resources. Also, the County has assigned \$7,500,000 of the June 30, 2022 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2022, the County and Schools had accrued claims payable in long-term liabilities as follows:

| | <u>FY 2022</u> | | <u>FY 2021</u> | |
|--|----------------------|---------------------|----------------------|---------------------|
| | <u>County</u> | <u>Schools</u> | <u>County</u> | <u>Schools</u> |
| Balance, July 1 | \$ 27,461,921 | \$ 6,037,169 | \$ 23,154,351 | \$ 5,249,449 |
| Current year claims and changes in estimates | 22,155,405 | 1,303,597 | 18,531,709 | 3,063,585 |
| Claim payments | <u>(20,345,326)</u> | <u>(1,407,766)</u> | <u>(14,224,139)</u> | <u>(2,275,865)</u> |
| Balance, June 30 | <u>\$ 29,272,000</u> | <u>\$ 5,933,000</u> | <u>\$ 27,461,921</u> | <u>\$ 6,037,169</u> |

D. Commitments

At June 30, 2022, the County had contractual commitments for the construction of various projects as follows:

| | <u>Primary Government</u> | <u>Component Unit-Schools</u> |
|---|---------------------------|-------------------------------|
| Capital Projects Funds: | | |
| Computer and Technology Improvements | \$ 17,882,033 | \$ - |
| Buildings and Grounds | 1,344,325 | - |
| Road Maintenance | 33,677,431 | - |
| Landfill Development & Utilities Projects | 2,376,138 | - |
| Public Safety Projects | 3,125,008 | - |
| Public Works | 10,445,954 | - |
| Parks and Recreation | 29,588,186 | - |
| Community Development | 107,193 | - |
| Libraries | 62,850 | - |
| Education Projects | <u>11,152,125</u> | <u>14,037,799</u> |
| Total | <u>\$ 109,761,243</u> | <u>\$ 14,037,799</u> |
| Enterprise Funds: | | |
| Wastewater Treatment Projects | \$ 89,759,575 | |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | |
|----------------------------------|------------------------------|
| Water Plant Projects | 7,073,777 |
| Computer and Information Systems | <u>4,386,306</u> |
| Total | <u>\$ 101,219,658</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, 2022, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

| | |
|-----------------------|-----------------------------|
| General Fund | \$ 11,951,316 |
| Special Revenue Fund | 4,276,741 |
| Capital Projects Fund | <u>123,479,343</u> |
| Total | <u>\$139,707,400</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 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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

| | <u>County*</u> | <u>School Board Non-Professional Group</u> |
|--|----------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 3,597 | 112 |
| Inactive members: | | |
| Vested | 754 | 19 |
| Non-vested | 1,681 | 79 |
| Active elsewhere in VRS | <u>1,205</u> | <u>89</u> |
| Total inactive members | 3,640 | 187 |
| Active members | <u>5,197</u> | <u>38</u> |
| Total | <u>12,434</u> | <u>337</u> |

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

VRS issues a publicly available ACFR 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/Pdf/Publications/2021-annual-report.pdf>, or obtained by writing to the System's Chief Financial Officer 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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 2022 were 14.50 percent and 33.50 percent, respectively, of annual covered employee compensation. The County and School Board contributions for the fiscal year ended 2021 were \$37,246,686 and \$193,314, 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, 2022, the County and School Board Non-Professional Group reported a net pension liability of \$104,027,590 and \$3,223,067, 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 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, JRJDC, CAM School Board C&M and School Board Non-Professional Group employees was \$80,752,784, \$6,600,886, \$1,325,530, \$1,470,597, \$13,877,793, and \$3,223,067, respectively. The net pension liability was measured as of June 30, 2021. The total pension liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Change in the Net Pension Liability

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Governmental Activities | | | |
| Balances at June 30, 2021 | \$1,311,625,068 | \$1,050,611,708 | \$261,013,360 |
| Changes for the year: | | | |
| Service cost | 29,776,955 | - | 29,776,955 |
| Interest | 88,814,534 | - | 88,814,534 |
| Difference between expected and actual experience | (16,940,177) | - | (16,940,177) |
| Changes of assumptions | 55,338,972 | - | 55,338,972 |
| Contributions-employer | - | 31,636,840 | (31,636,840) |
| Contributions-employee | - | 11,138,818 | (11,138,818) |
| Net investment income | - | 293,769,294 | (293,769,294) |
| Benefit payments, including refunds of employee contributions | (70,197,879) | (70,197,879) | - |
| Administrative expense | - | (737,023) | 737,023 |
| Other changes | - | (27,666) | 27,666 |
| Net changes | <u>86,792,405</u> | <u>265,582,384</u> | <u>(178,789,979)</u> |
| Balances at June 30, 2022 | <u>\$1,398,417,473</u> | <u>\$1,316,194,092</u> | <u>\$82,223,381</u> |
| Business-type Activities | | | |
| Balances at June 30, 2021 | \$90,176,690 | \$72,496,921 | \$17,679,769 |
| Changes for the year: | | | |
| Service cost | 1,845,156 | - | 1,845,156 |
| Interest | 5,503,473 | - | 5,503,473 |
| Difference between expected and actual experience | (1,049,713) | - | (1,049,713) |
| Changes of assumptions | 3,429,129 | - | 3,429,129 |
| Contributions-employer | - | 1,960,405 | (1,960,405) |
| Contributions-employee | - | 690,227 | (690,227) |
| Net investment income | - | 18,203,680 | (18,203,680) |
| Benefit payments, including refunds of employee contributions | (4,349,875) | (4,349,875) | - |
| Administrative expense | - | (45,670) | 45,670 |
| Other changes | - | (1,714) | 1,714 |
| Net changes | <u>5,378,170</u> | <u>16,457,053</u> | <u>(11,078,883)</u> |
| Balances at June 30, 2022 | <u>\$95,554,860</u> | <u>\$88,953,974</u> | <u>\$6,600,886</u> |
| Total Primary Government | | | |
| Balances at June 30, 2021 | \$1,401,801,758 | \$1,123,108,629 | \$278,693,129 |
| Changes for the year: | | | |
| Service cost | 31,622,111 | - | 31,622,111 |
| Interest | 94,318,007 | - | 94,318,007 |
| Difference between expected and actual experience | (17,989,890) | - | (17,989,890) |
| Changes of assumptions | 58,768,101 | - | 58,768,101 |
| Contributions-employer | - | 33,597,245 | (33,597,245) |
| Contributions-employee | - | 11,829,045 | (11,829,045) |
| Net investment income | - | 311,972,974 | (311,972,974) |
| Benefit payments, including refunds of employee contributions | (74,547,754) | (74,547,754) | - |
| Administrative expense | - | (782,693) | 782,693 |
| Other changes | - | (29,380) | 29,380 |
| Net changes | <u>92,170,575</u> | <u>282,039,437</u> | <u>(189,868,862)</u> |
| Balances at June 30, 2022 | <u>\$1,493,972,333</u> | <u>\$1,405,148,066</u> | <u>\$88,824,267</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Change in the Net Pension Liability

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| School Board C&M | | | |
| Balances at June 30, 2021 | \$168,759,036 | \$136,826,761 | \$31,932,275 |
| Changes for the year: | | | |
| Service cost | 3,006,922 | - | 3,006,922 |
| Difference between expected and actual experience | (1,710,645) | - | (1,710,645) |
| Changes of assumptions | 5,588,213 | - | 5,588,213 |
| Interest | 8,968,627 | - | 8,968,627 |
| Contributions-employer | - | 3,194,736 | (3,194,736) |
| Contributions-employee | - | 1,124,815 | (1,124,815) |
| Net investment income | - | 29,665,268 | (29,665,268) |
| Benefit payments, including refunds of employee contributions | (7,088,688) | (7,088,688) | - |
| Administrative expense | - | (74,426) | 74,426 |
| Other changes | - | (2,794) | 2,794 |
| Net changes | <u>8,764,429</u> | <u>26,818,911</u> | <u>(18,054,482)</u> |
| Balances at June 30, 2022 | <u>\$177,523,465</u> | <u>\$163,645,672</u> | <u>\$13,877,793</u> |

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| School Board Non-Professional Group | | | |
| Balances at June 30, 2021 | \$8,355,643 | \$4,788,670 | \$3,566,973 |
| Changes for the year: | | | |
| Service cost | 59,644 | - | 59,644 |
| Difference between expected and actual experience | 119,836 | - | 119,836 |
| Changes of assumptions | 383,505 | - | 383,505 |
| Interest | 539,205 | - | 539,205 |
| Contributions-employer | - | 193,314 | (193,314) |
| Contributions-employee | - | 25,221 | (25,221) |
| Net investment income | - | 1,230,914 | (1,230,914) |
| Benefit payments, including refunds of employee contributions | (734,835) | (734,835) | - |
| Administrative expense | - | (3,466) | 3,466 |
| Other changes | - | 113 | (113) |
| Net changes | <u>367,355</u> | <u>711,261</u> | <u>(343,906)</u> |
| Balances at June 30, 2022 | <u>\$8,722,998</u> | <u>\$5,499,931</u> | <u>\$3,223,067</u> |

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| James River Juvenile Detention Center | | | |
| Balances at June 30, 2021 | \$19,845,294 | \$15,950,081 | \$3,895,213 |
| Changes for the year: | | | |
| Service cost | 427,973 | - | 427,973 |
| Difference between expected and actual experience | (243,475) | - | (243,475) |
| Changes of assumptions | 795,366 | - | 795,366 |
| Interest | 1,276,498 | - | 1,276,498 |
| Contributions-employer | - | 454,705 | (454,705) |
| Contributions-employee | - | 160,094 | (160,094) |
| Net investment income | - | 4,222,237 | (4,222,237) |
| Benefit payments, including refunds of employee contributions | (1,008,928) | (1,008,928) | - |
| Administrative expense | - | (10,593) | 10,593 |
| Other changes | - | (398) | 398 |
| Net changes | <u>1,247,434</u> | <u>3,817,117</u> | <u>(2,569,683)</u> |
| Balances at June 30, 2022 | <u>\$21,092,728</u> | <u>\$19,767,198</u> | <u>\$1,325,530</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2021 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| 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 | 2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees |

Mortality rates were based on the PUB2010 public sector mortality tables adjusted for future mortality improvements using a modified MP-2-2- mortality improvement scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. The actuarial cost method used was the entry age method and the amortization method used was the level percentage of payroll closed method. The remaining amortization period is 2-24 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, 2020 are summarized in the following table:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| 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% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | 100.00% | | 4.89% |
| | Inflation | | 2.50% |
| | * Expected arithmetic nominal return | | 7.39% |

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 6.94%, 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.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater.

From July 1, 2021 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, 2022

| | 1% Decrease (5.75%) | Discount Rate (6.75%) | 1% Increase (7.75%) |
|--|------------------------|--------------------------|------------------------|
| Governmental Activities proportionate share of the net pension liability | \$271,830,429 | \$82,223,381 | (\$63,864,688) |
| Business-type Activities proportionate share of the net pension liability | \$16,844,219 | \$6,600,886 | (\$3,957,433) |
| Total Primary Government | <u>\$288,674,648</u> | <u>\$88,824,267</u> | <u>(\$67,822,121)</u> |
| School Board C&M proportionate share of the net pension liability | \$27,449,849 | \$13,877,793 | (\$6,449,153) |
| School Board Non-Professional Group | \$4,059,142 | \$3,223,067 | \$2,514,852 |
| James River Juvenile Detention Center proportionate share of the net pension liability | <u>\$3,906,918</u> | <u>\$1,325,530</u> | <u>(\$917,903)</u> |
| Total Component Units | <u>\$35,415,909</u> | <u>\$18,426,390</u> | <u>(\$4,852,204)</u> |

H. Deferred Outflows and Inflows of Resources and Pension Expense

The County's Governmental Activities, Business-type Activities, School C&M and JRJDC have recognized deferred outflows of resources of \$35,352,382, \$2,159,937, \$3,498,821, and \$478,655, respectively, 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, 2023.

At June 30, 2022, the County's Governmental Activities, Business-type Activities, School Board C&M and JRJDC employee allocation, reported a net pension liability of \$82,223,381, \$6,600,886, \$13,877,793, and \$1,325,530 respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of \$3,223,067. At June 30, 2022, the Governmental Activities, Business-type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 84.94 percent, 5.26 percent, 1.22 percent, and 8.58 percent, respectively. The County's Governmental Activities, Business-type Activities, Schools C&M and JRJDC recognized pension expense of \$14,023,129, \$868,956, \$1,416,077, and \$201,549, respectively. The total pension expense for the County's Primary Government is \$14,892,085. The School Board Non-Professional Group recognized pension expense of \$586,370.

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, 2022

| | Deferred Outflow of Resources | Deferred Inflow of Resources |
|---|----------------------------------|---------------------------------|
| <u>Primary Government</u> | | |
| Governmental Activities | | |
| Change in pension proportionate share allocation | \$ 1,130,688 | \$ 231,660 |
| Difference between expected and actual experience | 8,601,787 | 13,830,074 |
| Changes of assumptions | 49,292,369 | - |
| Difference between projected and actual earnings on pension plan investments | - | 145,752,139 |
| Pension contributions after the measurement date | 35,352,382 | - |
| Total | \$ 94,377,226 | \$ 159,813,873 |
| Business-Type Activities | | |
| Change in pension proportionate share allocation | \$ - | \$ 571,797 |
| Difference between expected and actual experience | 555,213 | 861,328 |
| Changes of assumptions | 3,083,599 | - |
| Difference between projected and actual earnings on pension plan investments | - | 8,950,083 |
| Pension contributions after the measurement date | 2,159,937 | - |
| Total | \$ 5,798,749 | \$ 10,383,208 |
| <u>Total Primary Government</u> | | |
| Change in pension proportionate share allocation | \$ 1,130,688 | \$ 803,457 |
| Difference between expected and actual experience | 9,157,000 | 14,691,402 |
| Changes of assumptions | 52,375,968 | - |
| Difference between projected and actual earnings on pension plan investments | - | 154,702,222 |
| Pension contributions after the measurement date | 37,512,319 | - |
| Total | \$ 100,175,975 | \$ 170,197,081 |
| <u>Component Unit</u> | | |
| Schools C&M | | |
| Change in pension proportionate share allocation | \$ 78,360 | \$ 396,751 |
| Difference between expected and actual experience | 881,707 | 1,400,699 |
| Changes of assumptions | 5,005,305 | - |
| Difference between projected and actual earnings on pension plan investments | - | 14,667,761 |
| Pension contributions after the measurement date | 3,498,821 | - |
| Total | \$ 9,464,193 | \$ 16,465,211 |
| Schools Non-Professional Group | | |
| Difference between projected and actual earnings on pension plan investments | \$ - | \$ 591,150 |
| Pension contributions after the measurement date | 185,168 | - |
| Total | \$ 185,168 | \$ 591,150 |
| James River Juvenile Detention Center | | |
| Change in pension proportionate share allocation | \$ 73,005 | \$ 81,845 |
| Difference between expected and actual experience | 120,883 | 199,137 |
| Changes of assumptions | 710,901 | - |
| Difference between projected and actual earnings on pension plan investments | - | 2,105,130 |
| Pension contributions after the measurement date | 478,655 | - |
| Total | \$ 1,383,444 | \$ 2,386,112 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 |
|----------------------|----------------------------|-----------------------------|------------------------|---------------------------------------|-----------------------|
| 2023 | \$ (12,577,151) | \$ (949,273) | \$ (1,335,267) | \$ (136,496) | \$ (218,004) |
| 2024 | (19,308,154) | (1,380,361) | (2,121,041) | (132,300) | (290,946) |
| 2025 | (24,589,827) | (1,668,810) | (2,568,647) | (137,309) | (335,465) |
| 2026 | (44,313,897) | (2,745,952) | (4,474,884) | (185,045) | (636,908) |
| | <u>\$ (100,789,029)</u> | <u>\$ (6,744,396)</u> | <u>\$ (10,499,839)</u> | <u>\$ (591,150)</u> | <u>\$ (1,481,323)</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, 2022

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 ACFR 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/Pdf/Publications/2021-annual-report.pdf>, or obtained by writing to the System's Chief Financial Officer 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, 2022, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 Teachers' contributions to VRS for the years ending 2022, 2021, and 2020 were \$52,604,971, \$49,068,666, and \$46,401,911, respectively, and are equal to the required contributions for each year.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act and is classified as a non-employer contribution. The School Board Teacher's portion of the special contribution was \$2,035,464 for the fiscal year ending June 30, 2022.

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, 2022, the County's Component Unit's, the School Board and JRJDC, reported a net pension liability of \$274,688,193 and \$1,325,530, respectively. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The School Board net pension liability of \$274,688,193 is made up of three groups of employees. The Teachers' net pension liability of \$257,587,334, the School Board Non-Professional Group net pension liability of \$3,223,067 and the School C&M net pension liability of \$13,877,792. For the year ended June 30, 2022, the Teacher Retirement Plan, School Board Non-Professional Group and School's C&M Group reported pension expense of \$4,490,496, \$586,370, and \$1,416,077, respectively. The School Board's participation in the VRS cost-sharing plan was 3.32% as of June 30, 2022.

As of June 30, 2022, the School Board's net pension liability for VRS plans is as follows:

| | |
|---|-----------------------|
| <u>Teachers</u> | |
| Total pension liability | \$1,754,835,209 |
| Fiduciary net position | <u>1,497,247,875</u> |
| Net pension liability | <u>\$ 257,587,334</u> |
| | |
| <u>Schools Non-Professional Group</u> | |
| Total pension liability | \$ 8,722,998 |
| Fiduciary net position | <u>5,499,931</u> |
| Net pension liability | <u>\$ 3,223,067</u> |
| | |
| <u>Schools C&M</u> | |
| Total pension liability | \$ 177,523,464 |
| Fiduciary net position | <u>163,645,672</u> |
| Net pension liability | <u>\$ 13,877,792</u> |
| | |
| <u>Total Schools</u> | |
| Total pension liability | \$1,941,081,671 |
| Fiduciary net position | <u>1,666,393,478</u> |
| Net pension liability | <u>\$ 274,688,193</u> |
| | |
| Plan fiduciary net position as a percentage of the total pension liability | 86% |

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, 2020, 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, 2021:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| Discount Rate | 6.75% |
| Inflation | 2.5% |
| Payroll Growth | 3.0% |
| Projected Salary Increases | 3.50% to 5.95% per year |
| 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 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 are based on the PUB2010 public sector mortality tables, as appropriate, with rate adjustments for mortality improvements projected generationally with a modified Mortality MP-2020 Improvement Scale that is 75% of the MP-2020 rates. Mortality rates for pre-retirement are based on the Pub-2010 amount weighted teacher employee rates projected generationally; 110% of rates for males. Mortality rates for post-retirement are based on the Pub-2010 amount weighted teachers healthy retiree rates projected generationally; males set forward 1 year; 105% of rates for females. Mortality rates for post-disablement are based on the Pub-2010 amount weighted teachers disabled rates projected generationally; 110% of rates for males and females. Mortality rates for beneficiaries and survivors are based on the Pub-2010 amount weighted teachers contingent annuitant rates projected generationally.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, 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 Normal Cost 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 public sector mortality table (PUB2010), adjusted retirement rates to better fit experience for Plan 1, set separate retirement rates based on experience for Plan2/Hybrid, changed final retirement age from 75 to 80 and adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service. No changes were made to disability rates, salary scale and the discount rate.

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, 2020, are summarized in the following table:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long- Term Expected Real Rate of Return</u> | <u>Weighted Average Long-Term Expected Real Rate of Return</u> |
|--------------------------------------|--------------------------------------|---|--|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | <u>100.00%</u> | | 4.89% |
| | Inflation | | 2.50% |
| | * Expected arithmetic nominal return | | <u>7.39%</u> |

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of the expected long-term results of the VRS fund asset allocation at that time, providing 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 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, 2021, 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, 2021 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:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

School Board

| | | | |
|---|-----------------------|-----------------------|----------------------|
| Teachers' proportionate share of the net pension liability | \$ 497,129,608 | \$ 257,587,334 | \$ 60,531,820 |
| School Board Non-Professional Group net pension liability | 4,059,142 | 3,223,067 | 2,514,852 |
| School Board C&M's proportionate share of the net pension liability | <u>27,449,849</u> | <u>13,877,792</u> | <u>(6,449,153)</u> |
| Total all Schools | <u>\$ 528,638,599</u> | <u>\$ 274,688,193</u> | <u>\$ 56,597,519</u> |

H. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board has recognized deferred outflows of resources of \$56,288,960 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, 2023. The School Board has recognized deferred outflows of resources of \$3,694,925 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2021. The School Board has recognized deferred outflows of resources of \$50,063,937 resulting from changes of assumptions. The School Board has recognized deferred outflows of resources of \$881,707 resulting from the difference between expected and actual experience.

The School Board has recognized deferred inflows of resources of \$2,560,425 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2021. The School Board has recognized deferred inflows of resources of \$23,395,561 resulting from the difference between expected and actual experience. The School Board has recognized net deferred inflows of resources of \$177,385,827 resulting from the difference between projected and actual earnings on pension plan investments.

As of June 30, 2022, the School Board's deferred outflows and inflows of resources is as follows:

| | |
|---|----------------------|
| <u>Deferred Outflows of Resources</u> | |
| Teachers – employer contributions | \$ 52,604,971 |
| Teachers – proportionate share | 3,616,565 |
| Teachers – changes of assumptions | 45,058,632 |
| Schools Non-Professional Group – employer contributions | 185,168 |
| Schools C&M – employer contributions | 3,498,821 |
| Schools C&M – proportionate share | 78,360 |
| Schools C&M – changes of assumptions | 5,005,305 |
| Schools C&M – difference in experience | <u>881,707</u> |
| Total Deferred Outflows of Resources | <u>\$110,929,529</u> |
| <u>Deferred Inflows of Resources</u> | |
| Teachers – proportionate share | \$ 2,163,674 |
| Teachers – difference in experience | 21,994,862 |
| Teachers – difference in earnings | 162,126,916 |
| Schools Non-Professional Group – difference in earnings | 591,150 |
| Schools C&M – proportionate share | 396,751 |
| Schools C&M – difference in experience | 1,400,699 |
| Schools C&M – difference in earnings | <u>14,667,761</u> |
| Total Deferred Inflows of Resources | <u>\$203,341,813</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

School Board

| Year Ending June 30: | Teachers | School Board Non- Professional Group | School Board C&M | Total |
|----------------------|-------------------------|---|------------------------|-------------------------|
| 2023 | \$ (31,187,738) | \$ (136,496) | \$ (1,335,267) | \$ (32,659,501) |
| 2024 | (28,099,299) | (132,300) | (2,121,041) | (30,352,640) |
| 2025 | (32,767,034) | (137,309) | (2,568,647) | (35,472,990) |
| 2026 | (45,600,353) | (185,045) | (4,474,884) | (50,260,282) |
| 2027 | 44,169 | - | - | 44,169 |
| | <u>\$ (137,610,255)</u> | <u>\$ (591,150)</u> | <u>\$ (10,499,839)</u> | <u>\$ (148,701,244)</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 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, 2021. The County’s Teacher portion was \$48,771,226. Of this amount, \$1,829,171 was transferred to MissionSquare as the employer cost of the defined contribution component for employees covered by the Hybrid Retirement Plan benefit structure and \$46,942,055 was retained by the defined benefit plan. The employer contributions of \$46,895,355 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 \$46,700 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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's health and dental plans. Medicare eligible retirees at age 65, move to a Medicare carve-out plan which is coordinated with Medicare. Upon the death of the retiree, surviving spouses may elect to remain in the County's plan.

Current Henrico County retirees who qualify for health benefits receive an implicit rate subsidy by participating in the active employee health care risk pool. The County also provides a retiree health care supplement for retirees who meet the following eligibility conditions:

1. Retirees who are not eligible for the VRS health care credit.
2. Retirees must have a minimum of 20 full years of VRS service, 10 of which must be with the County.
3. The supplement will be paid only to eligible retirees who choose to remain in the County's group plan.
4. Employees retiring on a VRS disability will receive the monthly supplement for the greater of 30 years or their actual years of VRS service.

Effective January 1, 2006, the monthly supplement is \$3.00 for each full year of service. The former cap of 30 years of service has been removed. Therefore, all VRS service will be recognized for the supplement. Upon the death of a retiree, surviving spouses may elect to remain in the County's plan.

Membership

At June 30, 2022, membership for the postemployment healthcare benefits consisted of:

| | |
|-----------------------------------|-------------------|
| Active employees | 10,756 |
| Retirees | 1,069 |
| Disabled's | 40 |
| Retiree Spouses and Beneficiaries | <u>41</u> |
| Total participants | <u>11,906</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, 2022, the County's contribution to the OPEB Trust Fund was \$8,077,011 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 \$4,013,239, \$308,618, \$3,699,958, and \$55,196.

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, 2022. 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

At June 30, 2022, the County’s Governmental Activities, Business-type Activities, School Board and JRJDC’s employee allocation, reported a net postemployment healthcare OPEB liability of \$14,902,776, \$641,849, \$17,016,155 and \$148,437 respectively, for its proportionate share of the net pension liability. At June 30, 2022, the Governmental Activities, Business-type Activities, School Board and JRJDC proportion of the County of Henrico was 45.56 percent, 1.96 percent, 52.02 percent and .46 percent, respectively.

For the year ended June 30, 2022, the County’s Governmental Activities, Business-type Activities, School Board and JRJDC recognized healthcare OPEB expense of \$758,512, \$3,657, \$2,345,331, and \$1,769, respectively. The total OPEB expense for the County’s Primary Government is \$762,169.

As of June 30, 2022, the County’s Primary Government net Healthcare OPEB liability is as follows:

| | |
|--|----------------------|
| <u>Governmental Activities</u> | |
| Total Healthcare OPEB liability | \$ 53,555,024 |
| Fiduciary net position | <u>38,652,248</u> |
| Net Healthcare OPEB liability | <u>\$ 14,902,776</u> |
| | |
| <u>Business-type Activities</u> | |
| Total Healthcare OPEB liability | \$ 2,306,566 |
| Fiduciary net position | <u>1,664,717</u> |
| Net Healthcare OPEB liability | <u>\$ 641,849</u> |
| | |
| <u>Total Primary Government</u> | |
| Total Healthcare OPEB liability | \$ 55,861,590 |
| Fiduciary net position | <u>40,316,965</u> |
| Net Healthcare OPEB liability | <u>\$ 15,544,625</u> |
| | |
| Plan fiduciary net position as a percentage of the total Healthcare OPEB liability | 72.17% |

As of June 30, 2022, the County’s Component Unit Net Healthcare OPEB liability is as follows:

| | |
|--|----------------------|
| <u>Schools</u> | |
| Total Healthcare OPEB liability | \$ 61,149,722 |
| Fiduciary net position | <u>44,133,567</u> |
| Net Healthcare OPEB liability | <u>\$ 17,016,155</u> |
| | |
| <u>JRJDC</u> | |
| Total Healthcare OPEB liability | \$ 533,427 |
| Fiduciary net position | <u>384,990</u> |
| Net Healthcare OPEB liability | <u>\$ 148,437</u> |
| | |
| <u>Total Component Unit</u> | |
| Total Healthcare OPEB liability | \$ 61,683,149 |
| Fiduciary net position | <u>44,518,557</u> |
| Net Healthcare OPEB liability | <u>\$ 17,164,592</u> |
| | |
| Plan fiduciary net position as a percentage of the total net Healthcare OPEB liability | 72.17% |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Change in the Net Healthcare OPEB Liability

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|-----------------------------|------------------------------------|---------------------------------|
| Governmental Activities | | | |
| Balances at June 30, 2021 | \$59,793,901 | \$50,339,366 | \$9,454,535 |
| Changes for the year: | | | |
| Service cost | 2,199,555 | - | 2,199,555 |
| Interest | 4,129,440 | - | 4,129,440 |
| Difference between expected and actual experience | 2,396,411 | - | 2,396,411 |
| Changes of assumptions | (11,962,830) | - | (11,962,830) |
| Contributions-employer | - | 4,013,239 | (4,013,239) |
| Net investment income | - | (12,698,676) | 12,698,676 |
| Benefit payments, including refunds of employee contributions | (3,001,453) | (3,001,453) | - |
| Administrative expense | - | (228) | 228 |
| Net changes | <u>(6,238,877)</u> | <u>(11,687,118)</u> | <u>5,448,241</u> |
| Balances at June 30, 2022 | <u>\$53,555,024</u> | <u>\$38,652,248</u> | <u>\$14,902,776</u> |
| Business-type Activities | | | |
| Balances at June 30, 2021 | \$3,061,946 | \$2,577,795 | \$484,151 |
| Changes for the year: | | | |
| Service cost | 94,733 | - | 94,733 |
| Interest | 217,738 | - | 217,738 |
| Difference between expected and actual experience | (506,486) | - | (506,486) |
| Changes of assumptions | (515,228) | - | (515,228) |
| Contributions-employer | - | 308,618 | (308,618) |
| Net investment income | - | (1,175,549) | 1,175,549 |
| Benefit payments, including refunds of employee contributions | (46,137) | (46,137) | - |
| Administrative expense | - | (10) | 10 |
| Net changes | <u>(755,380)</u> | <u>(913,078)</u> | <u>157,698</u> |
| Balances at June 30, 2022 | <u>\$2,306,566</u> | <u>\$1,664,717</u> | <u>\$641,849</u> |
| Total Primary Government | | | |
| Balances at June 30, 2021 | \$62,855,847 | \$52,917,161 | \$9,938,686 |
| Changes for the year: | | | |
| Service cost | 2,294,288 | - | 2,294,288 |
| Interest | 4,347,178 | - | 4,347,178 |
| Difference between expected and actual experience | 1,889,925 | - | 1,889,925 |
| Changes of assumptions | (12,478,058) | - | (12,478,058) |
| Contributions-employer | - | 4,321,857 | (4,321,857) |
| Net investment income | - | (13,874,225) | 13,874,225 |
| Benefit payments, including refunds of employee contributions | (3,047,590) | (3,047,590) | - |
| Administrative expense | - | (238) | 238 |
| Net changes | <u>(6,994,257)</u> | <u>(12,600,196)</u> | <u>5,605,939</u> |
| Balances at June 30, 2022 | <u>\$55,861,590</u> | <u>\$40,316,965</u> | <u>\$15,544,625</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Change in the Net Healthcare OPEB Liability

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|-----------------------------|------------------------------------|---------------------------------|
| School Board | | | |
| Balances at June 30, 2021 | \$43,981,801 | \$37,027,454 | \$6,954,347 |
| Changes for the year: | | | |
| Service cost | 2,511,478 | - | 2,511,478 |
| Interest | 3,090,765 | - | 3,090,765 |
| Difference between expected and actual experience | 27,564,463 | - | 27,564,463 |
| Changes of assumptions | (13,659,293) | - | (13,659,293) |
| Contributions-employer | - | 3,699,958 | (3,699,958) |
| Net investment income | - | 5,745,907 | (5,745,907) |
| Benefit payments, including refunds of employee contributions | (2,339,492) | (2,339,492) | - |
| Administrative expense | - | (260) | 260 |
| Net changes | <u>17,167,921</u> | <u>7,106,113</u> | <u>10,061,808</u> |
| Balances at June 30, 2022 | <u>\$61,149,722</u> | <u>\$44,133,567</u> | <u>\$17,016,155</u> |
| James River Juvenile Detention Center | | | |
| Balances at June 30, 2021 | \$666,522 | \$561,132 | \$105,390 |
| Changes for the year: | | | |
| Service cost | 21,908 | - | 21,908 |
| Interest | 47,483 | - | 47,483 |
| Difference between expected and actual experience | (73,233) | - | (73,233) |
| Changes of assumptions | (119,154) | - | (119,154) |
| Contributions-employer | - | 55,196 | (55,196) |
| Net investment income | - | (221,237) | 221,237 |
| Benefit payments, including refunds of employee contributions | (10,099) | (10,099) | - |
| Administrative expense | - | (2) | 2 |
| Net changes | <u>(133,095)</u> | <u>(176,142)</u> | <u>43,047</u> |
| Balances at June 30, 2022 | <u>\$533,427</u> | <u>\$384,990</u> | <u>\$148,437</u> |
| Total Component Unit | | | |
| Balances at June 30, 2021 | \$44,648,323 | \$37,588,586 | \$7,059,737 |
| Changes for the year: | | | |
| Service cost | 2,533,386 | - | 2,533,386 |
| Interest | 3,138,248 | - | 3,138,248 |
| Difference between expected and actual experience | 27,491,230 | - | 27,491,230 |
| Changes of assumptions | (13,778,447) | - | (13,778,447) |
| Contributions-employer | - | 3,755,154 | (3,755,154) |
| Net investment income | - | 5,524,670 | (5,524,670) |
| Benefit payments, including refunds of employee contributions | (2,349,591) | (2,349,591) | - |
| Administrative expense | - | (262) | 262 |
| Net changes | <u>17,034,826</u> | <u>6,929,971</u> | <u>10,104,855</u> |
| Balances at June 30, 2022 | <u>\$61,683,149</u> | <u>\$44,518,557</u> | <u>\$17,164,592</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

D. Actuarial Methods and Assumptions

The projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used included techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

In the June 30, 2022 actuarial valuation, which was used for the June 30, 2022 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 6.0 percent graded uniformly to 5.5% over 2 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

E. Long-Term Expected Rate of Return

Investment policy

The Board of the Trust Fund has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board monitors and evaluates the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as of June 30, 2021:

| 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, 2022, the long-term expected rate of return on postemployment Healthcare plan investments was determined using the annual money-weighted rate of return on investments, net of investment expenses, which was (9.23) 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, 2022, 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% |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

F. Discount Rate

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

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

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

| | 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-----------------------|-------------------------|-----------------------|
| Healthcare OPEB | | | |
| Governmental Activities proportionate share of the net OPEB liability | \$ 20,646,083 | \$ 14,902,776 | \$ 9,971,777 |
| Business-type Activities proportionate share of the net OPEB liability | \$ 898,077 | \$ 641,849 | \$ 420,768 |
| Total Primary Government | \$ 21,544,160 | \$ 15,544,625 | \$ 10,392,545 |
| School Board proportionate share of the net OPEB liability | \$ 24,236,883 | \$ 17,016,155 | \$ 10,843,412 |
| James River Juvenile Detention Center proportionate share of the net OPEB liability | \$ 202,600 | \$ 148,437 | \$ 100,807 |
| Total Component Units | \$ 24,439,483 | \$ 17,164,592 | \$ 10,944,219 |

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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | 1% Decrease 5.0% decreasing to 4.5% over 12 years | Current Rate 6.0% decreasing to 5.5% over 12 years | 1% Increase 7.0% decreasng to 6.5% over 12 years |
|---|--|---|---|
| Healthcare OPEB | | | |
| Governmental Activities proportionate share of the net OPEB liability | \$ 11,070,472 | \$ 14,902,776 | \$ 19,395,612 |
| Business-type Activities proportionate share of the net OPEB liability | \$ 463,036 | \$ 641,849 | \$ 850,661 |
| Total Primary Government | \$ 11,533,508 | \$ 15,544,625 | \$ 20,246,273 |
| School Board proportionate share of the net OPEB liability | \$ 11,637,292 | \$ 17,016,155 | \$ 23,364,610 |
| James River Juvenile Detention Center proportionate share of the net OPEB liability | \$ 112,496 | \$ 148,437 | \$ 188,952 |
| Total Component Unit | \$ 11,749,788 | \$ 17,164,592 | \$ 23,553,562 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 |
|--|-----------------------------------|----------------------------------|
| <u>Primary Government</u> | | |
| Governmental Activities | | |
| Difference between expected and actual experience | \$ 2,274,238 | \$ 4,110,278 |
| Changes of assumptions | - | 11,291,296 |
| Difference between projected and actual earnings on OPEB plan investments | 1,116,667 | - |
| Total | \$ 3,390,905 | \$ 15,401,574 |
| Business-type Activities | | |
| Difference between expected and actual experience | \$ 7,502 | \$ 656,824 |
| Changes of assumptions | - | 493,847 |
| Difference between projected and actual earnings on OPEB plan investments | 56,172 | - |
| Total | \$ 63,674 | \$ 1,150,671 |
| <u>Total Primary Government</u> | | |
| Difference between expected and actual experience | \$ 2,281,740 | \$ 4,767,102 |
| Changes of assumptions | - | 11,785,143 |
| Difference between projected and actual earnings on OPEB plan investments | 1,172,839 | - |
| Total | \$ 3,454,579 | \$ 16,552,245 |
| <u>Component Units</u> | | |
| School Board | | |
| Difference between expected and actual experience | \$ 24,232,338 | \$ 3,712,884 |
| Changes of assumptions | - | 12,699,569 |
| Difference between projected and actual earnings on OPEB plan investments | 823,433 | - |
| Total | \$ 25,055,771 | \$ 16,412,453 |
| JRJDC | | |
| Difference between expected and actual experience | \$ 1,658 | \$ 105,400 |
| Changes of assumptions | - | 112,580 |
| Difference between projected and actual earnings on OPEB plan investments | 12,056 | - |
| Total | \$ 13,714 | \$ 217,980 |
| <u>Total Component Unit</u> | | |
| Difference between expected and actual experience | \$ 24,233,996 | \$ 3,818,284 |
| Changes of assumptions | - | 12,812,149 |
| Difference between projected and actual earnings on OPEB plan investments | 835,489 | - |
| Total | \$ 25,069,485 | \$ 16,630,433 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

| Year Ending June 30: | Governmental Activities | Business-Type Activities | School Board | JRJDC | Total |
|----------------------|----------------------------|-----------------------------|---------------------|---------------------|-----------------------|
| 2023 | \$ (3,090,225) | \$ (228,540) | \$ (82,602) | \$ (42,882) | \$ (3,444,249) |
| 2024 | (3,090,225) | (228,540) | (82,602) | (42,882) | (3,444,249) |
| 2025 | (1,137,212) | (124,140) | 1,785,707 | (23,346) | 501,009 |
| 2026 | (1,137,212) | (124,140) | 1,785,707 | (23,346) | 501,009 |
| 2027 | (1,164,190) | (126,215) | 1,760,834 | (23,717) | 446,712 |
| Thereafter | <u>(2,391,605)</u> | <u>(255,422)</u> | <u>3,476,274</u> | <u>(48,093)</u> | <u>781,154</u> |
| | <u>\$ (12,010,669)</u> | <u>\$ (1,086,997)</u> | <u>\$ 8,643,318</u> | <u>\$ (204,266)</u> | <u>\$ (4,658,614)</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, 2022, membership for the postemployment line of duty benefits consisted of:

| | |
|--------------------------------|------------------|
| Active employees | 1,631 |
| Disabled and surviving spouses | <u>56</u> |
| Total participants | <u>1,687</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 \$24,100,476 and OPEB expense of \$2,111,766 at June 30, 2022.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Change in the Net Line of Duty OPEB Liability

| Governmental Activities | <u>Total OPEB Liability</u> |
|--------------------------------|---------------------------------|
| Balances at June 30, 2021 | \$ 33,439,256 |
| Changes for the year: | |
| Service cost | 1,666,571 |
| Interest | 909,559 |
| Contributions-employer | (911,867) |
| Experience losses | (4,170,646) |
| Changes of assumptions | (6,832,397) |
| Net changes | <u>(9,338,780)</u> |
| Balances at June 30, 2022 | <u>\$ 24,100,476</u> |

D. Actuarial Assumptions

In the July 1, 2022 actuarial valuation for postemployment line of duty benefits, which was used for the June 30, 2022 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 a 4.09 percent discount rate, and salary increases of 3 percent annually. The assumed trend rate for the medial claims was changed from 7.5% graded uniformly to 6.75% over 3 years to 6.00% graded uniformly down to 5.50% over 2 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 4.09% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2022.

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 4.09 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 (3.09 percent) or 1- percentage point higher (5.09 percent) than the current rate:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | 1% Decrease (3.09%) | Discount Rate (4.09%) | 1% Increase (5.09%) |
|--|------------------------|--------------------------|------------------------|
| Line of Duty OPEB | | | |
| Governmental activities - OPEB liability | \$27,198,979 | \$24,100,476 | \$21,526,972 |

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 5.0% decreasing to 4.5% over 2 years | Current 6.0% decreasing to 5.5% over 2 years | 1% Increase 7.0% decreasing to 6.5 % over 2 years |
|--|---|--|---|
| Governmental activities - OPEB liability | \$21,026,731 | \$24,100,476 | \$27,882,435 |

H. Deferred Outflows and Inflows of Resources Related to Line of Duty 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:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| <u>Primary Government</u> | | |
| Governmental Activities | | |
| Difference between expected and actual experience | \$ 2,203,754 | \$ 3,938,943 |
| Change of assumptions | - | 6,452,819 |
| Total | \$ 2,203,754 | \$ 10,391,762 |

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

| | <u>Governmental Activities</u> |
|----------------------------------|---|
| <u>Primary Government</u> | |
| Year ended June 30th | |
| 2023 | \$ (464,364) |
| 2024 | (464,364) |
| 2025 | (464,364) |
| 2026 | (464,364) |
| 2027 | (464,364) |
| Thereafter | (5,866,188) |
| Total | \$ (8,188,008) |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,722 as of June 30, 2022.

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2021 ACFR. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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, 2022 and 2021 were \$1,993,592 and \$1,807,124, 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, 2022 and 2021 were \$80,174 and \$72,763 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, 2022 and 2021 were \$1,678,408 and \$1,550,249 for Teachers, \$159,206 and \$146,399 for School Board C&M and \$3,350 and \$3,237 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, 2022 and 2021 were \$17,837 and \$16,715 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, 2022, the County’s Governmental Activities, Business-type Activities, School Board and JRJDC reported a net GLI OPEB liability of \$12,216,735, \$903,176, \$18,500,799, and \$187,766 respectively. The net GLI OPEB liability was measured as of June 30, 2021, and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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. The County’s Governmental Activities, Business-type Activities, School Board and JRJDC have recognized opeb expense of \$481,250, \$24,984, \$778,062, and \$5,739 respectively. The total OPEB expense for the County’s Primary Government is \$506,234.

As of June 30, 2022, the County’s Primary Government Net GLI OPEB liability is as follows:

| | |
|---------------------------------|----------------------|
| <u>Governmental Activities</u> | |
| Total GLI OPEB liability | \$ 39,058,754 |
| Fiduciary net position | <u>26,842,019</u> |
| Net GLI OPEB liability | <u>\$ 12,216,735</u> |
| | |
| <u>Business-type Activities</u> | |
| Total GLI OPEB liability | \$ 2,595,908 |
| Fiduciary net position | <u>1,692,732</u> |
| Net GLI OPEB liability | <u>\$ 903,176</u> |
| | |
| <u>Total Primary Government</u> | |
| Total GLI OPEB liability | \$ 41,654,662 |
| Fiduciary net position | <u>28,534,751</u> |
| Net GLI OPEB liability | <u>\$ 13,119,911</u> |

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$18,500,799 is made up of three groups of employees. The Teacher's net GLI OPEB liability of \$16,713,814, the School Board Non-Professional Group net GLI OPEB liability of \$34,346 and the School C&M net GLI OPEB liability of \$1,752,639. 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 \$1,662,348 as of the measurement date of June 30, 2021. For the year ended June 30, 2022, the School Board C&M proportion share allocation was 8.94 percent. For the year ended June 30, 2022, the Teacher Plan, School Board Non-Professional Group and Schools C&M Group reported GLI OPEB expense of \$728,725, (\$931), and \$50,268, respectively. The total School Board OPEB expense is \$778,062. The School Board's participation in the VRS cost-sharing plan for the Teacher Plan and School Board Non-Professional Group was 1.43% and .0029%, respectively as of June 30, 2022.

As of June 30, 2022, the School Board's net GLI OPEB liability is as follows:

| | |
|---|----------------------|
| <u>Teachers</u> | |
| Total GLI OPEB liability | \$ 51,354,938 |
| Fiduciary net position | <u>34,641,124</u> |
| Net GLI OPEB liability | <u>\$ 16,713,814</u> |
| | |
| <u>Schools Non-Professional Group</u> | |
| Total GLI OPEB liability | \$ 105,532 |
| Fiduciary net position | <u>71,186</u> |
| Net GLI OPEB liability | <u>\$ 34,346</u> |
| | |
| <u>Schools C&M</u> | |
| Total GLI OPEB liability | \$ 5,088,236 |
| Fiduciary net position | <u>3,335,597</u> |
| Net GLI OPEB liability | <u>\$ 1,752,639</u> |
| | |
| <u>Total Schools</u> | |
| Total GLI OPEB liability | \$ 56,548,706 |
| Fiduciary net position | <u>38,047,907</u> |
| Net GLI OPEB liability | <u>\$ 18,500,799</u> |
| | |
| Plan fiduciary net position as a percentage of the total net GLI OPEB liability | 67% |

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 \$1,662,348 as of the measurement date of June 30, 2021. As of June 30, 2022, JRJDC's proportion share was 1.02 percent. For the year ended June 30, 2022, JRJDC reported Net GLI OPEB liability of \$187,766 and GLI OPEB expense of \$5,739.

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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

employment and mortality. The amounts determined from the actuarial study regarding the total OPEB liability, total fiduciary net position, net OPEB liability and annual OPEB expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The total OPEB liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021:

| | |
|----------------------------|---|
| Valuation Date | June 30, 2020 |
| Measurement Date | June 30, 2021 |
| 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 – Teachers

Pre-Retirement:

- Pub-2010 amount weighted Teachers employee rates projected generationally; 110% of rates for males

Post-Retirement:

- Pub-2010 amount weighted Teachers healthy retiree rates projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:

- Pub-2010 amount weighted Teachers disable rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

- Pub-2010 amount weighted Teachers contingent annuitant rates projected generationally

Mortality Improvement Scale:

- Rates projected generationally with modified MP-2improvement scale that is 75% of the MP-2020 rates

Mortality rates – General Employees

Pre-Retirement:

- Pub-2010 amount weighted safety employee rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

- Pub-2010 amount weighted safety healthy retiree rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

Post-Disablement:

- Pub-2010 amount weighted general disabled rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

- Pub-2010 amount weighted safety contingent annuitant rates projected generationally

Mortality Improvement Scale:

- Rates projected generationally with modified MP-2020 improvement scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

| | |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each age and service decrement through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 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 |
|--------------------------------------|--------------------------------------|---|---|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | <u>100.00%</u> | | 4.89% |
| | Inflation | | 2.50% |
| | * Expected arithmetic nominal return | | <u>7.39%</u> |

* The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2020, the rate contributed by employers 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 rate. From July 1, 2020, on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEP 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 GLI OPEB liability.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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:

| | 1% Decrease (5.75%) | Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|------------------------|--------------------------|------------------------|
| <u>Primary Government</u> | | | |
| Governmental Activities proportionate share of the net GLI OPEB liability | \$ 18,833,994 | \$ 12,216,735 | \$ 8,091,486 |
| Business-type Activities proportionate share of the net GLI OPEB liability | 977,775 | 903,176 | 420,073 |
| Total Primary Government | <u>\$ 19,811,769</u> | <u>\$ 13,119,911</u> | <u>\$ 8,511,559</u> |
| <u>School Board</u> | | | |
| Teachers' proportionate share of the net GLI OPEB liability | \$ 24,419,488 | \$ 16,713,814 | \$ 10,491,132 |
| School Board Non-Professional Group net GLI OPEB liability | 50,180 | 34,346 | 21,558 |
| School Board C&M's proportionate share of the net GLI OPEB liability | 1,967,285 | 1,752,639 | 845,188 |
| Total all Schools | <u>\$ 26,436,953</u> | <u>\$ 18,500,799</u> | <u>\$ 11,357,878</u> |
| <u>James River Juvenile Detention Center</u> | | | |
| James River Juvenile Detention Center proportionate share of the net GLI OPEB liability | \$ 224,613 | \$ 187,766 | \$ 96,499 |

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 \$1,993,592, \$80,174, \$1,840,964, and \$17,837, 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, 2023. The County’s Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$105,583, \$6,595, \$262,393, and \$1,464 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 \$1,456,470, \$87,146, \$2,097,724, and \$19,806 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 \$703,187, \$45,593, \$1,006,534, and \$10,225 respectively, resulting from the changes in assumptions.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$97,220, \$6,515, \$128,590, and \$1,383 respectively, resulting from the difference between expected and actual experience. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$1,712,036, \$91,545, \$2,480,526, and \$20,825 respectively, resulting from changes of assumptions. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$363,691, \$20,093, \$84,765, and \$4,534 respectively, resulting from changes in proportionate share. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized net deferred inflows of resources of \$3,084,181, \$153,545, \$4,309,081, and \$35,761 respectively, resulting from the difference between projected and actual earnings on pension plan investments.

As of June 30, 2022, the County's Primary Government deferred outflows and inflows of resources is as follows:

| <u>Deferred Outflows of Resources</u> | |
|---|--------------------|
| Governmental Activities – employer contributions | \$ 1,993,592 |
| Governmental Activities – proportionate share | 105,583 |
| Governmental Activities – difference in experience | 1,456,470 |
| Governmental Activities – change of assumptions | 703,187 |
| Business-type Activities – employer contributions | 80,174 |
| Business-type Activities – proportionate share | 6,595 |
| Business-type Activities – difference in experience | 87,146 |
| Business-type Activities – change of assumptions | <u>45,593</u> |
| Total Primary Government | <u>\$4,478,340</u> |

| <u>Deferred Inflows of Resources</u> | |
|---|--------------------|
| Governmental Activities – difference in experience | \$ 97,220 |
| Governmental Activities – change of assumptions | 1,712,036 |
| Governmental Activities – difference in earnings | 3,084,181 |
| Governmental Activities – proportionate share | 363,691 |
| Business-type Activities – difference in experience | 6,515 |
| Business-type Activities – change of assumptions | 91,545 |
| Business-type Activities – difference in earnings | 153,545 |
| Business-type Activities – proportionate share | <u>20,093</u> |
| Total Primary Government | <u>\$3,455,060</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 |
|----------------------|----------------------------|-----------------------------|-----------------------------|
| 2023 | \$ (681,374) | \$ (29,346) | \$ (710,720) |
| 2024 | (599,969) | (23,825) | (623,794) |
| 2025 | (583,008) | (22,654) | (605,662) |
| 2026 | (948,885) | (47,389) | (996,274) |
| 2027 | (178,652) | (9,150) | (187,802) |
| Thereafter | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ (2,991,888)</u> | <u>\$ (132,364)</u> | <u>\$ (3,124,252)</u> |

As of June 30, 2022, the School Board's deferred outflows and inflows of resources are as follows:

| <u>Deferred Outflows of Resources</u> | |
|---------------------------------------|--------------|
| Teachers – employer contributions | \$ 1,678,408 |
| Teachers – difference in experience | 1,919,970 |
| Teachers – proportionate share | 247,364 |
| Teachers – change of assumptions | 914,361 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | |
|---|--------------------|
| Schools Non-Professional Group – employer contributions | 3,350 |
| Schools Non-Professional Group – difference in experience | 4,459 |
| Schools Non-Professional Group – change of assumptions | 2,100 |
| Schools Non-Professional Group – proportionate share | 1,960 |
| Schools C&M – employer contributions | 159,206 |
| Schools C&M – difference in experience | 173,295 |
| Schools C&M – change of assumptions | 90,073 |
| Schools C&M – proportionate share | <u>13,069</u> |
| Total Deferred Outflows of Resources | <u>\$5,207,615</u> |

Deferred Inflows of Resources

| | |
|---|--------------------|
| Teachers – difference in experience | \$ 115,576 |
| Teachers – change of assumptions | 2,291,171 |
| Teachers – difference in earnings | 3,991,045 |
| Teachers – proportionate share | 33,177 |
| Schools Non-Professional Group – difference in experience | 268 |
| Schools Non-Professional Group – change of assumptions | 5,823 |
| Schools Non-Professional Group – difference in earnings | 8,013 |
| Schools Non-Professional Group – proportionate share | 11,363 |
| Schools C&M – difference in experience | 12,746 |
| Schools C&M – change of assumptions | 183,532 |
| Schools C&M – difference in earnings | 310,023 |
| Schools C&M – proportionate share | <u>40,225</u> |
| Total Deferred Inflows of Resources | <u>\$7,002,962</u> |

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

| Year Ending June 30: | Teachers | School Board Non- Professional Group | School Board C&M | Total |
|----------------------|-----------------------|---|---------------------|-----------------------|
| 2023 | \$ (716,527) | \$ (6,640) | \$ (59,918) | \$ (783,085) |
| 2024 | (600,199) | (3,802) | (49,148) | (653,149) |
| 2025 | (624,133) | (3,564) | (46,921) | (674,618) |
| 2026 | (1,176,961) | (2,472) | (95,680) | (1,275,113) |
| 2027 | (231,454) | (470) | (18,422) | (250,346) |
| Thereafter | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ (3,349,274)</u> | <u>\$ (16,948)</u> | <u>\$ (270,089)</u> | <u>\$ (3,636,311)</u> |

| Year Ending June 30: | James River Juvenile Detention Center |
|----------------------|--|
| 2023 | \$ (6,801) |
| 2024 | (5,636) |
| 2025 | (5,501) |
| 2026 | (10,961) |
| 2027 | (2,109) |
| Thereafter | <u>-</u> |
| | <u>\$ (31,008)</u> |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

I. Employer Contributions

Employers' proportionate shares were calculated based on historical employer contributions. Although GAAP encourages the use of the employer's projected long-term contribution effort to the Other Post-Employment Benefit plan, allocating based on historical employer contributions is considered acceptable. Employer contributions recognized by the VRS GLI OPEB Plan that are not representative of future contribution efforts are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions for adjustments for prior periods. The employer contributions used in the determination of employers' proportionate shares of collective Other Postemployment Benefit amounts reported in the Schedule of Employer Allocations were based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2021. This total was \$1,600,504, \$1,442,162, and \$3,286 for the Teachers, County and School Board Non-Professional Group, respectively. The employer contributions of \$1,604,915, \$1,446,136 and \$3,295 for the Teachers, County and School Board Non-Professional Group reported in the VRS GLI OPEB Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount plus approximately \$4,411, \$3,974 and \$9 for the Teachers, County and School Board Non-Professional Group, respectively, in employer contribution adjustments that were not representative of future contribution efforts.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – TEACHER - SCHOOL BOARD NON-PROFESSIONAL GROUP EMPLOYEE HIC PROGRAM

A. Plan Description

The 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 2021 ACFR. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

| |
|--|
| <p>Eligible Employees</p> <p>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.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time permanent (professional) salaried employees of public school divisions covered under VRS. |
| <p>Benefit Amounts</p> <p>The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• 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:<ul style="list-style-type: none">○ \$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. |
| <p>HIC Program Notes:</p> <ul style="list-style-type: none">• The monthly HIC benefit cannot exceed the individual premium amount.• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the HIC as a retiree. |

The School Non-Professional Group has a total membership of 76 consisting of 38 active members, 38 inactive members as of the valuation date of June 30, 2020 and measurement date of June 30, 2021.

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, 2021 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, 2020. 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 \$3,568,077 and \$3,513,433 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. This total was \$107,171,678. The employer contributions of \$3,568,077 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.

For the School Board Non-Professional Group net HIC OPEB liability, 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 fund policy at rates equal to the difference between

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

actuarially determined contribution rates adopted by the VRS Board and the member rate. The employer projected contributions reflect the funding policy adopted by the Board of Trustees in June 2013 which includes an additional funding contribution, which is the additional contribution rate needed to allow for the use of the 6.75% investment rate of return as the single equivalent investment return assumption to calculate the net HIC OPEB liability as of the measurement date of June 30, 2021.

C. School Division HIC Program OPEB Liabilities and OPEB Expense

At June 30, 2022, the school division reported a net Teacher HIC OPEB liability of \$42,733,997 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, 2021 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, 2020. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC Program was 3.32% as compared to 3.33% at June 30, 2021.

At June 30, 2022, the school division reported a net School Board Non-Professional Group net HIC OPEB liability of \$102,772 and \$8,444 OPEB expense as of the measurement date of June 30, 2021 and an actuarial valuation date of June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$3,473,619. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022, 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, 2021, net OPEB liability amounts for the VRS Teacher Employee HIC Program is as follows (in thousands):

| | Teacher Employee HIC OPEB Plan |
|---|---|
| Total Teacher Employee HIC OPEB Liability | \$ 1,477,873 |
| Plan Fiduciary Net Position | <u>194,304</u> |
| Teacher Employee net HIC OPEB Liability | <u>\$ 1,283,569</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability | 13.15% |

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.

The School Division has a total net HIC OPEB liability of \$42,836,769 made up of the Teacher Employee net HIC OPEB liability of \$42,733,997 and the School Board net HIC OPEB liability of \$102,772.

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, 2020, 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

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

30, 2021.

- 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:

- Pub-2010 amount weighted Teachers employee rates projected generationally; 110% of rates for males

Post-Retirement:

- Pub-2010 amount weighted Teachers healthy retiree rates projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:

- Pub-2010 amount weighted Teachers disable rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

- Pub-2010 amount weighted Teachers contingent annuitant rates projected generationally

Mortality Improvement Scale:

- Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|---|--|
| Mortality Rates (Pre-retirement, post-retirement healthy, and disabled) | Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 |
| Retirement Rates | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates | Adjusted rates to better fit experience at each year age and service through 9 years of service |
| Disability Rates | No change |
| Salary Scale | No change |
| Discount Rate | No change |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-Term Expected Real Rate of Return</u> | <u>Weighted Average Long-Term Expected Real Rate of Return</u> |
|--------------------------------------|--------------------------------------|--|--|
| Public Equity | 34.00% | 5.00% | 1.70% |
| Fixed Income | 15.00% | 0.57% | 0.09% |
| Credit Strategies | 14.00% | 4.49% | 0.63% |
| Real Assets | 14.00% | 4.76% | 0.67% |
| Private Equity | 14.00% | 9.94% | 1.39% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.29% | 0.20% |
| PIP - Private Investment Partnership | 3.00% | 6.84% | 0.21% |
| Total | <u>100.00%</u> | | <u>4.89%</u> |
| | Inflation | | <u>2.50%</u> |
| | * Expected arithmetic nominal return | | <u><u>7.39%</u></u> |

* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total Teacher and School Non-Professional 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, 2021, 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, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

G. Sensitivity of the School Division's Proportionate Share of the Teacher Employee and School Non-Professional 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:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| | 1% Decrease (5.75%) | Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|------------------------|--------------------------|------------------------|
| Teachers' proportionate share of the net HIC OPEB liability | \$48,106,635 | \$42,733,997 | \$38,187,463 |
| School non-professional net HIC OPEB liability | \$110,140 | \$102,772 | \$96,302 |

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

At June 30, 2022, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Teacher Employee | | |
| Difference between projected and actual earnings on OPEB plan investments | \$ - | \$ 562,642 |
| Changes of assumptions | 1,151,454 | 262,000 |
| Changes in proportionate share | 464,075 | 206,314 |
| Difference between expected and actual experience | - | 745,034 |
| Employer contributions subsequent to the measurement date | 3,788,036 | - |
| Total | \$ 5,403,565 | \$ 1,775,990 |
| School Non-Professional | | |
| Difference between projected and actual earnings on OPEB plan investments | \$ - | \$ 330 |
| Changes of assumptions | 2,871 | - |
| Employer contributions subsequent to the measurement date | - | - |
| Total | \$ 2,871 | \$ 330 |
| School Board | | |
| Difference between projected and actual earnings on OPEB plan investments | \$ - | \$ 562,972 |
| Changes of assumptions | 1,154,325 | 262,000 |
| Changes in proportionate share | 464,075 | 206,314 |
| Difference between expected and actual experience | - | 745,034 |
| Employer contributions subsequent to the measurement date | 3,788,036 | - |
| Total | \$ 5,406,436 | \$ 1,776,320 |

The Henrico Teacher plan and School non-professional group recognized deferred outflows of resources of \$3,788,036 and \$0, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net HIC OPEB liability in the fiscal year ending June 30, 2023.

The Henrico Teacher Plan reported \$3,788,036 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, 2023. 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:

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

| Year Ending June 30: | Teacher Employee | School Board Non-Professional Group |
|-----------------------------|-----------------------------|--|
| 2023 | \$ 24,801 | \$ 1,171 |
| 2024 | (102,589) | 1,171 |
| 2025 | (58,397) | 280 |
| 2026 | (81,564) | (81) |
| 2027 | 44,600 | - |
| Thereafter | 12,688 | - |
| | \$ (160,461) | \$ 2,541 |

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, 2022, an expenditure of \$8,234 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 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, 2022.

Receivables and payables balances at June 30, 2022, were as follows:

| | Receivables | Payables |
|--------------------------------|---------------------|---------------------|
| General Fund | \$ - | \$ 1,139,387 |
| Special Revenue Fund | - | 230,959 |
| Water and Sewer Fund | 1,603,165 | 90,244 |
| Capital Projects Fund | - | 1,603,165 |
| Central Automotive Maintenance | - | 23,446 |
| Health Care Fund | 1,484,036 | - |
| | \$ 3,087,201 | \$ 3,087,201 |

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, 2022, were as follows:

| | Receivables | Payables |
|------------------|--------------------|-----------------|
| Health Care Fund | \$ 21,459 | \$ - |
| JRJDC | - | 21,459 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

\$ 21,459 \$ 21,459

NOTE 17. FUND TRANSFERS

Transfers within the County are made between the General Fund, Special Revenue Fund, Debt Service Fund and the Capital Projects Fund. The transfers are made primarily for the payment of debt and interest, construction in progress and to support educational and special revenue activities.

Inter-fund transfers for the year ended June 30, 2022 were as follows:

| | Transfers Out | Transfers In |
|-----------------------|--------------------------|-------------------------|
| Governmental Funds: | | |
| General Fund | \$ 154,464,294 | \$ - |
| Special Revenue Fund | - | 31,638,587 |
| Debt Service Fund | - | 78,346,649 |
| Capital Projects Fund | - | 44,479,058 |
| | \$ 154,464,294 | \$ 154,464,294 |

NOTE 18. RELATED-PARTY TRANSACTIONS

During fiscal year 2022, the County contributed \$4,799,923 to the Economic Development Authority of Henrico County, Virginia to foster economic development within the County and the County received \$240,743 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 \$65,945,481 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, 2022 totaled \$119,882 and \$31,991,952 in the County's General Fund and Capital Projects Fund, respectively and \$3,295,672 and \$29,047,469 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, 2022. Unearned revenue at June 30, 2022, totaled \$1,355,382 in the School General Fund for monies received in advance of expenditures being made as of June 30, 2022. Unearned grant revenues for the Schools' Special Revenue Fund totaled \$135,124 for USDA donated food inventory on hand at June 30, 2022.

Also, the Water and Sewer Revenue Fund recorded unearned revenues in the amount of \$11,285,268, which consists of an advance payment from a customer of \$5,196,725 for water capacity, amounts held for contractors of \$6,088,543.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 20. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2022:

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 |
| Sheila Minor – Director of Finance and Employees of the Director of Finance | \$ 1,000,000 |
| Alisa Gregory – Sheriff and Employees of the Sheriff’s Office | \$ 30,000 |

Travelers Casualty and Surety Company of America

| | |
|----------------------|--------------|
| All County positions | \$ 1,000,000 |
| All School positions | \$ 1,000,000 |

Fidelity and Deposit Company of Maryland

| | |
|---|------------|
| John Vithoukas – County Manager | \$ 100,000 |
| Jamie Massey – Director of Department of General Services | \$ 100,000 |
| Monica Smith-Callahan – Deputy County Manager for Community Affairs | \$ 100,000 |
| W. Brandon Hinton – Deputy County Manager for Administration | \$ 100,000 |
| Steve Yob – Deputy County Manager for Community Operations | \$ 100,000 |
| Michael Feinmel – Deputy County Manager for Public Safety | \$ 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 |
| John Wack – School Board Agent | \$ 10,000 |

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022.

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, 2022

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 \$14,749,418 for transient occupancy tax to the Convention Authority during the year ended June 30, 2022.

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 \$3,754,797 has been reported as landfill closure and postclosure care liability in the County's financial statements at June 30, 2022. 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 2022. 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 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 was \$2,906,218 for the year ended June 20, 2022.

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 \$288,750 for the year ended June 30, 2022.

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 \$1,326,049 to RMCVB for the year ended June 30, 2022.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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 \$180,950 for the year ended June 30, 2022.

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 43 commercial property owners have received \$1,510,640 in tax credits in 2022.

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 116 properties have been completed with a total tax credit of \$83,049 as of June 30, 2022.

The County’s Economic Development Authority (the “Authority”) and 1420 N Parham Road, LC (“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 2028. 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 dates of September 30, 2021 and March 30, 2022 were for the tax periods of January 1 through June 30, 2021 and July 1 through December 2021, respectively.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

The Authority and 2001 Maywill LLC (the “Maywill Company”) entered into an agreement on April 29, 2019, to provide economic development incentives to assist the Company in the development of a portion of the property in the Westwood area known as 2013 Maywill Street (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 an apartment complex and the construction of an office building and parking facility. The Group will invest approximately \$90 million into the redevelopment of the Site. Tax revenues from the Site in the 10 years following the completion of the parking facility and office and retail space will be approximately \$7.0 million. The project was completed in calendar year 2022. The Authority will pay grants to the Group in the amount equal to eighty-five percent (85%) of the tax revenues up to an aggregate maximum of \$6 million, beginning September 30, 2022 through March 30, 2031. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2022, for the tax period January 1 through June 30, 2022. The grant payment date of March 30, 2023 will be for the tax period July 1 through December 2022.

**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, 2022

Exhibit 12
Page 1 of 3

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|---|----------------------------|---------------------------|--------------------|--------------------|
| Primary Government: | | | | |
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| General property taxes: | | | | |
| Current real property taxes | \$ 393,001,500 | \$ 393,001,500 | \$ 406,198,507 | \$ 13,197,007 |
| Current personal property taxes | 88,068,217 | 88,068,217 | 110,343,225 | 22,275,008 |
| Delinquent real property taxes | 3,000,000 | 3,000,000 | 7,420,001 | 4,420,001 |
| Delinquent personal property taxes | 9,900,000 | 9,900,000 | 13,479,448 | 3,579,448 |
| Interest | 350,000 | 350,000 | 693,362 | 343,362 |
| Land redemption | | | | - |
| Total general property taxes | <u>494,319,717</u> | <u>494,319,717</u> | <u>538,134,543</u> | <u>43,814,826</u> |
| Other local taxes: | | | | |
| County recordation taxes | 5,000,000 | 5,000,000 | 8,062,570 | 3,062,570 |
| Local sales and use taxes | 70,000,000 | 70,046,264 | 87,993,897 | 17,947,633 |
| Consumer utility taxes | 2,750,000 | 2,750,000 | 1,893,791 | (856,209) |
| Business and professional license taxes | 36,000,000 | 36,000,000 | 46,330,255 | 10,330,255 |
| Motor vehicle license taxes | 7,400,000 | 7,400,000 | 7,445,801 | 45,801 |
| Meals Tax | 24,000,000 | 24,000,000 | 34,826,570 | 10,826,570 |
| Hotel and motel taxes | 8,000,000 | 9,500,000 | 14,944,485 | 5,444,485 |
| Bank franchise taxes | 15,000,000 | 15,000,000 | 17,980,194 | 2,980,194 |
| Grantor's taxes | 1,300,000 | 1,300,000 | 2,190,587 | 890,587 |
| Daily and short term rental tax | 60,000 | 60,000 | 117,532 | 57,532 |
| Consumption tax | 1,100,000 | 1,100,000 | 766,830 | (333,170) |
| Total other local taxes | <u>170,610,000</u> | <u>172,156,264</u> | <u>222,552,512</u> | <u>50,396,248</u> |
| Permits, privilege fees and regulatory licenses: | | | | |
| Municipal library court fees | 130,000 | 130,000 | 107,417 | (22,583) |
| Transfer fees | 7,700 | 7,700 | 10,417 | 2,717 |
| Zoning application fees | 150,000 | 150,000 | 286,994 | 136,994 |
| Structure and equipment permits | 5,500,000 | 5,500,000 | 10,275,825 | 4,775,825 |
| Septic tank permits | 4,000 | 4,000 | 7,548 | 3,548 |
| Taxi cab certificates | 10,000 | 10,000 | 6,640 | (3,360) |
| Permits to purchase precious metal | 8,000 | 8,000 | 6,600 | (1,400) |
| Dog licenses | 50,000 | 50,000 | 33,338 | (16,662) |
| Other | 494,300 | 494,300 | 401,420 | (92,880) |
| Total permits, privilege fees and regulatory licenses | <u>6,354,000</u> | <u>6,354,000</u> | <u>11,136,199</u> | <u>4,782,199</u> |
| Fines and forfeitures: | | | | |
| False alarm penalties | 65,000 | 65,000 | 66,965 | 1,965 |
| Traffic violations | 2,000,000 | 2,000,000 | 1,595,093 | (404,907) |
| Parking violations | 20,000 | 20,000 | 12,782 | (7,218) |
| Total fines and forfeitures | <u>2,085,000</u> | <u>2,085,000</u> | <u>1,674,840</u> | <u>(410,160)</u> |
| Revenue from use of money and property: | | | | |
| Sale of equipment and publications | 96,200 | 96,200 | 396,780 | 300,580 |
| Rented county property | 718,500 | 718,500 | 1,145,337 | 426,837 |
| Use of money | 10,170,000 | 10,170,000 | 196,975 | (9,973,025) |
| Total revenue from use of money and property | <u>10,984,700</u> | <u>10,984,700</u> | <u>1,739,092</u> | <u>(9,245,608)</u> |
| Charges for services: | | | | |
| Public works | 190,000 | 190,000 | 215,741 | 25,741 |
| Library | 400,000 | 400,000 | 196,094 | (203,906) |
| Sheriff fees | 1,591,000 | 1,591,000 | 1,565,564 | (25,436) |
| Commonwealth's Attorney fees | 25,000 | 25,000 | 18,703 | (6,297) |
| Public safety | 27,000 | 27,000 | 51,380 | 24,380 |
| Finance charges | 65,000 | 65,000 | 255,212 | 190,212 |
| Recreation | 576,000 | 576,000 | 374,430 | (201,570) |
| Information technology | 800,000 | 800,000 | 806,500 | 6,500 |
| Total charges for services | <u>3,674,000</u> | <u>3,674,000</u> | <u>3,483,624</u> | <u>(190,376)</u> |

HENRICO COUNTY, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 12
Page 2 of 3

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|--|----------------------------|---------------------------|-----------------------|----------------------|
| Primary Government: | | | | |
| General Fund, continued: | | | | |
| Miscellaneous | \$ 3,979,000 | \$ 3,979,000 | \$ 4,278,288 | \$ 299,288 |
| Total miscellaneous | <u>3,979,000</u> | <u>3,979,000</u> | <u>4,278,288</u> | <u>299,288</u> |
| Recovered costs: | | | | |
| Finance | 2,682,000 | 2,682,000 | 2,765,234 | 83,234 |
| General services | 1,155,000 | 1,155,000 | 2,240,229 | 1,085,229 |
| Public works | 150,000 | 150,000 | 30,643 | (119,357) |
| Sheriff | 1,200,000 | 1,200,000 | 1,242,397 | 42,397 |
| Total recovered costs | <u>5,187,000</u> | <u>5,187,000</u> | <u>6,278,503</u> | <u>1,091,503</u> |
| Total revenue from local sources | <u>697,193,417</u> | <u>698,739,681</u> | <u>789,277,601</u> | <u>90,537,920</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Non-categorical aid: | | | | |
| Rolling stock | 150,000 | 150,000 | 160,878 | 10,878 |
| Recovery of central costs | 600,000 | 600,000 | 656,136 | 56,136 |
| Mobile home sales and use tax | 7,000 | 7,000 | 10,479 | 3,479 |
| Motor vehicle rental tax | 3,300,000 | 3,300,000 | 4,906,401 | 1,606,401 |
| PPTRA revenue | 37,001,783 | 37,001,783 | 37,001,783 | - |
| Communications sales and use tax - HB568 | 10,000,000 | 10,000,000 | 9,396,069 | (603,931) |
| Overweight truck citations | - | - | 15,440 | 15,440 |
| Game of skills | - | - | 103,536 | 103,536 |
| Total non-categorical aid | <u>51,058,783</u> | <u>51,058,783</u> | <u>52,250,722</u> | <u>1,191,939</u> |
| Shared expenses: | | | | |
| Sheriff | 12,350,000 | 12,350,000 | 13,358,893 | 1,008,893 |
| Commonwealth's Attorney | 2,275,000 | 2,275,000 | 2,431,507 | 156,507 |
| Election commission | 75,000 | 75,000 | 134,189 | 59,189 |
| Finance | 800,000 | 800,000 | 847,735 | 47,735 |
| Circuit court | 1,700,000 | 1,700,000 | 2,208,287 | 508,287 |
| Total shared expenses | <u>17,200,000</u> | <u>17,200,000</u> | <u>18,980,611</u> | <u>1,780,611</u> |
| Categorical aid: | | | | |
| Library | 200,000 | 200,000 | 230,251 | 30,251 |
| Public safety | 13,935,000 | 14,037,652 | 13,407,975 | (629,677) |
| Public works | 48,525,040 | 51,028,804 | 51,028,804 | - |
| Juvenile and domestic relations | 628,000 | 628,000 | 707,331 | 79,331 |
| Information Technology | - | - | 148,346 | 148,346 |
| Total categorical aid | <u>63,288,040</u> | <u>65,894,456</u> | <u>65,522,707</u> | <u>(520,095)</u> |
| Total revenue from the Commonwealth | <u>131,546,823</u> | <u>134,153,239</u> | <u>136,754,040</u> | <u>2,452,455</u> |
| Total intergovernmental | <u>131,546,823</u> | <u>134,153,239</u> | <u>136,754,040</u> | <u>2,452,455</u> |
| Total General Fund | <u>\$ 828,740,240</u> | <u>\$ 832,892,920</u> | <u>\$ 926,031,641</u> | <u>\$ 92,990,375</u> |

HENRICO COUNTY, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 12
Page 3 of 3

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|--|-----------------------|-----------------------|-------------------------|-----------------------|
| Primary Government: | | | | |
| Special Revenue Fund: | | | | |
| Revenue from use of money and property | \$ 171,500 | \$ 171,500 | \$ 234,242 | \$ 62,742 |
| Charges for services: | | | | |
| Miscellaneous charges for services | 12,161,553 | 12,377,120 | 13,835,390 | 1,458,270 |
| Refuse collection billing | 10,250,000 | 10,250,000 | 11,221,724 | 971,724 |
| Recycle fees | 226,000 | 226,000 | 549,902 | 323,902 |
| Bulky waste collection fees | 1,680,000 | 1,680,000 | 1,790,506 | 110,506 |
| Leaf collection | 3,371,409 | 3,371,409 | 3,371,409 | - |
| Charges for street lights | 84,100 | 84,100 | 227,348 | 143,248 |
| Total charges for services | <u>27,773,062</u> | <u>27,988,629</u> | <u>30,996,279</u> | <u>3,007,650</u> |
| Miscellaneous revenues | <u>1,679,615</u> | <u>1,941,485</u> | <u>766,894</u> | <u>(1,174,591)</u> |
| Recovered costs: | | | | |
| Recovered costs | 618,008 | 659,358 | 610,811 | (48,547) |
| Recoveries and rebates | 56,066 | 56,066 | 162,597 | 106,531 |
| Total recovered costs | <u>674,074</u> | <u>715,424</u> | <u>773,408</u> | <u>57,984</u> |
| Total revenue from local sources | <u>30,298,251</u> | <u>30,817,038</u> | <u>32,770,823</u> | <u>1,953,785</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Division of litter control | 35,000 | 35,000 | 58,806 | 23,806 |
| Social services | 7,522,152 | 8,455,855 | 6,376,118 | (2,079,737) |
| Mental health and developmental services | 10,570,776 | 11,404,126 | 11,030,784 | (373,342) |
| Virginia department of corrections | 1,605,987 | 1,657,262 | 1,657,003 | (259) |
| Commonwealth's Attorney | 309,279 | 309,279 | 147,114 | (162,165) |
| Miscellaneous state grants | 1,442,326 | 2,134,818 | 1,469,047 | (665,771) |
| Total revenue from the Commonwealth | <u>21,485,520</u> | <u>23,996,340</u> | <u>20,738,872</u> | <u>(3,257,468)</u> |
| Revenue from the Federal government: | | | | |
| Workforce investment | 3,636,750 | 5,288,859 | 4,272,648 | (1,016,211) |
| Social Services | 12,170,176 | 12,656,688 | 11,861,028 | (795,660) |
| Community development block grants | - | 2,634,922 | 2,624,538 | (10,384) |
| Public safety | - | 465,684 | 595,419 | 129,735 |
| Mental health and developmental services | 1,933,903 | 3,397,640 | 3,623,722 | 226,082 |
| Miscellaneous federal grants | 676,202 | 2,205,946 | 2,610,212 | 404,266 |
| Total revenue from the Federal government | <u>18,417,031</u> | <u>26,649,738</u> | <u>25,587,567</u> | <u>(1,062,171)</u> |
| Total intergovernmental | <u>39,902,551</u> | <u>50,646,079</u> | <u>46,326,439</u> | <u>(4,319,640)</u> |
| Total Special Revenue Fund | <u>\$ 70,200,802</u> | <u>\$ 81,463,117</u> | <u>\$ 79,097,262</u> | <u>\$ (2,365,855)</u> |
| Total Revenues - Governmental Funds | <u>\$ 898,941,042</u> | <u>\$ 914,356,037</u> | <u>\$ 1,005,128,903</u> | <u>\$ 90,624,520</u> |

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 13
Page 1 of 4

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--|--------------------|--------------------|--------------------|------------------|
| Primary Government: | | | | |
| General Fund: | | | | |
| General government: | | | | |
| Legislative: | | | | |
| Board of Supervisors | \$ 1,149,739 | \$ 1,268,238 | \$ 1,266,730 | \$ 1,508 |
| Total legislative | <u>1,149,739</u> | <u>1,268,238</u> | <u>1,266,730</u> | <u>1,508</u> |
| General and financial administration: | | | | |
| County Manager | 3,849,260 | 4,025,739 | 4,015,147 | 10,592 |
| County Attorney | 2,746,282 | 3,269,953 | 3,027,987 | 241,966 |
| Human Resources | 6,603,022 | 7,032,643 | 6,311,153 | 721,490 |
| Finance | 15,078,267 | 14,724,775 | 14,263,891 | 460,884 |
| General Services | 13,930,319 | 14,729,084 | 14,307,465 | 421,619 |
| Internal Audit | 662,623 | 665,599 | 540,203 | 125,396 |
| Real Property Agent | 655,143 | 17 | - | 17 |
| Information Technology | 16,396,796 | 18,387,292 | 17,631,861 | 755,431 |
| Risk Management | 10,493,570 | 15,593,570 | 12,424,081 | 3,169,489 |
| Total general and financial administration | <u>70,415,282</u> | <u>78,428,672</u> | <u>72,521,788</u> | <u>5,906,884</u> |
| Board of Elections: | | | | |
| Election Commission | 1,933,760 | 1,975,161 | 1,842,113 | 133,048 |
| Total Board of Elections | <u>1,933,760</u> | <u>1,975,161</u> | <u>1,842,113</u> | <u>133,048</u> |
| Total general government administration | <u>73,498,782</u> | <u>81,672,071</u> | <u>75,630,631</u> | <u>6,041,440</u> |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit Court | 3,667,994 | 3,795,702 | 3,677,998 | 117,704 |
| General District Court | 467,639 | 468,866 | 352,097 | 116,769 |
| Juvenile and Domestic Relations Court | 2,679,573 | 2,687,812 | 2,664,657 | 23,155 |
| Total Courts | <u>6,815,207</u> | <u>6,952,381</u> | <u>6,694,752</u> | <u>257,629</u> |
| Commonwealth's Attorney: | | | | |
| Commonwealth's Attorney | 5,990,197 | 6,188,490 | 6,178,623 | 9,867 |
| Total Commonwealth's Attorney | <u>5,990,197</u> | <u>6,188,490</u> | <u>6,178,623</u> | <u>9,867</u> |
| Total judicial administration | <u>12,805,404</u> | <u>13,140,870</u> | <u>12,873,375</u> | <u>267,495</u> |
| Public safety: | | | | |
| Law enforcement: | | | | |
| Police Department | 85,879,001 | 90,415,356 | 90,853,854 | (438,498) |
| Total law enforcement | <u>85,879,001</u> | <u>90,415,356</u> | <u>90,853,854</u> | <u>(438,498)</u> |
| Fire services: | | | | |
| Fire Department | 71,849,030 | 79,141,071 | 78,415,444 | 725,627 |
| Total fire services | <u>71,849,030</u> | <u>79,141,071</u> | <u>78,415,444</u> | <u>725,627</u> |
| Correction and detention: | | | | |
| Sheriff | 45,441,924 | 49,572,412 | 49,412,019 | 160,393 |
| Juvenile and Domestic Relations District Court | 3,451,088 | 3,451,088 | 3,451,088 | - |
| Total correction and detention | <u>48,893,012</u> | <u>53,023,500</u> | <u>52,863,107</u> | <u>160,393</u> |
| Inspections: | | | | |
| Building | 5,127,203 | 4,967,616 | 4,715,828 | 251,788 |
| Total inspections | <u>5,127,203</u> | <u>4,967,616</u> | <u>4,715,828</u> | <u>251,788</u> |
| Other protection: | | | | |
| Emergency Management | 932,525 | 1,132,525 | 1,115,193 | 17,332 |
| Animal Protection | 2,091,760 | 2,059,415 | 2,043,893 | 15,522 |
| Building Security | 1,452,068 | 751,256 | 735,770 | 15,486 |
| Total other protection | <u>4,476,353</u> | <u>3,943,196</u> | <u>3,894,856</u> | <u>48,340</u> |
| Total public safety | <u>216,224,598</u> | <u>231,490,740</u> | <u>230,743,089</u> | <u>747,651</u> |

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 13
Page 2 of 4

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|---|--------------------|--------------------|--------------------|-------------------|
| Primary Government: | | | | |
| General Fund, continued: | | | | |
| Public works: | | | | |
| Maintenance of highways and streets: | | | | |
| General Administration | \$ 1,838,597 | \$ 2,388,175 | \$ 2,179,164 | \$ 209,011 |
| Mass Transit | 5,549,184 | 5,768,107 | 5,740,256 | 27,851 |
| Design | 2,218,532 | 2,821,419 | 2,356,108 | 465,311 |
| Construction and Maintenance | 33,604,010 | 41,972,239 | 29,734,189 | 12,238,050 |
| Traffic Engineering | 4,903,383 | 4,258,290 | 3,742,953 | 515,337 |
| Miscellaneous | 2,284,804 | 3,077,198 | 2,900,523 | 176,675 |
| Total maintenance of highways and streets | <u>50,398,510</u> | <u>60,285,428</u> | <u>46,653,193</u> | <u>13,632,235</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>53,769,919</u> | <u>63,656,837</u> | <u>50,024,602</u> | <u>13,632,235</u> |
| Health: | | | | |
| Public Health Department | 2,687,497 | 2,942,597 | 2,888,239 | - |
| Total health | <u>2,687,497</u> | <u>2,942,597</u> | <u>2,888,239</u> | <u>-</u> |
| Parks, recreation and cultural: | | | | |
| Parks and recreation: | | | | |
| Department of Recreation and Parks | 21,656,044 | 22,601,402 | 20,792,452 | 1,808,950 |
| Sandston Community House | 14,000 | 14,000 | 13,772 | 228 |
| Total parks and recreation | <u>21,670,044</u> | <u>22,615,402</u> | <u>20,806,224</u> | <u>1,809,178</u> |
| Sports and Entertainment Authority | | | | |
| Sports and Entertainment Authority | 585,896 | 585,896 | 376,381 | 209,515 |
| Total Sports and Entertainment Authority | <u>585,896</u> | <u>585,896</u> | <u>376,381</u> | <u>209,515</u> |
| Library: | | | | |
| Library Public Services | 20,673,778 | 19,859,869 | 19,380,119 | 479,750 |
| Total library | <u>20,673,778</u> | <u>19,859,869</u> | <u>19,380,119</u> | <u>479,750</u> |
| Total parks, recreation and cultural | <u>42,929,718</u> | <u>43,061,167</u> | <u>40,562,724</u> | <u>2,498,443</u> |
| Community development: | | | | |
| Planning and community development: | | | | |
| Economic Development | 15,503,578 | 22,695,913 | 22,314,208 | 381,705 |
| Planning and Rezoning | 4,580,078 | 4,826,469 | 4,199,977 | 626,492 |
| Total planning and community development | <u>20,083,656</u> | <u>27,522,382</u> | <u>26,514,185</u> | <u>1,008,197</u> |
| Cooperative extension program: | | | | |
| Agriculture | 406,547 | 407,363 | 407,363 | - |
| Total cooperative extension program | <u>406,547</u> | <u>407,363</u> | <u>407,363</u> | <u>-</u> |
| Total community development | <u>20,490,203</u> | <u>27,929,745</u> | <u>26,921,548</u> | <u>1,008,197</u> |
| Education: | | | | |
| School Board | 274,331,456 | 274,331,456 | 274,331,456 | - |
| Total education | <u>274,331,456</u> | <u>274,331,456</u> | <u>274,331,456</u> | <u>-</u> |

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 13
Page 3 of 4

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| Primary Government: | | | | |
| General Fund, continued: | | | | |
| Miscellaneous: | | | | |
| Cooperative Projects | \$ 21,675,073 | \$ 31,809,757 | \$ 45,717,516 | \$ (13,907,759) |
| Total miscellaneous | <u>21,675,073</u> | <u>31,809,757</u> | <u>45,717,516</u> | <u>(13,907,759)</u> |
| Debt service: | | | | |
| Lease principal | 1,405,255 | 1,405,255 | 1,405,255 | - |
| Lease interest | 109,429 | 109,429 | 109,429 | - |
| Total debt service | <u>1,514,684</u> | <u>1,514,684</u> | <u>1,514,684</u> | <u>-</u> |
| Total General Fund | <u>\$ 719,927,334</u> | <u>\$ 771,549,924</u> | <u>\$ 761,207,864</u> | <u>\$ 10,287,703</u> |
| Special Revenue Fund: | | | | |
| General government: | | | | |
| General and financial administration: | | | | |
| Workforce Investment | \$ 3,563,770 | \$ 8,138,071 | \$ 4,001,658 | \$ 4,136,413 |
| Total general government administration | <u>3,563,770</u> | <u>8,138,071</u> | <u>4,001,658</u> | <u>4,136,413</u> |
| Judicial administration: | | | | |
| Courts: | | | | |
| Circuit Court | - | - | (57,382) | 57,382 |
| Commonwealth's Attorney: | | | | |
| Commonwealth's Attorney | 1,363,854 | 1,659,566 | 1,358,652 | 300,914 |
| Total judicial administration | <u>1,363,854</u> | <u>1,659,566</u> | <u>1,301,270</u> | <u>358,296</u> |
| Public safety: | | | | |
| Law enforcement: | | | | |
| Traffic Accident Investigation | 1,624,323 | 7,240,447 | 4,430,343 | 2,810,104 |
| Total law enforcement | <u>1,624,323</u> | <u>7,240,447</u> | <u>4,430,343</u> | <u>2,810,104</u> |
| Fire | | | | |
| | - | 621,760 | 312,591 | 309,169 |
| Emergency Management | | | | |
| | - | 86,531 | 75,204 | 11,327 |
| Correction and detention: | | | | |
| Community Diversion Program | 2,271,723 | 2,451,079 | 2,249,701 | 201,378 |
| Juvenile and Domestic Relations District Court | 1,023,425 | 1,075,476 | 1,015,330 | 60,146 |
| Sheriff | - | 305,907 | 247,378 | 58,529 |
| Total correction and detention | <u>3,295,148</u> | <u>3,832,461</u> | <u>3,512,409</u> | <u>320,052</u> |
| Total public safety | <u>4,919,471</u> | <u>11,781,199</u> | <u>8,330,547</u> | <u>3,450,652</u> |
| Public works: | | | | |
| General Administration | 897,000 | 971,807 | 72,068 | 899,739 |
| Maintenance of Highways and Streets | 83,100 | 83,100 | 63,653 | 19,447 |
| Solid Waste Collection and Disposal | 17,306,753 | 18,775,728 | 16,343,514 | 2,432,214 |
| Total public works | <u>18,286,853</u> | <u>19,830,634</u> | <u>16,479,235</u> | <u>3,351,399</u> |
| Health and social services: | | | | |
| Social Services | 27,618,089 | 34,991,882 | 30,717,661 | 4,274,221 |
| Mental health and developmental services: | | | | |
| Related Services | 7,281,207 | 8,684,634 | 6,547,810 | 2,136,824 |
| Mental Health | 13,104,691 | 15,723,872 | 12,096,254 | 3,627,618 |
| Developmental Services | 13,543,120 | 14,605,580 | 12,037,262 | 2,568,318 |
| Substance Abuse | 3,187,874 | 5,819,025 | 3,351,440 | 2,467,585 |
| MH/DS Administration | 5,463,829 | 5,898,778 | 4,998,016 | 900,762 |
| Total mental health and developmental services | <u>42,580,721</u> | <u>50,731,889</u> | <u>39,030,782</u> | <u>11,701,107</u> |
| Total health and social services | <u>70,198,810</u> | <u>85,723,771</u> | <u>69,748,443</u> | <u>15,975,328</u> |

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Exhibit 13
Page 4 of 4

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--|----------------------------|---------------------------|-----------------------|----------------------|
| Primary Government: | | | | |
| Special Revenue Fund, continued: | | | | |
| Parks, recreation and culture: | | | | |
| Parks and Recreation grants | \$ - | \$ 54,600 | \$ 13,397 | \$ 41,203 |
| Total parks, recreation and culture | <u>-</u> | <u>54,600</u> | <u>13,397</u> | <u>41,203</u> |
| Community development: | | | | |
| Planning and Community Development | - | 7,522,044 | 2,672,068 | 4,849,976 |
| Economic Development | - | 4,194,604 | 2,427,279 | 1,767,325 |
| Total community development | <u>-</u> | <u>11,716,648</u> | <u>5,099,347</u> | <u>6,617,301</u> |
| Debt service: | | | | |
| Capital lease principal | 1,272,221 | 1,272,221 | 1,272,221 | - |
| Capital lease interest | 36,529 | 36,529 | 36,529 | - |
| Total debt service | <u>1,308,750</u> | <u>1,308,750</u> | <u>1,308,750</u> | <u>-</u> |
| Total Special Revenue Fund | <u>\$ 99,641,508</u> | <u>\$ 140,213,239</u> | <u>\$ 106,282,647</u> | <u>\$ 33,930,592</u> |
| Total Expenditures - Governmental Funds | <u>\$ 819,568,842</u> | <u>\$ 911,763,164</u> | <u>\$ 867,490,511</u> | <u>\$ 44,218,295</u> |

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 EIGHT FISCAL YEARS*

Exhibit 14
Page 1 of 2

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental Activities: | | | | | | | | |
| Total pension liability | | | | | | | | |
| Service cost | \$ 23,796,971 | \$ 23,884,723 | \$ 24,801,703 | \$ 25,098,225 | \$ 26,412,598 | \$ 26,669,998 | \$ 29,771,676 | \$ 29,776,955 |
| Interest on total pension liability | 65,367,508 | 69,217,236 | 71,893,739 | 75,416,152 | 78,641,385 | 81,609,627 | 84,178,813 | 88,814,534 |
| Change of assumptions | - | - | - | 3,600,205 | - | 35,221,964 | - | 55,338,972 |
| Difference between expected and actual experience | - | (15,888,024) | (3,762,008) | (13,129,434) | (2,495,542) | (5,237,540) | 18,002,646 | (16,940,177) |
| Benefit payments, including refunds of employee contributions | (43,077,241) | (47,302,547) | (50,505,930) | (53,593,856) | (57,951,397) | (60,174,533) | (65,005,434) | (70,197,879) |
| Other | - | - | - | - | - | - | 2,075,678 | - |
| Net change in total pension liability | 46,087,238 | 29,911,388 | 42,427,504 | 37,391,292 | 44,607,044 | 78,089,516 | 69,023,379 | 86,792,405 |
| 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 | 1,242,601,688 | 1,311,625,067 |
| 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> | <u>\$ 1,311,625,067</u> | <u>\$ 1,398,417,472</u> |
| Total fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 27,496,460 | \$ 28,290,290 | \$ 29,374,797 | \$ 26,184,817 | \$ 26,807,419 | \$ 28,277,430 | \$ 29,403,784 | \$ 31,636,840 |
| Contributions - employee | 9,281,980 | 9,452,120 | 9,798,397 | 10,254,955 | 10,318,099 | 10,537,974 | 11,048,961 | 11,138,818 |
| Net investment income | 113,606,404 | 38,115,473 | 15,148,200 | 107,128,844 | 72,308,202 | 68,371,688 | 20,632,319 | 293,769,294 |
| Benefit payments | (43,077,241) | (47,302,547) | (50,505,930) | (53,593,856) | (57,951,397) | (60,174,533) | (65,005,434) | (70,197,879) |
| Administrative expense | (612,154) | (522,704) | (541,959) | (622,456) | (628,498) | (681,327) | (707,937) | (737,023) |
| Other | 5,986 | (8,071) | (6,430) | (95,261) | (64,229) | (43,116) | 1,730,042 | (27,666) |
| 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 | (2,898,265) | 265,582,384 |
| Plan fiduciary net position - beginning | 729,182,146 | 835,883,581 | 863,908,142 | 867,175,217 | 956,432,260 | 1,007,221,856 | 1,053,509,972 | 1,050,611,707 |
| 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> | <u>\$ 1,050,611,707</u> | <u>\$ 1,316,194,091</u> |
| Net pension liability - ending (a)-(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> | <u>\$ 261,013,360</u> | <u>\$ 82,223,381</u> |
| Plan fiduciary net position as a percentage of total pension liability | 82.75% | 83.06% | 80.11% | 86.49% | 84.78% | 80.10% | 94.12% | |
| Covered payroll | \$ 188,575,531 | \$ 191,276,453 | \$ 199,857,968 | \$ 202,991,663 | \$ 209,182,401 | \$ 217,281,758 | \$ 228,391,980 | \$ 228,761,767 |
| Net pension liability as a percentage of covered payroll | 92.43% | 92.11% | 107.75% | 80.53% | 75.19% | 87.03% | 114.28% | 35.94% |
| Business-type Activities: | | | | | | | | |
| Total pension liability | | | | | | | | |
| Service cost | \$ 1,715,200 | \$ 1,683,447 | \$ 1,721,019 | \$ 1,727,978 | \$ 1,778,119 | \$ 1,786,600 | \$ 1,921,651 | \$ 1,845,156 |
| Interest on total pension liability | 4,711,454 | 4,878,582 | 4,988,789 | 5,192,297 | 5,294,205 | 5,466,957 | 5,433,428 | 5,503,473 |
| Change of assumptions | - | - | - | 247,869 | - | 2,359,489 | - | 3,429,129 |
| Difference between expected and actual experience | - | (1,119,823) | (261,050) | (903,943) | (168,002) | (350,858) | 1,162,004 | (1,049,713) |
| 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) | (4,195,858) | (4,349,875) |
| Other | - | - | - | - | - | - | (2,075,678) | - |
| Net change in total pension liability | 3,321,802 | 2,108,219 | 2,944,094 | 2,574,338 | 3,002,984 | 5,231,148 | 2,245,547 | 5,378,170 |
| Total pension liability - beginning | 68,748,558 | 72,070,360 | 74,178,579 | 77,122,673 | 79,697,011 | 82,699,995 | 87,931,143 | 90,176,690 |
| 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> | <u>\$ 90,176,690</u> | <u>\$ 95,554,860</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 EIGHT FISCAL YEARS*

Exhibit 14
Page 2 of 2

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Total fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 1,981,845 | \$ 1,993,960 | \$ 2,038,351 | \$ 1,802,788 | \$ 1,804,698 | \$ 1,894,281 | \$ 1,897,905 | \$ 1,960,405 |
| Contributions - employee | 669,012 | 666,206 | 679,922 | 706,039 | 694,623 | 705,930 | 713,169 | 690,227 |
| Net investment income | 8,188,339 | 2,686,461 | 1,051,151 | 7,375,672 | 4,867,851 | 4,580,160 | 1,331,739 | 18,203,680 |
| Benefit payments | (3,104,852) | (3,333,987) | (3,504,664) | (3,689,862) | (3,901,338) | (4,031,040) | (4,195,858) | (4,349,875) |
| Administrative expense | (44,121) | (36,841) | (37,607) | (42,855) | (42,311) | (45,641) | (45,695) | (45,670) |
| Other | 431 | (569) | (446) | (6,559) | (4,324) | (2,888) | (1,759,728) | (1,714) |
| Net change in plan fiduciary net position | 7,690,654 | 1,975,230 | 226,707 | 6,145,223 | 3,419,199 | 3,100,802 | (2,058,468) | 16,457,053 |
| Plan fiduciary net position - beginning | 51,997,574 | 59,688,228 | 61,663,458 | 61,890,165 | 68,035,388 | 71,454,587 | 74,555,389 | 72,496,921 |
| Plan fiduciary net position - ending (b) | \$ 59,688,228 | \$ 61,663,458 | \$ 61,890,165 | \$ 68,035,388 | \$ 71,454,587 | \$ 74,555,389 | \$ 72,496,921 | \$ 88,953,974 |
| Net pension liability - ending (a)-(b) | \$ 12,382,132 | \$ 12,515,121 | \$ 15,232,508 | \$ 11,661,623 | \$ 11,245,408 | \$ 13,375,754 | \$ 17,679,769 | \$ 6,600,886 |
| Plan fiduciary net position as a percentage of total pension liability | 82.82% | 83.13% | 80.25% | 85.37% | 86.40% | 84.79% | 80.39% | 93.09% |
| Covered payroll | \$ 13,395,158 | \$ 13,305,310 | \$ 13,763,763 | \$ 13,845,688 | \$ 14,070,332 | \$ 14,347,719 | \$ 14,987,107 | \$ 14,192,534 |
| Net pension liability as a percentage of covered payroll | 92.44% | 94.06% | 110.67% | 84.23% | 79.92% | 93.23% | 117.97% | 46.51% |
| Total Activities: | | | | | | | | |
| Total pension liability | | | | | | | | |
| Service cost | \$ 25,512,171 | \$ 25,568,170 | \$ 26,522,722 | \$ 26,826,203 | \$ 28,190,717 | \$ 28,456,598 | \$ 31,693,327 | \$ 31,622,111 |
| Interest on total pension liability | 70,078,962 | 74,095,818 | 76,882,528 | 80,608,449 | 83,935,590 | 87,076,584 | 89,612,241 | 94,318,007 |
| Change of assumptions | - | - | - | 3,848,074 | - | 37,581,453 | - | 58,768,101 |
| Difference between expected and actual experience | - | (17,007,847) | (4,023,058) | (14,033,377) | (2,663,544) | (5,588,398) | 19,164,650 | (17,989,890) |
| 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) | (69,201,292) | (74,547,754) |
| Other | - | - | - | - | - | - | - | - |
| Net change in total pension liability | 49,409,040 | 32,019,607 | 45,371,598 | 39,965,630 | 47,610,028 | 83,320,664 | 71,268,926 | 92,170,575 |
| 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 | 1,330,532,831 | 1,401,801,757 |
| 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 | \$ 1,401,801,757 | \$ 1,493,972,332 |
| Total fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 29,478,305 | \$ 30,284,250 | \$ 31,413,148 | \$ 27,987,605 | \$ 28,612,117 | \$ 30,171,711 | \$ 31,301,689 | \$ 33,597,245 |
| Contributions - employee | 9,950,992 | 10,118,326 | 10,478,319 | 10,960,994 | 11,012,722 | 11,243,904 | 11,762,130 | 11,829,045 |
| Net investment income | 121,794,743 | 40,801,934 | 16,199,351 | 114,504,516 | 77,176,053 | 72,951,848 | 21,964,058 | 311,972,974 |
| Benefit payments | (46,182,093) | (50,636,534) | (54,010,594) | (57,283,718) | (61,852,735) | (64,205,573) | (69,201,292) | (74,547,754) |
| Administrative expense | (656,275) | (559,545) | (579,566) | (665,311) | (670,809) | (726,968) | (753,632) | (782,693) |
| Other | 6,417 | (8,640) | (6,876) | (101,820) | (68,553) | (46,004) | (29,686) | (29,380) |
| 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 | (4,956,733) | 282,039,437 |
| 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 | 1,128,065,361 | 1,123,108,628 |
| 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 | \$ 1,123,108,628 | \$ 1,405,148,065 |
| Net pension liability - ending (a)-(b) | \$ 186,673,495 | \$ 188,693,311 | \$ 230,571,127 | \$ 175,134,491 | \$ 168,535,724 | \$ 202,467,470 | \$ 278,693,129 | \$ 88,824,267 |
| Plan fiduciary net position as a percentage of total pension liability | 82.75% | 83.07% | 80.12% | 85.40% | 86.49% | 84.78% | 80.12% | 94.05% |
| Covered payroll | \$ 201,970,689 | \$ 204,581,763 | \$ 213,621,731 | \$ 216,837,351 | \$ 223,252,733 | \$ 231,629,477 | \$ 243,379,087 | \$ 242,954,301 |
| Net pension liability as a percentage of covered payroll | 92.43% | 92.23% | 107.93% | 80.77% | 75.49% | 87.41% | 114.51% | 36.56% |

* See accompanying independent auditor's report.
* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only eight years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)
SCHOOL BOARD NON-PROFESSIONAL GROUP
LAST EIGHT FISCAL YEARS*

Exhibit 15

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| School Board Non-Professional Group | | | | | | | | |
| Total pension liability | | | | | | | | |
| Service cost | \$ 72,260 | \$ 69,746 | \$ 67,970 | \$ 58,711 | \$ 56,131 | \$ 56,136 | \$ 45,896 | \$ 59,644 |
| Interest on total pension liability | 582,852 | 580,111 | 567,282 | 571,638 | 554,959 | 539,048 | 534,571 | 539,205 |
| Change of assumptions | - | - | - | 44,778 | - | 182,613 | - | 383,505 |
| Difference between expected and actual experience | - | (139,895) | 108,818 | (226,614) | (134,067) | 157,842 | 216,758 | 119,836 |
| Benefit payments, including refunds of employee contributions | (689,613) | (698,924) | (687,530) | (676,153) | (697,423) | (711,216) | (722,303) | (734,835) |
| Net change in total pension liability | (34,501) | (188,962) | 56,540 | (227,640) | (220,400) | 224,423 | 74,922 | 367,355 |
| Total pension liability - beginning | 8,671,261 | 8,636,760 | 8,447,798 | 8,504,338 | 8,276,698 | 8,056,298 | 8,280,721 | 8,355,643 |
| 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> | <u>\$ 8,355,643</u> | <u>\$ 8,722,998</u> |
| Total fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 372,141 | \$ 238,475 | \$ 237,503 | \$ 199,298 | \$ 209,478 | \$ 165,901 | \$ 182,491 | \$ 193,314 |
| Contributions - employee | 31,303 | 31,253 | 30,289 | 30,785 | 31,431 | 26,749 | 29,681 | 25,221 |
| Net investment income | 804,061 | 251,841 | 85,861 | 614,333 | 387,642 | 334,328 | 95,468 | 1,230,914 |
| Benefit payments | (689,613) | (698,924) | (687,530) | (676,153) | (697,423) | (711,216) | (722,303) | (734,835) |
| Administrative expense | (4,544) | (3,822) | (3,655) | (3,892) | (3,645) | (3,782) | (3,624) | (3,466) |
| Other | 43 | (54) | (39) | (534) | (335) | (208) | (108) | 113 |
| Net change in plan fiduciary net position | 513,391 | (181,231) | (337,571) | 163,837 | (72,852) | (188,228) | (418,395) | 711,261 |
| Plan fiduciary net position - beginning | 5,309,719 | 5,823,110 | 5,641,879 | 5,304,308 | 5,468,145 | 5,395,293 | 5,207,065 | 4,788,670 |
| 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> | <u>\$ 4,788,670</u> | <u>\$ 5,499,931</u> |
| Net pension liability - ending (a)-(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> | <u>\$ 3,566,973</u> | <u>\$ 3,223,067</u> |
| Plan fiduciary net position as a percentage of total pension liability | 67.42% | 66.79% | 62.37% | 66.07% | 66.97% | 62.88% | 57.31% | 63.05% |
| Covered payroll | \$ 627,880 | \$ 602,637 | \$ 632,258 | \$ 658,947 | \$ 701,134 | \$ 716,437 | \$ 789,037 | \$ 652,343 |
| Net pension liability as a percentage of covered payroll | 448.12% | 465.61% | 506.13% | 426.22% | 379.53% | 429.02% | 452.07% | 494.08% |

See accompanying independent auditor's report.
* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only eight years are shown herein.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)
JRJDC
LAST EIGHT FISCAL YEARS*

Exhibit 16

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| JRJDC | | | | | | | | |
| Total pension liability | | | | | | | | |
| Service cost | \$ 369,875 | \$ 364,654 | \$ 370,481 | \$ 360,293 | \$ 404,395 | \$ 391,959 | \$ 418,389 | \$ 427,973 |
| Interest on total pension liability | 1,016,003 | 1,056,757 | 1,073,928 | 1,082,622 | 1,204,053 | 1,199,387 | 1,182,989 | 1,276,498 |
| Change of assumptions | - | - | - | 51,682 | - | 517,644 | - | 795,366 |
| Difference between expected and actual experience | - | (242,566) | (56,196) | (188,477) | (38,208) | (76,974) | 252,996 | (243,475) |
| Benefit payments, including refunds of employee contributions | (669,547) | (722,180) | (754,443) | (769,356) | (887,275) | (884,363) | (913,539) | (1,008,928) |
| Net change in total pension liability | 716,331 | 456,665 | 633,770 | 536,764 | 682,965 | 1,147,653 | 940,835 | 1,247,434 |
| Total pension liability - beginning | 14,730,311 | 15,446,642 | 15,903,307 | 16,537,077 | 17,073,841 | 17,756,806 | 18,904,459 | 19,845,294 |
| Total pension liability - ending (a) | <u>\$ 15,446,642</u> | <u>\$ 15,903,307</u> | <u>\$ 16,537,077</u> | <u>\$ 17,073,841</u> | <u>\$ 17,756,806</u> | <u>\$ 18,904,459</u> | <u>\$ 19,845,294</u> | <u>\$ 21,092,728</u> |
| Total fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 427,376 | \$ 431,915 | \$ 438,793 | \$ 375,891 | \$ 410,440 | \$ 415,583 | \$ 413,219 | \$ 454,705 |
| Contributions - employee | 144,269 | 144,308 | 146,365 | 147,213 | 157,977 | 154,873 | 155,274 | 160,094 |
| Net investment income | 1,765,778 | 581,918 | 226,279 | 1,537,867 | 1,107,087 | 1,004,834 | 289,952 | 4,222,237 |
| Benefit payments | (669,547) | (722,180) | (754,443) | (769,356) | (887,275) | (884,363) | (913,539) | (1,008,928) |
| Administrative expense | (9,514) | (7,980) | (8,095) | (8,935) | (9,623) | (10,013) | (9,949) | (10,593) |
| Other | 93 | (123) | (96) | (1,368) | (983) | (634) | (392) | (398) |
| Net change in plan fiduciary net position | 1,658,455 | 427,858 | 48,803 | 1,281,312 | 777,623 | 680,280 | (65,435) | 3,817,117 |
| Plan fiduciary net position - beginning | 11,141,185 | 12,799,640 | 13,227,498 | 13,276,301 | 14,557,613 | 15,335,236 | 16,015,516 | 15,950,081 |
| Plan fiduciary net position - ending (b) | <u>\$ 12,799,640</u> | <u>\$ 13,227,498</u> | <u>\$ 13,276,301</u> | <u>\$ 14,557,613</u> | <u>\$ 15,335,236</u> | <u>\$ 16,015,516</u> | <u>\$ 15,950,081</u> | <u>\$ 19,767,198</u> |
| Net pension liability - ending (a)-(b) | <u>\$ 2,647,002</u> | <u>\$ 2,675,809</u> | <u>\$ 3,260,776</u> | <u>\$ 2,516,228</u> | <u>\$ 2,421,570</u> | <u>\$ 2,888,943</u> | <u>\$ 3,895,213</u> | <u>\$ 1,325,530</u> |
| Plan fiduciary net position as a percentage of total pension liability | 82.86% | 83.17% | 80.28% | 85.26% | 86.36% | 84.72% | 80.37% | 93.72% |
| Covered payroll | \$ 2,827,621 | \$ 2,895,657 | \$ 2,933,358 | \$ 2,873,696 | \$ 3,164,600 | \$ 3,115,813 | \$ 3,152,453 | \$ 3,199,603 |
| Net pension liability as a percentage of covered payroll | 93.61% | 92.41% | 111.16% | 87.56% | 76.52% | 92.72% | 123.56% | 41.43% |

See accompanying independent auditor's report.
* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only eight years are shown herein.

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

Exhibit 17

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Governmental Activities: | | | | | | | | |
| Contractually determined contribution of employer | \$ 27,496,460 | \$ 28,290,290 | \$ 29,374,797 | \$ 26,184,817 | \$ 28,477,541 | \$ 29,700,868 | \$ 29,403,784 | \$ 35,352,382 |
| 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> | <u>29,403,784</u> | <u>31,538,675</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,813,707</u> |
| Covered payroll | 191,276,453 | 199,857,968 | 202,991,663 | 209,182,401 | 217,281,758 | 228,391,980 | 228,761,767 | 248,997,875 |
| Contributions as a percentage of covered payroll | 14.38% | 14.16% | 14.47% | 12.52% | 13.11% | 13.00% | 12.85% | 12.67% |
| Business-type Activities: | | | | | | | | |
| Contractually determined contribution of employer | \$ 1,981,845 | \$ 1,993,960 | \$ 2,038,351 | \$ 1,802,788 | \$ 1,894,281 | \$ 1,940,247 | \$ 1,897,905 | \$ 2,159,937 |
| 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> | <u>1,897,905</u> | <u>1,994,710</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 165,227</u> |
| Covered payroll | 13,305,310 | 13,763,763 | 13,845,688 | 14,070,332 | 14,347,719 | 14,987,107 | 14,192,534 | 15,140,165 |
| Contributions as a percentage of covered payroll | 14.90% | 14.49% | 14.72% | 12.81% | 13.20% | 12.95% | 13.37% | 13.17% |
| Total Primary Government: | | | | | | | | |
| Contractually determined contribution of employer | \$ 29,478,305 | \$ 30,284,250 | \$ 31,413,148 | \$ 27,987,605 | \$ 30,371,822 | \$ 31,641,115 | \$ 31,301,689 | \$ 37,512,319 |
| Contribution in relation to determined contributions | <u>29,478,305</u> | <u>30,284,250</u> | <u>31,413,148</u> | <u>27,987,605</u> | <u>30,371,822</u> | <u>31,641,115</u> | <u>31,301,689</u> | <u>33,533,385</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,978,934</u> |
| Covered payroll | 204,581,763 | 213,621,731 | 216,837,351 | 223,252,733 | 231,629,477 | 243,379,087 | 242,954,301 | 264,138,040 |
| Contributions as a percentage of covered payroll | 14.41% | 14.18% | 14.49% | 12.54% | 13.11% | 13.00% | 12.88% | 12.70% |
| School Board Non-Professional Group: | | | | | | | | |
| Contractually determined contribution of employer | \$ 372,141 | \$ 238,475 | \$ 237,503 | \$ 199,298 | \$ 156,828 | \$ 172,720 | \$ 182,491 | \$ 185,168 |
| 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> | <u>182,491</u> | <u>193,314</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (8,146)</u> |
| Covered payroll | \$ 602,637 | \$ 632,258 | \$ 658,947 | \$ 701,134 | \$ 716,437 | \$ 789,037 | \$ 652,343 | \$ 649,714 |
| Contributions as a percentage of covered payroll | 61.75% | 37.72% | 36.04% | 28.43% | 21.89% | 21.89% | 27.97% | 29.75% |

See accompanying independent auditor's report.
* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only eight years are shown herein.

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

Exhibit 18

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|----------------|----------------|----------------|------------------|------------------|------------------|------------------|------------------|
| Schools' proportion of the net pension liability | 3.29% | 3.28% | 3.30% | 3.28% | 3.29% | 3.31% | 3.34% | 3.32% |
| 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 | \$ 485,351,912 | \$ 257,587,334 |
| Schools' covered payroll | \$ 268,691,850 | \$ 273,853,673 | \$ 281,366,433 | \$ 288,681,379 | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 |
| 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% | 150.53% | 80.16% |
| 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 | \$ 1,193,017,414 | \$ 1,497,247,875 |
| Plan fiduciary net position as a percentage of the total pension liability | 70.88% | 70.68% | 68.28% | 72.92% | 74.74% | 73.51% | 71.08% | 85.32% |

See accompanying independent auditor's report.
Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only eight years are shown herein.

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

Exhibit 19

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 28,125,017 | \$ 35,384,284 | \$ 35,423,318 | \$ 44,126,503 | \$ 44,057,330 | \$ 46,401,911 | \$ 49,068,666 | \$ 52,604,971 |
| 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 | \$ 49,068,666 | \$ 52,604,971 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - |
| Schools' covered payroll | \$ 273,853,673 | \$ 281,366,433 | \$ 288,681,379 | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 | \$ 344,032,598 |
| Contributions as a percentage of covered payroll | 10.27% | 12.58% | 12.27% | 14.94% | 14.37% | 14.39% | 15.27% | 15.29% |

See accompanying independent auditor's report.

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

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

Exhibit 20

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually determined contribution of employer | \$ 427,376 | \$ 431,915 | \$ 438,793 | \$ 375,891 | \$ 410,440 | \$ 415,583 | \$ 413,219 | \$ 454,705 |
| Contribution in relation to determined contributions | <u>427,376</u> | <u>431,915</u> | <u>438,793</u> | <u>375,891</u> | <u>410,440</u> | <u>415,583</u> | <u>413,219</u> | <u>454,705</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | 2,895,657 | 2,933,358 | 2,873,696 | 3,164,600 | 3,115,813 | 3,152,453 | 3,199,603 | 3,347,370 |
| Contributions as a percentage of covered payroll | 14.76% | 14.72% | 15.27% | 11.88% | 13.17% | 13.18% | 12.91% | 13.58% |

See accompanying independent auditor's report.

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

COUNTY OF HENRICO, VIRGINIA

Notes to Required Supplementary Pension Information

For the Year Ended June 30, 2022

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.

Changes of assumptions - The actuarial assumptions used in the June 2020, valuation were based on the results of an actuarial study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on the VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 - Non-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

Largest 10-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decreased withdrawal rates

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years

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

Exhibit 21

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------------|----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB liability | | | | | | |
| Service cost | \$ 4,146,771 | \$ 3,781,739 | \$ 4,627,235 | \$ 4,858,597 | \$ 4,522,411 | \$ 4,827,674 |
| Interest on total OPEB liability | 7,708,898 | 7,990,226 | 6,187,930 | 6,605,248 | 7,032,983 | 7,485,426 |
| Differences between expected and actual experience | - | (28,205,844) | - | 449,044 | - | 29,381,155 |
| Change of assumptions | - | (5,679,980) | - | - | - | (26,256,505) |
| Benefit payments, including refunds of employee contributions | (6,538,795) | (4,146,968) | (4,478,725) | (5,084,837) | (5,466,200) | (5,397,181) |
| Net change in total OPEB liability | 5,316,874 | (26,260,827) | 6,336,440 | 6,828,052 | 6,089,194 | 10,040,569 |
| Total OPEB liability - beginning | 109,194,437 | 114,511,311 | 88,250,484 | 94,586,924 | 101,414,976 | 107,504,170 |
| 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> | <u>\$ 107,504,170</u> | <u>\$ 117,544,739</u> |
| Total plan fiduciary net position | | | | | | |
| Contributions - employer | \$ 7,765,131 | \$ 6,846,584 | \$ 7,303,945 | \$ 5,823,822 | \$ 7,824,778 | \$ 8,077,011 |
| Net investment income | 7,296,432 | 5,272,202 | 4,390,670 | 346,106 | 4,955,612 | 5,207,141 |
| Benefit payments | (6,538,795) | (4,146,968) | (4,478,725) | (5,084,837) | (5,466,200) | (5,397,181) |
| Administrative expense | - | (500) | (500) | (500) | (500) | (500) |
| Net change in plan fiduciary net position | 8,522,768 | 7,971,318 | 7,215,390 | 1,084,591 | 7,313,690 | 7,886,471 |
| Plan fiduciary net position - beginning | 44,841,294 | 53,364,062 | 61,335,380 | 68,550,770 | 69,635,361 | 76,949,051 |
| 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> | <u>\$ 76,949,051</u> | <u>\$ 84,835,522</u> |
| Net OPEB liability - ending (a)-(b) | <u>\$ 61,147,249</u> | <u>\$ 26,915,104</u> | <u>\$ 26,036,154</u> | <u>\$ 31,779,615</u> | <u>\$ 30,555,119</u> | <u>\$ 32,709,217</u> |
| Plan fiduciary net position as a percentage of total OPEB liability | 46.60% | 69.50% | 72.47% | 68.66% | 71.58% | 72.17% |
| Covered-employee payroll | \$ 536,071,713 | \$ 526,206,301 | \$ 539,361,459 | \$ 552,845,495 | \$ 566,666,632 | \$ 629,542,342 |
| Net OPEB liability as a percentage of covered-employee payroll | 11.41% | 5.11% | 4.83% | 5.75% | 5.39% | 5.20% |

See accompanying independent auditor's report.

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only six years are shown herein.

** Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

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

Exhibit 22

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Actuarially determined contribution | \$ 10,161,876 | \$ 9,491,736 | \$ 7,303,945 | \$ 7,527,997 | \$ 7,824,778 | \$ 8,120,688 |
| Contributions in relation to the actuarially determined contribution | \$ 7,765,131 | \$ 6,846,584 | \$ 7,172,948 | \$ 5,823,822 | \$ 5,403,719 | \$ 8,077,011 |
| Contribution deficiency | 2,396,745 | 2,645,152 | 130,997 | 1,704,175 | 2,421,059 | 43,677 |
| Covered-employee payroll | \$ 536,071,713 | \$ 526,206,301 | \$ 539,361,459 | \$ 552,845,495 | \$ 566,666,632 | \$ 629,542,342 |
| Contributions as a percentage of covered-employee payroll | 1.45% | 1.30% | 1.33% | 1.05% | 0.95% | 1.28% |

*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, 2022.

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 8 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 | 6% initial, decreasing down to 5.5% over 2 years following the Getzen mode thereafter. |
| 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.

* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

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

Exhibit 23

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|--------|-------|-------|-------|--------|--------|
| Annual money-weighted rate of return on investments, net of investment expense | 12.87% | 9.52% | 7.00% | 3.00% | 30.02% | -9.23% |

See accompanying independent auditor's report.

* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only six 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 FIVE FISCAL YEARS*

Exhibit 24

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|----------------|----------------|
| Governmental Activities: | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 1,917,454 | \$ 1,487,911 | \$ 2,736,312 | \$ 2,079,053 | \$ 2,199,555 |
| Interest on total pension liability | 4,051,282 | 3,137,464 | 3,242,279 | 3,911,751 | 4,129,440 |
| Change of assumptions | (2,879,919) | - | - | - | (11,962,830) |
| Difference between expected and actual experience | (14,301,201) | - | 7,555,337 | - | 2,396,411 |
| Benefit payments, including refunds of employee contributions | (2,102,636) | (1,313,667) | (3,081,664) | (3,312,789) | (3,001,453) |
| Other | - | - | 59,447 | - | - |
| Net change in total OPEB liability | (13,315,020) | 3,311,708 | 10,511,711 | 2,678,015 | (6,238,877) |
| Total OPEB liability - beginning | 58,060,636 | 44,745,616 | 48,057,324 | 58,569,035 | 61,247,050 |
| Total OPEB liability - ending (a) | \$ 44,745,616 | \$ 48,057,324 | \$ 58,569,035 | \$ 61,247,050 | \$ 55,008,173 |
| Total fiduciary net position | | | | | |
| Contributions - employer | \$ 3,471,421 | \$ 3,217,843 | \$ 3,279,917 | \$ 3,922,813 | \$ 4,013,239 |
| Net investment income | 2,673,163 | 2,226,200 | 194,923 | 10,511,695 | (12,698,676) |
| Benefit payments | (2,102,636) | (1,313,667) | (3,081,664) | (3,312,789) | (3,001,453) |
| Administrative expense | (254) | (254) | (282) | (282) | (228) |
| Other | - | - | 5,049,203 | - | - |
| Net change in plan fiduciary net position | 4,041,695 | 4,130,122 | 5,442,097 | 11,121,437 | (11,687,118) |
| Plan fiduciary net position - beginning | 27,057,164 | 31,098,859 | 35,228,981 | 40,671,078 | 51,792,515 |
| Plan fiduciary net position - ending (b) | \$ 31,098,859 | \$ 35,228,981 | \$ 40,671,078 | \$ 51,792,515 | \$ 40,105,397 |
| Net OPEB liability - ending (a)-(b) | \$ 13,646,757 | \$ 12,828,343 | \$ 17,897,957 | \$ 9,454,535 | \$ 14,902,776 |
| Plan fiduciary net position as a percentage of total OPEB liability | 69.50% | 73.31% | 69.44% | 84.56% | 72.91% |
| Covered-employee payroll | \$ 209,182,401 | \$ 217,281,758 | \$ 228,391,980 | \$ 228,761,767 | \$ 248,997,875 |
| Net OPEB liability as a percentage of covered-employee payroll | 6.52% | 5.90% | 7.84% | 4.13% | 5.99% |
| Business-type Activities: | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 102,559 | \$ 154,943 | \$ 129,858 | \$ 200,345 | \$ 94,733 |
| Interest on total pension liability | 216,691 | 167,814 | 189,621 | 200,314 | 217,738 |
| Change of assumptions | (154,039) | - | - | - | (515,228) |
| Difference between expected and actual experience | (764,929) | - | (247,379) | (291,343) | (506,486) |
| Benefit payments, including refunds of employee contributions | (112,464) | (205,678) | (45,840) | (49,278) | (46,137) |
| Net change in total OPEB liability | (712,182) | 117,079 | 26,260 | 60,038 | (755,380) |
| Total OPEB liability - beginning | 3,105,497 | 2,393,315 | 2,510,394 | 2,536,654 | 2,596,692 |
| Total OPEB liability - ending (a) | \$ 2,393,315 | \$ 2,510,394 | \$ 2,536,654 | \$ 2,596,692 | \$ 1,841,312 |
| Total fiduciary net position | | | | | |
| Contributions - employer | \$ 185,676 | \$ 194,738 | \$ 155,656 | \$ - | \$ 308,618 |
| Net investment income | 142,981 | 119,073 | 9,251 | 474,566 | (1,175,549) |
| Benefit payments | (112,464) | (205,678) | (45,840) | (49,278) | (46,137) |
| Administrative expense | (14) | (13) | (13) | (13) | (10) |
| Other | - | - | (203,297) | - | - |
| Net change in plan fiduciary net position | 216,179 | 108,120 | (84,243) | 425,275 | (913,078) |
| Plan fiduciary net position - beginning | 1,447,210 | 1,663,389 | 1,771,509 | 1,687,266 | 2,112,541 |
| Plan fiduciary net position - ending (b) | \$ 1,663,389 | \$ 1,771,509 | \$ 1,687,266 | \$ 2,112,541 | \$ 1,199,463 |
| Net OPEB liability - ending (a)-(b) | \$ 729,926 | \$ 738,885 | \$ 849,388 | \$ 484,151 | \$ 641,849 |
| Plan fiduciary net position as a percentage of total OPEB liability | 69.50% | 70.57% | 66.52% | 81.36% | 65.14% |
| Covered-employee payroll | \$ 14,070,332 | \$ 14,347,719 | \$ 14,987,107 | \$ 14,192,534 | \$ 15,140,165 |
| Net OPEB liability as a percentage of covered-employee payroll | 5.19% | 5.15% | 5.67% | 3.41% | 4.24% |
| Total Primary Government: | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 2,020,013 | \$ 1,642,854 | \$ 2,866,170 | \$ 2,279,398 | \$ 2,294,288 |
| Interest on total pension liability | 4,267,973 | 3,305,278 | 3,431,900 | 4,112,065 | 4,347,178 |
| Change of assumptions | (3,033,958) | - | - | - | (12,478,058) |
| Difference between expected and actual experience | (15,066,130) | - | 7,307,958 | (291,343) | 1,889,925 |
| Benefit payments, including refunds of employee contributions | (2,215,100) | (1,519,345) | (3,127,504) | (3,362,067) | (3,047,590) |
| Other | - | - | 59,447 | - | - |
| Net change in total OPEB liability | (14,027,202) | 3,428,787 | 10,537,971 | 2,738,053 | (6,994,257) |
| Total OPEB liability - beginning | 61,166,133 | 47,138,931 | 50,567,718 | 61,105,689 | 63,843,742 |
| Total OPEB liability - ending (a) | \$ 47,138,931 | \$ 50,567,718 | \$ 61,105,689 | \$ 63,843,742 | \$ 56,849,485 |
| Total fiduciary net position | | | | | |
| Contributions - employer | \$ 3,657,097 | \$ 3,412,581 | \$ 155,656 | \$ - | \$ 308,618 |
| Net investment income | 2,816,144 | 2,345,273 | 9,251 | 474,566 | (1,175,549) |
| Benefit payments | (2,215,100) | (1,519,345) | (45,840) | (49,278) | (46,137) |
| Administrative expense | (268) | (267) | (13) | (13) | (10) |
| Other | - | - | (203,297) | - | - |
| Net change in plan fiduciary net position | 4,257,874 | 4,238,242 | (84,243) | 425,275 | (913,078) |
| Plan fiduciary net position - beginning | 4,257,874 | 8,515,748 | 12,753,990 | 12,669,747 | 13,095,022 |
| Plan fiduciary net position - ending (b) | \$ 8,515,748 | \$ 12,753,990 | \$ 12,669,747 | \$ 13,095,022 | \$ 12,181,944 |
| Net OPEB liability - ending (a)-(b) | \$ 38,623,183 | \$ 37,813,728 | \$ 48,435,942 | \$ 50,748,720 | \$ 44,667,541 |
| Plan fiduciary net position as a percentage of total OPEB liability | 0.173002062 | 16.33% | 19.90% | 20.89% | 16.91% |
| Covered-employee payroll | \$ 223,252,733 | \$ 231,629,477 | \$ 243,379,087 | \$ 242,954,301 | \$ 264,138,040 |
| Net OPEB liability as a percentage of covered-employee payroll | 17.30% | 16.33% | 19.90% | 20.89% | 16.91% |

See accompanying independent auditor's report.

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

** Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS

Exhibit 25

COMPONENT UNITS
LAST FIVE FISCAL YEARS*

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|----------------|----------------|
| School Board | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 1,742,334 | \$ 2,954,189 | \$ 1,963,746 | \$ 2,210,314 | \$ 2,511,478 |
| Interest on total pension liability | 3,681,281 | 2,850,922 | 3,136,097 | 2,877,314 | 3,090,765 |
| Change of assumptions | (2,616,898) | - | - | - | (13,659,293) |
| Difference between expected and actual experience | (12,995,083) | - | (6,947,615) | - | 27,564,463 |
| Benefit payments, including refunds of employee contributions | (1,910,604) | (2,917,809) | (1,949,477) | (2,095,688) | (2,339,492) |
| Net change in total OPEB liability | (12,098,970) | 2,887,302 | (3,797,249) | 2,991,940 | 17,167,921 |
| Total OPEB liability - beginning | 52,758,001 | 40,659,031 | 43,546,333 | 39,749,084 | 42,741,024 |
| Total OPEB liability - ending (a) | \$ 40,659,031 | \$ 43,546,333 | \$ 39,749,084 | \$ 42,741,024 | \$ 59,908,945 |
| Total fiduciary net position | | | | | |
| Contributions - employer | \$ 3,154,379 | \$ 3,854,690 | \$ 2,353,870 | \$ 3,558,222 | \$ 3,699,958 |
| Net investment income | 2,429,025 | 2,022,883 | 139,889 | 7,419,932 | 5,745,907 |
| Benefit payments | (1,910,604) | (2,917,809) | (1,949,477) | (2,095,688) | (2,339,492) |
| Administrative expense | (230) | (230) | (202) | (202) | (260) |
| Other | - | - | (4,857,825) | - | - |
| Net change in plan fiduciary net position | 3,672,570 | 2,959,534 | (4,313,745) | 8,882,264 | 7,106,113 |
| Plan fiduciary net position - beginning | 24,586,054 | 28,258,624 | 31,218,158 | 26,904,413 | 35,786,677 |
| Plan fiduciary net position - ending (b) | \$ 28,258,624 | \$ 31,218,158 | \$ 26,904,413 | \$ 35,786,677 | \$ 42,892,790 |
| Net OPEB liability - ending (a)-(b) | \$ 12,400,407 | \$ 12,328,175 | \$ 12,844,671 | \$ 6,954,347 | \$ 17,016,155 |
| Plan fiduciary net position as a percentage of total OPEB liability | 69.50% | 71.69% | 67.69% | 83.73% | 71.60% |
| Covered-employee payroll | \$ 321,499,476 | \$ 342,940,655 | \$ 359,974,886 | \$ 356,201,760 | \$ 381,512,006 |
| Net OPEB liability as a percentage of covered-employee payroll | 3.86% | 3.59% | 3.57% | 1.95% | 4.46% |
| JRJDC | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 19,392 | \$ 30,192 | \$ 28,681 | \$ 32,699 | \$ 21,908 |
| Interest on total pension liability | 40,971 | 31,730 | 37,251 | 43,604 | 47,483 |
| Change of assumptions | (29,125) | - | - | - | (119,154) |
| Difference between expected and actual experience | (144,631) | - | 29,254 | - | (73,233) |
| Benefit payments, including refunds of employee contributions | (21,264) | (41,571) | (7,856) | (8,445) | (10,099) |
| Net change in total OPEB liability | (134,657) | 20,351 | 87,330 | 67,858 | (133,095) |
| Total OPEB liability - beginning | 587,177 | 452,520 | 472,871 | 560,201 | 628,059 |
| Total OPEB liability - ending (a) | \$ 452,520 | \$ 472,871 | \$ 560,201 | \$ 628,059 | \$ 494,964 |
| Total fiduciary net position | | | | | |
| Contributions - employer | \$ 35,107 | \$ 36,672 | \$ 34,379 | \$ 52,400 | \$ 55,196 |
| Net investment income | 27,034 | 22,514 | 2,043 | 106,115 | (221,237) |
| Benefit payments | (21,264) | (41,571) | (7,856) | (8,445) | (10,099) |
| Administrative expense | (3) | (3) | (3) | (3) | (2) |
| Other | - | - | 11,919 | - | - |
| Net change in plan fiduciary net position | 40,874 | 17,612 | 40,482 | 150,067 | (176,142) |
| Plan fiduciary net position - beginning | 273,634 | 314,508 | 332,120 | 372,602 | 522,669 |
| Plan fiduciary net position - ending (b) | \$ 314,508 | \$ 332,120 | \$ 372,602 | \$ 522,669 | \$ 346,527 |
| Net OPEB liability - ending (a)-(b) | \$ 138,012 | \$ 140,751 | \$ 187,599 | \$ 105,390 | \$ 148,437 |
| Plan fiduciary net position as a percentage of total OPEB liability | 69.50% | 70.23% | 66.51% | 83.22% | 70.01% |
| Covered-employee payroll | \$ 3,164,600 | \$ 3,115,813 | \$ 3,152,453 | \$ 3,199,604 | \$ 3,347,370 |
| Net OPEB liability as a percentage of covered-employee payroll | 4.36% | 4.52% | 5.95% | 3.29% | 4.43% |

See accompanying independent auditor's report.

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

** Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

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

Exhibit 26

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|------------------|------------------|---------------------|-------------------|---------------------|
| Governmental Activities: | | | | | |
| Actuarially determined contribution of employer | \$ 2,639,247 | \$ 2,815,552 | \$ 3,922,813 | \$ 4,034,941 | \$ 3,585,977 |
| Contributions in relation to the actuarially determined contributions | <u>2,639,247</u> | <u>2,815,552</u> | <u>3,497,853</u> | <u>3,922,813</u> | <u>4,013,239</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 424,960</u> | <u>\$ 112,128</u> | <u>\$ (427,262)</u> |
| Covered-employee payroll | 209,182,401 | 217,281,758 | 228,391,980 | 228,761,767 | 248,997,875 |
| Contributions as a percentage of covered-employee payroll | 1.26% | 1.30% | 1.53% | 1.71% | 1.61% |
| Business-type Activities: | | | | | |
| Actuarially determined contribution of employer | \$ 214,237 | \$ 228,548 | \$ 291,343 | \$ 310,287 | \$ 254,773 |
| Contributions in relation to the actuarially determined contributions | <u>214,237</u> | <u>228,548</u> | <u>65,591</u> | <u>291,343</u> | <u>308,618</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 225,752</u> | <u>\$ 18,944</u> | <u>\$ (53,845)</u> |
| Covered-employee payroll | 14,070,332 | 14,347,719 | 14,987,107 | 14,192,534 | 15,140,165 |
| Contributions as a percentage of covered-employee payroll | 1.52% | 1.59% | 0.44% | 2.05% | 2.04% |
| Total Primary Government: | | | | | |
| Actuarially determined contribution of employer | \$ 2,853,484 | \$ 3,044,100 | \$ 4,214,156 | \$ 4,345,228 | \$ 3,840,750 |
| Contributions in relation to the actuarially determined contributions | <u>2,853,484</u> | <u>3,044,100</u> | <u>3,563,444</u> | <u>4,214,156</u> | <u>4,321,857</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 650,712</u> | <u>\$ 131,072</u> | <u>\$ (481,107)</u> |
| Covered-employee payroll | 223,252,733 | 231,629,477 | 243,379,087 | 242,954,301 | 264,138,040 |
| Contributions as a percentage of covered-employee payroll | 1.28% | 1.31% | 1.46% | 1.73% | 1.64% |
| School Board: | | | | | |
| Actuarially determined contribution of employer | \$ 3,951,724 | \$ 4,215,705 | \$ 3,558,222 | \$ 3,719,966 | \$ 5,717,646 |
| Contributions in relation to the actuarially determined contributions | <u>3,951,724</u> | <u>4,215,705</u> | <u>2,248,160</u> | <u>3,558,222</u> | <u>3,699,958</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,310,062</u> | <u>\$ 161,744</u> | <u>\$ 2,017,688</u> |
| Covered-employee payroll | \$ 321,499,476 | \$ 342,940,655 | \$ 359,974,886 | \$ 356,201,760 | \$ 381,512,006 |
| Contributions as a percentage of covered-employee payroll | 1.23% | 1.23% | 0.62% | 1.00% | 0.97% |
| JRJDC: | | | | | |
| Actuarially determined contribution of employer | \$ 41,376 | \$ 44,140 | \$ 52,400 | \$ 55,494 | \$ 46,024 |
| Contributions in relation to the actuarially determined contributions | <u>41,376</u> | <u>44,140</u> | <u>12,218</u> | <u>52,400</u> | <u>55,196</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 40,182</u> | <u>\$ 3,094</u> | <u>\$ (9,172)</u> |
| Covered-employee payroll | \$ 3,164,600 | \$ 3,115,813 | \$ 3,152,453 | \$ 3,199,604 | \$ 3,347,370 |
| Contributions as a percentage of covered-employee payroll | 1.31% | 1.42% | 0.39% | 1.64% | 1.65% |

See accompanying independent auditor's report.

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

** Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

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

Exhibit 27

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities: | | | | | |
| Total OPEB liability | | | | | |
| Service cost | \$ 1,292,690 | \$ 1,357,325 | \$ 1,425,191 | \$ 1,623,389 | \$ 1,666,571 |
| Interest on total pension liability | 769,784 | 809,350 | 758,199 | 866,437 | 909,559 |
| Difference between expected and actual experience | - | - | 2,644,505 | - | (4,170,646) |
| Change of assumptions | - | - | - | - | (6,832,397) |
| Benefit payments, including refunds of employee contributions | (740,191) | (799,406) | (890,219) | (956,985) | (911,867) |
| Net change in total OPEB liability | 1,322,283 | 1,367,269 | 3,937,676 | 1,532,841 | (9,338,780) |
| Total OPEB liability - beginning | 25,279,187 | 26,601,470 | 27,968,739 | 31,906,415 | 33,439,256 |
| Total OPEB liability - ending (a) | <u>\$ 26,601,470</u> | <u>\$ 27,968,739</u> | <u>\$ 31,906,415</u> | <u>\$ 33,439,256</u> | <u>\$ 24,100,476</u> |
| | | | | | |
| Covered-employee payroll | \$ 83,876,238 | \$ 87,761,787 | \$ 91,192,626 | \$ 92,984,632 | \$ 102,951,245 |
| | | | | | |
| Total OPEB liability as a percentage of covered-employee payroll | 31.72% | 31.87% | 34.99% | 35.96% | 23.41% |

See accompanying independent auditor's report.

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

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

Exhibit 28

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | | |
| Actuarially determined contribution of employer | \$ 2,983,108 | \$ 3,204,246 | \$ 3,446,814 | \$ 3,971,611 | \$ 4,315,460 |
| Contributions in relation to the actuarially determined contributions | <u>740,191</u> | <u>799,406</u> | <u>890,219</u> | <u>956,985</u> | <u>911,867</u> |
| Contribution deficiency | <u>\$ 2,242,917</u> | <u>\$ 2,404,840</u> | <u>\$ 2,556,595</u> | <u>\$ 3,014,626</u> | <u>\$ 3,403,593</u> |
| Covered-employee payroll | 83,876,238 | 87,761,787 | 91,192,626 | 92,984,632 | 102,951,245 |
| Contributions as a percentage of covered-employee payroll | 0.88% | 0.91% | 0.98% | 1.03% | 0.89% |

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only five 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 FIVE FISCAL YEARS*

Exhibit 29

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| School's proportion of the net OPEB liability | 3.28% | 3.29% | 3.31% | 3.33% | 3.32% |
| School's proportionate share of the net OPEB liability | \$ 41,657,000 | \$ 41,825,000 | \$ 43,352,981 | \$ 43,567,329 | \$ 42,733,997 |
| School's covered payroll | \$ 288,681,379 | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 |
| School's proportionate share of the net OPEB liability as a percentage of its covered payroll | 14.43% | 14.16% | 14.14% | 13.51% | 13.30% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 7.04% | 8.08% | 8.95% | 9.83% | 13.15% |

See accompanying independent auditor's report.

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

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

Exhibit 30

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Teachers: | | | | | |
| Contractually required contribution | \$ 2,876,495 | \$ 3,330,461 | \$ 3,333,265 | \$ 3,513,433 | \$ 3,513,433 |
| Contributions in relation to the contractually required contribution | \$ 2,876,495 | \$ 3,330,461 | \$ 3,333,265 | \$ 3,513,433 | \$ 3,513,433 |
| Contribution deficiency (excess) | - | - | - | - | - |
| School's covered payroll | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 | \$ 344,032,598 |
| Contributions as a percentage of covered payroll | 0.97% | 1.09% | 1.03% | 1.09% | 1.02% |
| School Board Non-Professional Group: | | | | | |
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ 5,628 |
| Contributions in relation to the contractually required contribution | \$ - | \$ - | \$ - | \$ - | \$ 5,628 |
| Contribution deficiency (excess) | - | - | - | - | - |
| School's covered payroll | \$ - | \$ - | \$ - | \$ - | \$ 218,535 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% | 2.58% |

See accompanying independent auditor's report.

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

**For fiscal year ending June 30 2022, the school non-professional group had a new OPEB HIC plan with a measurement date of June 2021.

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

Exhibit 31

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|----------------|----------------|----------------|----------------|----------------|
| Governmental Activities: | | | | | |
| Proportion of the net OPEB liability | 82.37% | 82.45% | 82.71% | 82.91% | 85.59% |
| Proportionate share of the net OPEB liability | \$ 16,472,124 | \$ 16,449,312 | \$ 17,736,413 | \$ 18,082,979 | \$ 12,216,735 |
| Covered payroll | \$ 202,991,663 | \$ 209,182,401 | \$ 217,281,758 | \$ 228,391,980 | \$ 228,761,767 |
| Proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.11% | 7.86% | 8.16% | 7.92% | 5.34% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.86% | 51.71% | 52.18% | 52.99% | 68.72% |
| Business-type Activities: | | | | | |
| Proportion of the net OPEB liability | 5.64% | 5.55% | 5.48% | 5.39% | 4.44% |
| Proportionate share of the net OPEB liability | \$ 1,128,296 | \$ 1,126,760 | \$ 1,211,970 | \$ 1,207,724 | \$ 903,176 |
| Covered payroll | \$ 13,845,688 | \$ 14,070,332 | \$ 14,347,719 | \$ 14,987,107 | \$ 14,192,534 |
| Proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.15% | 8.01% | 8.45% | 8.06% | 6.36% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.86% | 51.66% | 52.12% | 52.92% | 65.21% |
| Schools' C&M Activities: | | | | | |
| Proportion of the net OPEB liability | 10.81% | 10.73% | 10.61% | 10.55% | 8.94% |
| Proportionate share of the net OPEB liability | \$ 2,162,379 | \$ 2,159,409 | \$ 2,324,485 | \$ 2,365,393 | \$ 1,752,639 |
| Covered payroll | \$ 25,507,180 | \$ 25,445,827 | \$ 35,671,866 | \$ 36,750,912 | \$ 34,217,262 |
| Proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.48% | 8.49% | 6.52% | 6.44% | 5.12% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.86% | 50.86% | 52.15% | 52.94% | 65.56% |

See accompanying independent auditor's report.
Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only five years are shown herein.

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

Exhibit 32

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|------------------|------------------|------------------|------------------|------------------|
| Governmental Activities: | | | | | |
| Contractually determined contribution of employer | \$ 1,049,923 | \$ 1,504,688 | \$ 1,567,194 | \$ 1,807,124 | \$ 1,993,592 |
| Contribution in relation to the determined contributions | <u>1,049,923</u> | <u>1,504,688</u> | <u>1,567,194</u> | <u>1,807,124</u> | <u>1,993,592</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | 209,182,401 | 217,281,758 | 228,391,980 | 228,761,767 | 248,997,875 |
| Contributions as a percentage of covered payroll | 0.50% | 0.69% | 0.69% | 0.79% | 0.80% |
| Business-type Activities: | | | | | |
| Contractually determined contribution of employer | \$ 71,917 | \$ 71,947 | \$ 75,690 | \$ 72,763 | \$ 80,174 |
| Contribution in relation to the determined contributions | <u>71,917</u> | <u>71,947</u> | <u>75,690</u> | <u>72,763</u> | <u>80,174</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | 14,070,332 | 14,347,719 | 14,987,107 | 14,192,534 | 15,140,165 |
| Contributions as a percentage of covered payroll | 0.51% | 0.50% | 0.51% | 0.51% | 0.53% |
| Total Primary Government: | | | | | |
| Contractually determined contribution of employer | \$ 1,121,840 | \$ 1,576,635 | \$ 1,642,884 | \$ 1,879,887 | \$ 2,073,766 |
| Contribution in relation to the determined contributions | <u>1,121,840</u> | <u>1,576,635</u> | <u>1,642,884</u> | <u>1,879,887</u> | <u>2,073,766</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | 223,252,733 | 231,629,477 | 243,379,087 | 242,954,301 | 264,138,040 |
| Contributions as a percentage of covered payroll | 0.50% | 0.68% | 0.68% | 0.77% | 0.79% |
| School's C&M: | | | | | |
| Contractually determined contribution of employer | \$ 137,829 | \$ 139,114 | \$ 143,049 | \$ 146,399 | \$ 159,206 |
| Contribution in relation to the determined contributions | <u>137,829</u> | <u>139,114</u> | <u>143,049</u> | <u>146,399</u> | <u>159,206</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 25,445,827 | \$ 35,671,866 | \$ 36,750,912 | \$ 34,217,262 | \$ 36,829,694 |
| Contributions as a percentage of covered payroll | 0.54% | 0.39% | 0.39% | 0.43% | 0.43% |

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only five 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 FIVE FISCAL YEARS*

Exhibit 33

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| School's proportion of the net OPEB liability | 1.42% | 1.41% | 1.42% | 1.43% | 1.43% |
| School's proportionate share of the net OPEB liability | \$ 21,300,000 | \$ 21,416,000 | \$ 23,180,788 | \$ 23,883,217 | \$ 16,713,814 |
| School's covered payroll | \$ 288,681,379 | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 |
| School's proportionate share of the net OPEB liability as a percentage of its covered payroll | 7.38% | 7.25% | 7.56% | 7.41% | 5.20% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.86% | 51.22% | 52.00% | 52.64% | 67.45% |

See accompanying independent auditor's report.

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

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

Exhibit 34

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 1,357,662 | \$ 1,394,307 | \$ 1,452,146 | \$ 1,550,249 | \$ 1,678,408 |
| Contribution in relation to the contractually required contribution | \$ 1,357,662 | \$ 1,394,307 | \$ 1,452,146 | \$ 1,550,249 | \$ 1,678,408 |
| Contribution deficiency (excess) | - | - | - | - | - |
| School's covered payroll | \$ 295,352,515 | \$ 306,552,352 | \$ 322,434,937 | \$ 321,332,155 | \$ 344,032,598 |
| Contributions as a percentage of covered payroll | 0.46% | 0.45% | 0.45% | 0.48% | 0.49% |

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only five 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 FIVE FISCAL YEARS*

Exhibit 35

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| School's proportion of the net OPEB liability | .0038% | .0032% | .0033% | .0034% | 0.29% |
| School's proportionate share of the net OPEB liability | \$ 57,000 | \$ 59,000 | \$ 53,212 | \$ 57,741 | \$ 34,346 |
| School's covered payroll | \$ 658,947 | \$ 701,134 | \$ 716,437 | \$ 789,037 | \$ 652,343 |
| Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.65% | 8.41% | 7.43% | 7.32% | 5.27% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 49.11% | 51.24% | 52.06% | 52.64% | 67.45% |

See accompanying independent auditor's report.

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

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

Exhibit 36

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 3,670 | \$ 3,834 | \$ 3,335 | \$ 3,237 | \$ 3,350 |
| Contributions in relation to the contractually required contribution | \$ 3,670 | \$ 3,834 | \$ 3,335 | \$ 3,237 | \$ 3,350 |
| Contribution deficiency (excess) | - | - | - | - | - |
| School's covered payroll | \$ 701,134 | \$ 716,437 | \$ 789,037 | \$ 652,343 | \$ 649,714 |
| Contributions as a percentage of covered payroll | 0.52% | 0.54% | 0.42% | 0.50% | 0.52% |

See accompanying independent auditor's report.

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

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
JRJDC GROUP LIFE OPEB PLAN
LAST FIVE FISCAL YEARS***

Exhibit 37

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Proportion of the net OPEB liability | 1.17% | 1.26% | 1.20% | 1.15% | 1.02% |
| Proportionate share of the net OPEB liability | \$ 234,869 | \$ 234,519 | \$ 253,260 | \$ 257,727 | \$ 187,766 |
| Covered payroll | \$ 2,873,696 | \$ 3,164,600 | \$ 3,115,813 | \$ 3,152,453 | \$ 3,199,604 |
| Proportionate share of the net OPEB liability as a percentage of its covered payroll | 8.17% | 7.41% | 8.13% | 8.18% | 5.87% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 48.92% | 54.96% | 55.17% | 54.39% | 67.18% |

See accompanying independent auditor's report.

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

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS
JRJDC GROUP LIFE OPEB PLAN
LAST FIVE FISCAL YEARS***

Exhibit 38

| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 16,388 | \$ 16,240 | \$ 16,185 | \$ 16,715 | \$ 17,837 |
| Contributions in relation to the contractually required contribution | \$ 16,388 | \$ 16,240 | \$ 16,185 | \$ 16,715 | \$ 17,837 |
| Contribution deficiency (excess) | - | - | - | - | - |
| Covered payroll | \$ 3,164,600 | \$ 3,115,813 | \$ 3,152,453 | \$ 3,199,604 | \$ 3,347,370 |
| Contributions as a percentage of covered payroll | 0.52% | 0.52% | 0.51% | 0.52% | 0.53% |

See accompanying independent auditor's report.

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

COUNTY OF HENRICO, VIRGINIA

Notes to Required Supplementary OPEB Information

For the Year Ended June 30, 2022

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, 2022 plan membership consisted of the following:

| | |
|---|-------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 1,110 |
| Active plan members | 10,796 |
| | <hr/> |
| | 11,906 |
| | <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, 2022, the County's average contribution rate was 1.1 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, 2022:

| <u>Asset Class</u> | <u>Target Allocation</u> |
|--------------------------------|--------------------------|
| Core Bonds | 5% |
| Core Plus | 11% |
| Liquid Absolute Return | 4% |
| U.S. Large Cap Equity | 21% |
| U.S. Small Cap Equity | 10% |
| International Developed Equity | 13% |
| Emerging Market Equity | 5% |
| Long/Short Equity | 6% |
| Private Equity | 10% |
| Core Real Estate | 10% |
| Opportunistic Real Estate | 5% |
| Total | <u>100%</u> |

Rate of return. For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -9.23 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, 2022, were as follows:

| | |
|-----------------------------|----------------------|
| Total OPEB liability | \$ 117,544,739 |
| Plan fiduciary net position | (84,835,522) |
| County's net OPEB liability | <u>\$ 32,709,217</u> |

| | |
|---|--------|
| Plan fiduciary net position as a percentage of the total OPEB liability | 72.17% |
|---|--------|

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.75 percent |
| Salary increases | 2.5 percent |
| Investment rate of return | 7 percent |
| Healthcare cost trend rates | 6.00% for 2022, graded to 5.50% over 2 years and following the Getzen model thereafter |

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, 2022 (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> |
|--------------------------------|---|
| Core Bonds | 2.58% |
| Core Plus | 2.88 |
| Liquid Absolute Return | 3.25 |
| U.S. Large Cap Equity | 7.13 |
| U.S. Small Cap Equity | 8.53 |
| International Developed Equity | 7.99 |
| Emerging Market Equity | 9.23 |
| Long/Short Equity | 5.68 |
| Private Equity | 10.47 |
| Core Real Estate | 6.60 |
| Opportunistic Real Estate | 9.60 |

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:

| | 1% Decrease 6.00% | Discount Rate 7.00% | 1% Increase 8.00% |
|--------------------|------------------------------------|--------------------------------------|------------------------------------|
| Net OPEB liability | \$ 45,983,643 | \$ 32,709,217 | \$ 21,336,764 |

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:

| | 1% Decrease 5.00% decreasing to 4.50% over 2 years and following the Getzen mode after | Healthcare Cost Current Rate 6.00% decreasing to 5.50% over 2 years and following the Getzen mode after | 1% Increase 7.00% decreasing to 6.50% over 2 years and following the Getzen mode after |
|--------------------|---|--|---|
| Net OPEB liability | \$ 23,283,296 | \$ 32,709,217 | \$ 43,799,835 |

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, 2022

Schedule 1

| Function, Activity, Element | Original | Revised | Actual | Variance |
|------------------------------------|-----------------|----------------|---------------|-----------------|
| Primary Government: | | | | |
| Debt Service Fund: | | | | |
| 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, 2022

Schedule 2

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--------------------------------|----------------------|----------------------|----------------------|---------------------|
| Primary Government: | | | | |
| Debt Service Fund: | | | | |
| Miscellaneous | \$ 50,000 | \$ 350,000 | \$ 37,475 | \$ 312,525 |
| Debt Service: | | | | |
| Principal payments | 53,165,000 | 53,165,000 | 52,245,000 | 920,000 |
| Interest payments | 25,131,649 | 25,131,649 | 25,204,781 | (73,132) |
| Total Debt Service | <u>78,296,649</u> | <u>78,296,649</u> | <u>77,449,781</u> | <u>846,868</u> |
| Total Debt Service Fund | <u>\$ 78,346,649</u> | <u>\$ 78,646,649</u> | <u>\$ 77,487,256</u> | <u>\$ 1,159,393</u> |

See accompanying independent auditor's report.

COUNTY OF HENRICO

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.

Healthcare Fund - To account for the health and dental care benefits provided to employees, retirees, and dependents.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022

Schedule 3

| | Governmental Activities - Internal Service Funds | | | |
|--|--|-----------------------------------|----------------------|----------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | Total |
| Assets: | | | | |
| Cash and cash equivalents | \$ 3,233,172 | \$ 3,843,411 | \$ 33,731,249 | \$ 40,807,832 |
| Receivables, net | 17,141 | - | 2,104,807 | 2,121,948 |
| Due from other funds | - | - | 1,484,036 | 1,484,036 |
| Due from component unit | - | - | 21,459 | 21,459 |
| Inventories | 977,751 | - | - | 977,751 |
| Total current assets | <u>4,228,064</u> | <u>3,843,411</u> | <u>37,341,551</u> | <u>45,413,026</u> |
| Noncurrent assets: | | | | |
| Right to use assets, net | 4,449 | - | - | 4,449 |
| Capital Assets: | | | | |
| Other capital assets, net | 13,256,839 | - | - | 13,256,839 |
| Capital assets, net | <u>13,256,839</u> | <u>-</u> | <u>-</u> | <u>13,256,839</u> |
| Total assets | <u>17,489,352</u> | <u>3,843,411</u> | <u>37,341,551</u> | <u>58,674,314</u> |
| Deferred Outflows of Resources: | | | | |
| Change in proportionate share allocation | 4,622 | - | - | 4,622 |
| Change of assumptions | 658,695 | - | - | 658,695 |
| Difference between actual and expected experience | 136,711 | - | - | 136,711 |
| Contributions after measurement date | 468,414 | - | - | 468,414 |
| Total deferred outflows of resources | <u>1,268,442</u> | <u>-</u> | <u>-</u> | <u>1,268,442</u> |
| Total assets and deferred outflows of resources | <u>18,757,794</u> | <u>3,843,411</u> | <u>37,341,551</u> | <u>59,942,756</u> |
| Liabilities: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 918,356 | 55,188 | 832 | 974,376 |
| Accrued liabilities | 232,022 | - | 12,693,145 | 12,925,167 |
| Due to other funds | 23,446 | - | - | 23,446 |
| Long-term liabilities due within one year | 251,153 | - | - | 251,153 |
| Total current liabilities | <u>1,424,977</u> | <u>55,188</u> | <u>12,693,977</u> | <u>14,174,142</u> |
| Noncurrent liabilities: | | | | |
| Net pension liability | 1,470,597 | - | - | 1,470,597 |
| Net OPEB liability | 313,137 | - | - | 313,137 |
| Long-term liabilities due in more than one year | 44,442 | - | - | 44,442 |
| Total non-current liabilities | <u>1,828,176</u> | <u>-</u> | <u>-</u> | <u>1,828,176</u> |
| Total liabilities | <u>3,253,153</u> | <u>55,188</u> | <u>12,693,977</u> | <u>16,002,318</u> |
| Deferred Inflows of Resources: | | | | |
| Change in proportionate share allocation | 137,783 | - | - | 137,783 |
| Difference between actual and expected experience | 373,221 | - | - | 373,221 |
| Difference between projected and actual earnings | 1,901,708 | - | - | 1,901,708 |
| Change of assumptions | 145,272 | - | - | 145,272 |
| Total deferred inflows of resources | <u>2,557,984</u> | <u>-</u> | <u>-</u> | <u>2,557,984</u> |
| Total liabilities and deferred inflows of resources | <u>5,811,137</u> | <u>55,188</u> | <u>12,693,977</u> | <u>18,560,302</u> |
| Net Position: | | | | |
| Net investment in capital assets | 13,256,839 | - | - | 13,256,839 |
| Unrestricted (deficit) | (310,182) | 3,788,223 | 24,647,574 | 28,125,615 |
| Total net position | <u>\$ 12,946,657</u> | <u>\$ 3,788,223</u> | <u>\$ 24,647,574</u> | <u>\$ 41,382,454</u> |

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, 2022**

Schedule 4

| | Governmental Activities - Internal Service Funds | | | Total |
|--|--|-----------------------------------|----------------------|----------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | |
| Operating Revenues: | | | | |
| Charges for services: | | | | |
| Interdepartmental charges | \$ 21,650,797 | \$ - | \$ - | \$ 21,650,797 |
| Contributions: | | | | |
| Employer | - | - | 107,953,961 | 107,953,961 |
| Employee | - | - | 27,617,242 | 27,617,242 |
| Retiree | - | - | - | - |
| Other | 2,170,851 | 3,000,000 | 569,818 | 5,740,669 |
| Total operating revenues | 23,821,648 | 3,000,000 | 136,141,021 | 162,962,669 |
| Operating Expenses: | | | | |
| Utility charges | 158,625 | - | - | 158,625 |
| Personnel services and benefits | 4,638,522 | - | 142,582,971 | 147,221,493 |
| Professional services | 4,628 | - | 84,470 | 89,098 |
| Materials and supplies | 11,450,883 | 2,890,243 | - | 14,341,126 |
| Maintenance and repairs | 3,788,944 | - | - | 3,788,944 |
| Other expenses | 340,036 | - | 1,241,604 | 1,581,640 |
| Depreciation | 2,414,490 | - | - | 2,414,490 |
| Total operating expenses | 22,796,128 | 2,890,243 | 143,909,045 | 169,595,416 |
| Operating (loss) income | 1,025,520 | 109,757 | (7,768,024) | (6,632,747) |
| Nonoperating Revenues: | | | | |
| Gain on sale of equipment | 300,512 | - | - | 300,512 |
| Investment income | - | - | 160,505 | 160,505 |
| Total nonoperating revenues | 300,512 | - | 160,505 | 461,017 |
| Income (loss) before capital contributions | 1,326,032 | 109,757 | (7,607,519) | (6,171,730) |
| Change in net position | 1,326,032 | 109,757 | (7,607,519) | (6,171,730) |
| Total net position - June 30, 2021 | 11,620,625 | 3,678,467 | 32,255,093 | 47,554,185 |
| Total net position - June 30, 2022 | \$ 12,946,657 | \$ 3,788,223 | \$ 24,647,574 | \$ 41,382,454 |

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Schedule 5

| | Governmental Activities - Internal Service Funds | | | |
|--|---|--|----------------------------|-----------------------|
| | Central Automotive Maintenance | Technology Replacement Fund | Healthcare Fund | Total |
| Cash Flows From Operating Activities: | | | | |
| Receipts from customers | \$ 23,819,247 | \$ 3,000,000 | \$ 135,698,837 | \$ 162,518,084 |
| Payments to suppliers | (16,086,640) | (2,838,486) | (143,398,610) | (162,323,736) |
| Payments to employees | (4,192,270) | - | - | (4,192,270) |
| Net cash provided by (used in) operating activities | <u>3,540,337</u> | <u>161,514</u> | <u>(7,699,773)</u> | <u>(3,997,922)</u> |
| Cash Flows From Capital and Related Financing Activities: | | | | |
| Purchase of capital assets | (999,136) | - | - | (999,136) |
| Proceeds from sale of capital assets | 303,187 | - | - | 303,187 |
| Net cash used in capital and related financing activities | <u>(695,949)</u> | <u>-</u> | <u>-</u> | <u>(695,949)</u> |
| Cash Flows From Investing Activities: | | | | |
| Investment income received | - | - | 160,505 | 160,505 |
| Net (decrease) increase in Cash and cash equivalents | <u>2,844,388</u> | <u>161,514</u> | <u>(7,539,268)</u> | <u>(4,533,366)</u> |
| Cash and cash equivalents - June 30, 2021 | <u>388,784</u> | <u>3,681,897</u> | <u>41,270,517</u> | <u>45,341,198</u> |
| Cash and cash equivalents - June 30, 2022 | <u>\$ 3,233,172</u> | <u>\$ 3,843,411</u> | <u>\$ 33,731,249</u> | <u>\$ 40,807,832</u> |
| Reconciliation of Operating (Loss) Income to Net Cash Provided by (used in) Operating Activities: | | | | |
| Operating income (loss) | \$ 1,025,520 | \$ 109,757 | \$ (7,768,024) | \$ (6,632,747) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 2,414,490 | - | - | 2,414,490 |
| Amortization | 1,643 | - | - | 1,643 |
| Change in assets and liabilities: | | | | |
| Increase in accounts receivable | (2,401) | - | (250,109) | (252,510) |
| Increase in inventories | (308,372) | - | - | (308,372) |
| Increase in due from other funds | - | - | (189,427) | (189,427) |
| Increase in due from component unit | - | - | (2,648) | (2,648) |
| Increase in accounts payable | 385,640 | 51,757 | 97 | 437,494 |
| Increase in accrued liabilities | 124,355 | - | 510,338 | 634,693 |
| Increase in due to other funds | 2,750 | - | - | 2,750 |
| Decrease in net pension liability | (2,328,438) | - | - | (2,328,438) |
| Decrease in net opeb liability | (19,718) | - | - | (19,718) |
| Increase in deferred inflows of resources | 2,154,988 | - | - | 2,154,988 |
| Net cash provided by (used in) operating activities | <u>\$ 3,540,337</u> | <u>\$ 161,514</u> | <u>\$ (7,699,773)</u> | <u>\$ (3,997,922)</u> |

See accompanying independent auditor's report.

COUNTY OF HENRICO

VIRGINIA

CUSTODIAL FUNDS

Financial Statements

Jail Inmate Funds - To account for the receipt and disbursement of funds in the inmate canteen fund.

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
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

Schedule 6

| | Jail Inmate Fund | Special Welfare | Mental Health and Developmental Services | Non-Judicial Tax Sales | Code RVA | Total |
|--------------------------------|---------------------------------|----------------------------|---|-----------------------------------|---------------------|---------------------|
| Assets: | | | | | | |
| Cash and cash equivalents | \$ 279,767 | \$ 28,427 | \$ 156,153 | \$ 193,317 | \$ 952,521 | \$ 1,610,185 |
| Accounts receivable | - | 84 | - | - | - | 84 |
| Prepaid | - | - | - | - | 459 | 459 |
| Due from other Governments | - | - | - | - | 160,238 | 160,238 |
| Deferred outflows | - | - | - | - | 806,166 | 806,166 |
| Right to use asset, net | - | - | - | - | 16,769 | 16,769 |
| Total Assets | <u>279,767</u> | <u>28,511</u> | <u>156,153</u> | <u>193,317</u> | <u>1,936,153</u> | <u>2,593,901</u> |
| Liabilities: | | | | | | |
| Accounts payable | - | - | - | - | - | - |
| Total Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fiduciary Net Position: | | | | | | |
| Funds restricted for others | 279,767 | 28,511 | 156,153 | 193,317 | 1,936,153 | 2,593,901 |
| Total Net Position | <u>\$ 279,767</u> | <u>\$ 28,511</u> | <u>\$ 156,153</u> | <u>\$ 193,317</u> | <u>\$ 1,936,153</u> | <u>\$ 2,593,901</u> |

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Schedule 7

| | <u>Jail Inmate Fund</u> | <u>Special Welfare Fund</u> | <u>Mental Health and Developmental Services</u> | <u>Non-Judicial Tax Sales</u> | <u>Code RVA</u> | <u>Totals</u> |
|---|-----------------------------|---------------------------------|---|-----------------------------------|---------------------|---------------------|
| Additions: | | | | | | |
| Contributions | | | | | | |
| Members | \$ 1,837,218 | \$ - | \$ - | \$ - | \$ - | \$ 1,837,218 |
| Total contributions | <u>1,837,218</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,837,218</u> |
| Tuition income | - | - | - | - | 3,365,650 | 3,365,650 |
| State and federal grants | - | - | - | - | 993,584 | 993,584 |
| Pass-through funds | - | 119,402 | 280,382 | - | - | 399,784 |
| Miscellaneous | - | - | - | 90,490 | - | 90,490 |
| Investment income | - | - | - | 13 | - | 13 |
| Total additions | <u>1,837,218</u> | <u>119,402</u> | <u>280,382</u> | <u>90,503</u> | <u>4,359,234</u> | <u>6,686,739</u> |
| Deductions: | | | | | | |
| Benefit payments/refunds | 1,961,185 | 113,666 | 263,993 | - | - | 2,338,844 |
| School operations | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,992,479</u> | <u>3,992,479</u> |
| Total deductions | <u>1,961,185</u> | <u>113,666</u> | <u>263,993</u> | <u>-</u> | <u>3,992,479</u> | <u>6,331,323</u> |
| Net (decrease) increase in fiduciary net position | (123,967) | 5,736 | 16,389 | 90,503 | 366,755 | 355,416 |
| Net fiduciary net position restricted for the benefit of others: | | | | | | |
| Total Fiduciary Net Position at June 30, 2021 | 403,734 | 22,775 | 139,764 | 102,814 | 1,569,398 | 2,238,485 |
| Total Fiduciary Net Position at June 30, 2022 | <u>\$ 279,767</u> | <u>\$ 28,511</u> | <u>\$ 156,153</u> | <u>\$ 193,317</u> | <u>\$ 1,936,153</u> | <u>\$ 2,593,901</u> |

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

COUNTY OF HENRICO

VIRGINIA

**DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD**

Financial Statements

**HENRICO COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2022**

Schedule 8

| | Governmental Funds | | | Totals |
|---|---------------------------|--------------------------------------|---------------------------------------|----------------|
| | School General Fund | School Special Revenue Fund | School Capital Projects Fund | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 34,865,333 | \$ 17,275,815 | \$ 47,658,050 | \$ 99,799,198 |
| Inventories | - | 135,124 | - | 135,124 |
| Receivables, net | 6,009 | 259,729 | - | 265,738 |
| Due from other governmental units | 6,153,722 | 52,708,092 | - | 58,861,814 |
| Total Assets | \$ 41,025,064 | \$ 70,378,760 | \$ 47,658,050 | \$ 159,061,874 |
| Liabilities: | | | | |
| Accounts payable | \$ 1,417,603 | \$ 355,303 | \$ - | \$ 1,772,906 |
| Accrued liabilities | 5,322,917 | 1,403,286 | 3,504,638 | 10,230,841 |
| Amounts held for others | 83,866 | - | - | 83,866 |
| Unearned revenues | 1,355,382 | 29,182,593 | - | 30,537,975 |
| Due to Primary Government | - | 33,231,421 | - | 33,231,421 |
| Total liabilities | 8,179,768 | 64,172,603 | 3,504,638 | 75,857,009 |
| Deferred Inflows of Resources: | | | | |
| Other - leases | - | 249,576 | - | 249,576 |
| Fund balances: | | | | |
| Restricted | - | 5,956,581 | - | 5,956,581 |
| Committed | - | - | 44,153,412 | 44,153,412 |
| Assigned | 25,566,550 | - | - | 25,566,550 |
| Unassigned | 7,278,746 | - | - | 7,278,746 |
| Total fund balances | 32,845,296 | 5,956,581 | 44,153,412 | 82,955,289 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | \$ 41,025,064 | \$ 70,378,760 | \$ 47,658,050 | \$ 159,061,874 |

Adjustments for the Statement of Net Position:

| | |
|--|-----------------|
| Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds. | \$ (3,837,113) |
| Capital assets used in School Board activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | 296,983,723 |
| Right to use assets, are not current financial resources, therefore, are not reported as assets in governmental funds. (Note 7) | 19,679,481 |
| Deferred outflows - change in proportionate share allocation | 4,421,393 |
| Deferred outflows - contributions after measurement date are not current financial resources and, therefore, are not reported as assets in the governmental funds. | 61,917,960 |
| Deferred outflows - changes of assumptions are not current financial resources and, therefore, are not reported as assets in the governmental funds. | 52,224,796 |
| Deferred outflows - differences between expected and actual experience are not current financial resources and, therefore, are not reported as assets in the governmental funds. | 27,211,769 |
| Pension liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds. | (274,688,193) |
| OPEB liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds. | (78,353,723) |
| Deferred inflows - change in proportionate share allocation | (2,851,504) |
| 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. | (27,982,069) |
| 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. | (181,434,447) |
| 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. | (15,442,095) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | (34,457,478) |
| Net Position of Discretely Presented Component Unit - School Board | \$ (73,652,211) |

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, 2022**

Schedule 9

| | Governmental Funds | | | Total |
|--|---------------------------|--------------------------------------|---------------------------------------|----------------------|
| | School General Fund | School Special Revenue Fund | School Capital Projects Fund | |
| Revenues: | | | | |
| Permits, privilege fees and regulatory licenses | \$ 171,951 | \$ - | \$ - | \$ 171,951 |
| Charges for services | 77,388 | 471,554 | - | 548,942 |
| Miscellaneous | 8,090,658 | 5,191,227 | - | 13,281,885 |
| Recovered costs | 318,460 | - | - | 318,460 |
| Intergovernmental: | | | | |
| Federal | - | 76,754,009 | - | 76,754,009 |
| State | 306,494,863 | 28,515,191 | - | 335,010,054 |
| Total revenues | <u>315,153,320</u> | <u>110,931,981</u> | <u>-</u> | <u>426,085,301</u> |
| Expenditures: | | | | |
| Education | 579,554,319 | 113,661,186 | - | 693,215,505 |
| Capital projects | - | - | 8,931,795 | 8,931,795 |
| Debt service: | | | | |
| Principal retirement | 4,697,595 | - | - | 4,697,595 |
| Interest | 57,524 | - | - | 57,524 |
| Total expenditures | <u>584,309,438</u> | <u>113,661,186</u> | <u>8,931,795</u> | <u>706,902,419</u> |
| Deficiency of revenues under expenditures | <u>(269,156,118)</u> | <u>(2,729,205)</u> | <u>(8,931,795)</u> | <u>(280,817,118)</u> |
| Other Financing Sources (Uses): | | | | |
| Lease obligations incurred | 21,367,296 | - | - | 21,367,296 |
| Transfers in | - | - | 9,000,000 | 9,000,000 |
| Transfers out | (9,000,000) | - | - | (9,000,000) |
| Payment from Primary Government | 259,723,924 | 5,382,507 | 9,225,025 | 274,331,456 |
| Total other financing sources, net | <u>272,091,220</u> | <u>5,382,507</u> | <u>18,225,025</u> | <u>295,698,752</u> |
| Excess of revenues and other sources over expenditures and other uses | 2,935,102 | 2,653,302 | 9,293,230 | 14,881,634 |
| Total Fund Balances - June 30, 2021 | <u>29,910,194</u> | <u>3,303,279</u> | <u>34,860,182</u> | <u>68,073,655</u> |
| Total Fund Balances - June 30, 2022 | <u>\$ 32,845,296</u> | <u>\$ 5,956,581</u> | <u>\$ 44,153,412</u> | <u>\$ 82,955,289</u> |

Adjustments for the Statement of Activities:

| | |
|--|----------------------|
| Excess of revenues and other sources over expenditures and other uses | \$ 14,881,634 |
| 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. | 4,697,595 |
| Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. | (26,472,887) |
| Amortization expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. | (4,073,544) |
| Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets. | 59,806,719 |
| Lease proceeds are recorded as other financing source in governmental funds, but are not reported as revenues in the Statement of Activities. | (21,367,296) |
| 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. | 321,172 |
| Pension/OPEB expense is recorded as an expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds. | 55,149,996 |
| 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. | <u>2,252,924</u> |
| Change in Net Position of Discretely Presented Component Unit - School Board | <u>\$ 85,196,313</u> |

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, 2022

Schedule 10
Page 1 of 2

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|---|-----------------------|-----------------------|-----------------------|----------------------|
| Component Unit - School Board: | | | | |
| General Fund: | | | | |
| Revenue from local sources: | | | | |
| Permits, privilege fees and regulatory licenses: | | | | |
| High school parking fees | \$ 100,000 | \$ 100,000 | \$ 52,108 | \$ (47,892) |
| Facilities rental | 300,000 | 300,000 | 119,843 | (180,157) |
| Total permits, privilege fees and regulatory licenses | <u>400,000</u> | <u>400,000</u> | <u>171,951</u> | <u>(228,049)</u> |
| Charges for services: | | | | |
| School fees and tuitions | 15,000 | 15,000 | 77,388 | 62,388 |
| Total charges for services | <u>15,000</u> | <u>15,000</u> | <u>77,388</u> | <u>62,388</u> |
| Recovered cost: | | | | |
| Sale of vehicles, textbooks and equipment | 100,000 | 100,000 | 152,073 | 52,073 |
| Recovered cost - student activities | 236,000 | 236,000 | 166,387 | (69,613) |
| Total recovered cost | <u>336,000</u> | <u>336,000</u> | <u>318,460</u> | <u>(17,540)</u> |
| Miscellaneous revenues | 8,090,658 | 8,090,658 | 8,090,658 | - |
| Total revenue from local sources | <u>8,841,658</u> | <u>8,841,658</u> | <u>8,658,457</u> | <u>(183,201)</u> |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Talented and gifted program | 1,460,000 | 1,460,000 | 1,452,238 | (7,762) |
| English as a second language | 2,880,000 | 2,880,000 | 3,102,767 | 222,767 |
| General appropriation - basic aid | 143,000,000 | 143,000,000 | 133,511,443 | (9,488,557) |
| Foster child reimbursement | 300,000 | 300,000 | 322,752 | 22,752 |
| Textbooks | 3,000,000 | 3,000,000 | 3,001,385 | 1,385 |
| Social security reimbursement | 8,400,000 | 8,400,000 | 8,378,295 | (21,705) |
| Retirement reimbursement | 19,650,000 | 19,650,000 | 19,549,356 | (100,644) |
| Life insurance reimbursement | 580,000 | 580,000 | 586,481 | 6,481 |
| Remedial education | 4,740,000 | 4,740,000 | 4,719,773 | (20,227) |
| Share of State sales tax - schools | 58,000,000 | 58,000,000 | 74,883,041 | 16,883,041 |
| SOQ - basic special education | 17,750,000 | 17,750,000 | 17,678,203 | (71,797) |
| Special education - homebound | 117,000 | 117,000 | 94,836 | (22,164) |
| Vocational education - local administrative and supervisory | 830,000 | 830,000 | 882,548 | 52,548 |
| Vocational education - SOQ occupational | 2,000,000 | 2,000,000 | 2,010,791 | 10,791 |
| Handicapped - foster home | 200,000 | 200,000 | 471,737 | 271,737 |
| Salary incentive K-3 | 6,000,000 | 6,000,000 | 6,043,268 | 43,268 |
| R.O.T.C. | 385,000 | 385,000 | 255,592 | (129,408) |
| At risk | 8,800,000 | 8,800,000 | 8,922,084 | 122,084 |
| Education State Compensation | 3,000,000 | 3,000,000 | 9,221,851 | 6,221,851 |
| Other categorical aid | 125,000 | 125,000 | 72,341 | (52,659) |
| State lottery proceeds | 10,900,000 | 10,900,000 | 11,349,905 | 449,905 |
| Total categorical aid | <u>292,117,000</u> | <u>292,117,000</u> | <u>306,510,687</u> | <u>14,393,687</u> |
| Non-categorical aid: | | | | |
| Miscellaneous | - | - | (15,824) | (15,824) |
| Total revenue from the Commonwealth | <u>292,117,000</u> | <u>292,117,000</u> | <u>306,494,863</u> | <u>14,377,863</u> |
| Total Component Unit - General Fund | <u>\$ 300,958,658</u> | <u>\$ 300,958,658</u> | <u>\$ 315,153,320</u> | <u>\$ 14,194,662</u> |

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Schedule 10
Page 2 of 2

| Fund, Major and Minor Revenue Sources | Original Budget | Revised Budget | Actual | Variance |
|---|-----------------------|-----------------------|-----------------------|----------------------|
| Special Revenue Fund: | | | | |
| Revenue from local sources: | | | | |
| Charges for services: | | | | |
| Cafeteria receipts | \$ 7,000,000 | \$ 7,000,000 | \$ 378,279 | \$ (6,621,721) |
| School fees and tuitions | - | - | 93,275 | 93,275 |
| Total charges for services | 7,000,000 | 7,000,000 | 471,554 | (6,528,446) |
| Miscellaneous: | | | | |
| Miscellaneous | 445,441 | 445,441 | 1,330,732 | 885,291 |
| Recoveries and rebates | 8,287,464 | 7,885,070 | 3,860,495 | (4,024,575) |
| Total miscellaneous | 8,732,905 | 8,330,511 | 5,191,227 | (3,139,284) |
| Total revenue from local sources | 15,732,905 | 15,330,511 | 5,662,781 | (9,667,730) |
| Intergovernmental: | | | | |
| Revenue from the Commonwealth: | | | | |
| Juvenile detention center | 1,529,228 | 1,529,228 | 1,060,975 | (468,253) |
| Technology | 1,800,000 | 1,800,000 | 1,334,398 | (465,602) |
| Summer school | 2,020,094 | 2,020,094 | 1,106,170 | (913,924) |
| General adult education | 319,217 | 319,217 | 30,084 | (289,133) |
| At Risk | 10,400,000 | 10,400,000 | 11,854,694 | 1,454,694 |
| Other state educational grants | 19,176,038 | 19,176,038 | 13,128,870 | (6,047,168) |
| Total revenue from the Commonwealth | 35,244,577 | 35,244,577 | 28,515,191 | (6,729,386) |
| Revenue from the Federal Government: | | | | |
| Title I | 12,544,559 | 12,544,559 | 11,441,655 | (1,102,904) |
| Title VI-B | 11,149,423 | 11,149,423 | 10,969,384 | (180,039) |
| Vocational federal act | - | - | 471,978 | 471,978 |
| Head start | 1,257,213 | 1,257,213 | 2,011,744 | 754,531 |
| Pre-school | 334,226 | 334,226 | 353,743 | 19,517 |
| School lunch program | 10,800,000 | 10,800,000 | 16,487,688 | 5,687,688 |
| School breakfast program | 4,000,000 | 4,000,000 | 4,327,171 | 327,171 |
| Other Federal educational grants | 4,514,265 | 8,102,927 | 30,690,646 | 22,587,719 |
| Total revenue from the Federal government | 44,599,686 | 48,188,348 | 76,754,009 | 28,565,661 |
| Total intergovernmental | 79,844,263 | 83,432,925 | 105,269,200 | 21,836,275 |
| Total Component Unit - Special Revenue Fund | \$ 95,577,168 | \$ 98,763,436 | \$ 110,931,981 | \$ 12,168,545 |
| Total Revenues - Component Unit - School Board | \$ 396,535,826 | \$ 399,722,094 | \$ 426,085,301 | \$ 26,363,207 |

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, 2022

Schedule 11

| Function, Activity, Element | Original Budget | Revised Budget | Actual | Variance |
|--|----------------------------|---------------------------|-----------------------|-----------------------|
| Component Unit - School Board: | | | | |
| General Fund: | | | | |
| Education: | | | | |
| Administration of schools: | | | | |
| Administration | \$ 65,236,358 | \$ 91,229,261 | \$ 74,835,014 | \$ 16,394,247 |
| Instructional | 411,541,767 | 400,846,865 | 402,020,846 | (1,173,981) |
| Transportation | 30,799,485 | 30,683,066 | 29,563,734 | 1,119,332 |
| Operation and maintenance | 51,277,893 | 53,863,764 | 51,767,429 | 2,096,335 |
| Total administration of schools | <u>558,855,503</u> | <u>576,622,956</u> | <u>558,187,023</u> | <u>18,435,933</u> |
| Debt Service: | | | | |
| Principal retirement | 4,697,595 | 4,697,595 | 4,697,595 | - |
| Interest | 57,524 | 57,524 | 57,524 | - |
| Total debt service | <u>4,755,119</u> | <u>4,755,119</u> | <u>4,755,119</u> | <u>-</u> |
| Total education | <u>563,610,622</u> | <u>581,378,076</u> | <u>562,942,142</u> | <u>18,435,933</u> |
| Total Component Unit - General Fund | <u>\$ 563,610,622</u> | <u>\$ 581,378,076</u> | <u>\$ 562,942,142</u> | <u>\$ 18,435,933</u> |
| Special Revenue Fund: | | | | |
| Education: | | | | |
| Instruction | \$ 54,884,584 | \$ 151,614,697 | \$ 67,705,205 | \$ 83,909,492 |
| Other educational programs | 7,533,662 | 12,504,721 | 839,535 | 11,665,186 |
| Transportation | - | 6,812,103 | 5,831,093 | 981,010 |
| Operation and maintenance | 14,400,000 | 48,280,991 | 16,591,409 | 31,689,582 |
| Total education | <u>76,818,246</u> | <u>219,212,512</u> | <u>90,967,242</u> | <u>128,245,270</u> |
| School food service | <u>24,115,429</u> | <u>24,173,188</u> | <u>22,693,944</u> | <u>1,479,244</u> |
| Total Component Unit - Special Revenue Fund | <u>\$ 100,933,675</u> | <u>\$ 243,385,700</u> | <u>\$ 113,661,186</u> | <u>\$ 129,724,514</u> |
| Total Component Unit - School Board | <u>\$ 664,544,297</u> | <u>\$ 824,763,775</u> | <u>\$ 676,603,328</u> | <u>\$ 148,160,446</u> |

Explanation of difference between actual amounts on the budgetary basis and GAAP basis:

| | |
|--|-----------------------|
| Total Expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | \$ 562,942,142 |
| Right-to-use capital outlay | <u>21,367,296</u> |
| Total Expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund | <u>\$ 584,309,438</u> |

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

| | 2013 (1) | 2014 | 2015 (2) | 2016 | 2017 | 2018 (3) | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,029,263 | \$ 1,049,919 | \$ 1,082,833 | \$ 1,093,486 | \$ 1,102,415 | \$ 1,168,862 | \$ 1,208,373 | \$ 1,245,252 | \$ 1,284,958 | \$ 1,272,215 |
| Restricted For: | | | | | | | | | | |
| Highways, Streets and Buildings | 93,239 | 75,283 | 65,924 | 74,460 | 128,255 | 75,065 | 120,048 | 76,830 | 107,047 | 241,224 |
| Debt Service | 34,667 | 35,187 | 35,729 | 35,283 | 33,318 | 38,889 | 42,912 | 771 | 320 | 1,179 |
| Grants | 43,598 | 47,264 | 47,142 | 51,010 | 51,309 | 44,380 | 49,044 | 50,673 | 61,632 | 66,129 |
| Unrestricted | 107,902 | 125,687 | (75,487) | (99,933) | (76,034) | (78,587) | (66,470) | 23,622 | 116,735 | 97,984 |
| Total Governmental Activities Net Position | \$ 1,308,669 | \$ 1,333,340 | \$ 1,156,141 | \$ 1,154,306 | \$ 1,239,263 | \$ 1,248,609 | \$ 1,353,908 | \$ 1,397,148 | \$ 1,570,692 | \$ 1,678,730 |
| Business-type Activities: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 969,304 | \$ 1,015,261 | \$ 1,006,550 | \$ 1,045,556 | \$ 1,049,633 | \$ 1,040,062 | \$ 1,059,884 | \$ 1,026,920 | \$ 1,030,014 | \$ 1,088,419 |
| Debt Service | 15,070 | 17,005 | 17,002 | 21,532 | 21,532 | 27,247 | 30,421 | 30,376 | 30,353 | 29,649 |
| Unrestricted | 63,384 | 31,682 | 47,360 | 27,843 | 58,476 | 89,177 | 94,644 | 167,398 | 209,377 | 203,822 |
| Total Business-type Activities Net Position | \$ 1,047,758 | \$ 1,063,948 | \$ 1,070,912 | \$ 1,094,931 | \$ 1,129,641 | \$ 1,156,486 | \$ 1,184,949 | \$ 1,224,694 | \$ 1,269,744 | \$ 1,321,890 |
| Primary Government: | | | | | | | | | | |
| Net Investment in Capital Assets | \$ 1,998,567 | \$ 2,065,180 | \$ 2,089,383 | \$ 2,139,042 | \$ 2,152,048 | \$ 2,208,923 | \$ 2,268,258 | \$ 2,272,173 | \$ 2,314,972 | \$ 2,360,634 |
| Restricted For: | | | | | | | | | | |
| Highways, Streets, and Buildings | 93,239 | 75,283 | 65,924 | 74,460 | 128,255 | 75,065 | 120,048 | 76,830 | 107,047 | 241,224 |
| Debt Service | 49,737 | 52,192 | 52,731 | 56,815 | 54,850 | 66,136 | 73,333 | 31,147 | 30,673 | 30,828 |
| Grants | 43,598 | 47,264 | 47,142 | 51,010 | 51,309 | 44,380 | 49,044 | 50,673 | 61,632 | 66,129 |
| Unrestricted | 171,286 | 157,369 | (28,127) | (72,091) | (17,558) | 10,590 | 28,174 | 191,020 | 326,112 | 301,806 |
| Total Primary Government Net Position | \$ 2,356,427 | \$ 2,397,288 | \$ 2,227,053 | \$ 2,249,236 | \$ 2,368,904 | \$ 2,405,094 | \$ 2,538,857 | \$ 2,621,842 | \$ 2,840,436 | \$ 3,000,620 |

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Annual Comprehensive 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

| | 2013 (1) | 2014 | 2015 (2) | 2016 | 2017 | 2018 (3) | 2019 | 2020 | 2021 | 2022 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|-------------------|---------------------|
| Expenses | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ 96,108 | \$ 86,769 | \$ 101,642 | \$ 129,491 | \$ 97,783 | \$ 91,002 | \$ 94,497 | \$ 157,135 | \$ 137,237 | \$ 132,424 |
| Judicial Administration | 10,908 | 10,916 | 11,215 | 11,298 | 11,889 | 12,267 | 12,845 | 13,143 | 13,671 | 14,342 |
| Public Safety | 173,219 | 179,030 | 181,590 | 186,839 | 198,047 | 198,269 | 205,319 | 212,937 | 218,442 | 242,851 |
| Public Works | 70,303 | 77,624 | 82,583 | 80,918 | 89,386 | 87,221 | 91,603 | 87,460 | 78,804 | 89,729 |
| Health and Welfare | 57,700 | 58,681 | 61,796 | 66,956 | 70,840 | 74,941 | 79,862 | 82,090 | 68,770 | 73,514 |
| Education | 188,025 | 200,483 | 217,148 | 251,840 | 249,223 | 235,170 | 239,957 | 269,087 | 215,144 | 307,955 |
| Parks, Recreation and Culture | 34,781 | 34,159 | 35,058 | 37,434 | 40,309 | 42,123 | 43,429 | 45,451 | 44,371 | 48,759 |
| Community Development | 28,869 | 27,681 | 31,813 | 29,868 | 28,640 | 30,396 | 28,681 | 28,518 | 24,735 | 32,263 |
| Interest on Long-term Debt | 21,289 | 15,854 | 17,195 | 11,941 | 12,302 | 12,069 | 13,623 | 12,496 | 15,075 | 14,428 |
| Total Governmental Activities Expenses | 681,202 | 691,197 | 740,040 | 806,585 | 798,419 | 783,458 | 809,815 | 908,317 | 816,249 | 956,265 |
| Business-type Activities: | | | | | | | | | | |
| Water and Sewer | 89,813 | 96,918 | 102,977 | 107,950 | 105,919 | 108,696 | 112,548 | 113,127 | 115,833 | 115,145 |
| Belmont Park Golf Course (4) | 1,166 | 1,150 | 965 | 1,082 | 1,001 | 926 | 896 | 552 | - | - |
| Total Business-type Activities Expenses | 90,979 | 98,068 | 103,942 | 109,032 | 106,920 | 109,622 | 113,444 | 113,678 | 115,833 | 115,145 |
| Total Primary Government Expenses | \$ 772,181 | \$ 789,265 | \$ 843,982 | \$ 915,617 | \$ 905,339 | \$ 893,080 | \$ 923,259 | \$ 1,021,995 | \$ 932,082 | \$ 1,071,409 |
| Program Revenues | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General Government | \$ 11,094 | \$ 11,118 | \$ 13,164 | \$ 11,969 | \$ 13,659 | \$ 16,613 | \$ 14,225 | \$ 16,202 | \$ 15,703 | \$ 18,633 |
| Judicial Administration | 106 | 124 | 185 | 957 | 982 | 972 | 1,015 | 955 | 913 | 781 |
| Public Safety | 3,464 | 2,951 | 3,197 | 2,878 | 5,029 | 3,142 | 3,791 | 3,434 | 4,980 | 3,616 |
| Public Works | 15,077 | 14,851 | 3,392 | 3,464 | 3,085 | 2,572 | 2,693 | 2,487 | 1,836 | 2,659 |
| Health and Welfare | 10,234 | 11,255 | 10,764 | 11,317 | 11,096 | 11,223 | 12,231 | 11,741 | 11,311 | 13,819 |
| Parks, Recreation and Culture | 1,494 | 1,446 | 1,360 | 1,250 | 1,249 | 1,208 | 1,237 | 761 | 382 | 646 |
| Community Development | 6,328 | 6,479 | 7,561 | 7,843 | 8,615 | 9,853 | 9,872 | 8,945 | 6,747 | 4,917 |
| Operating grants and contributions | 109,426 | 117,403 | 137,434 | 152,903 | 155,163 | 148,000 | 157,835 | 178,550 | 185,025 | 152,361 |
| Total Governmental Activities Revenues | 157,223 | 165,627 | 177,057 | 192,581 | 198,878 | 193,583 | 202,899 | 223,076 | 226,898 | 197,431 |
| Business-type Activities: | | | | | | | | | | |
| Water and Sewer | 108,790 | 108,725 | 121,201 | 128,219 | 133,724 | 134,199 | 123,057 | 131,878 | 133,294 | 149,797 |
| Belmont Park Golf Course (4) | 844 | 797 | 853 | 823 | 694 | 697 | 782 | 459 | - | - |
| Total Business-type Activities Revenues | 109,634 | 109,522 | 122,054 | 129,042 | 134,418 | 134,896 | 123,839 | 132,336 | 133,294 | 149,797 |
| Total Primary Government Revenues | \$ 266,857 | \$ 275,149 | \$ 299,111 | \$ 321,623 | \$ 333,296 | \$ 328,479 | \$ 326,738 | \$ 355,412 | \$ 360,192 | \$ 347,228 |

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 2

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.
- (3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.
- (4) The First Tee of Greater Richmond is leasing Belmont Golf Course for twenty years, effective January 1, 2020.

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)

| | 2013 (1) | 2014 | 2015 (2) | 2016 | 2017 | 2018 (3) | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Net (Expense) Revenue | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| General Government | \$ (86,689) | \$ (74,645) | \$ (86,565) | \$ (115,290) | \$ (82,401) | \$ (71,887) | \$ (76,100) | \$ (139,463) | \$ (120,048) | \$ (112,337) |
| Judicial Administration | (5,498) | (5,505) | (5,454) | (4,694) | (4,906) | (5,297) | (5,776) | (6,271) | (7,770) | (8,322) |
| Public Safety | (142,236) | (146,844) | (150,739) | (155,208) | (163,389) | (166,276) | (172,147) | (164,262) | (159,316) | (209,336) |
| Public Works | (13,665) | (15,234) | (14,734) | (3,916) | (12,399) | (20,316) | (22,168) | (11,734) | (7,495) | (15,275) |
| Health and Welfare | (21,664) | (20,749) | (16,612) | (21,119) | (24,174) | (25,558) | (26,640) | (25,637) | (11,145) | (23,609) |
| Education | (188,025) | (200,483) | (217,148) | (251,840) | (249,223) | (235,170) | (239,957) | (269,087) | (215,144) | (307,955) |
| Parks, Recreation and Culture | (33,103) | (32,502) | (33,359) | (35,984) | (38,845) | (40,701) | (39,077) | (43,503) | (43,757) | (47,850) |
| Community Development | (14,613) | (13,754) | (21,178) | (14,010) | (11,901) | (12,600) | (11,427) | (12,788) | (9,600) | (19,722) |
| Interest on Long-term Debt | (21,289) | (15,854) | (17,195) | (11,941) | (12,302) | (12,069) | (13,623) | (12,496) | (15,075) | (14,428) |
| Total Governmental Activities Net Expense | (526,782) | (525,570) | (562,984) | (614,002) | (599,540) | (589,874) | (606,916) | (685,241) | (589,351) | (758,834) |
| Business-type Activities: | | | | | | | | | | |
| Water and Sewer | 17,885 | 11,806 | 18,224 | 20,270 | 27,805 | 25,503 | 10,509 | 18,751 | 17,462 | 34,653 |
| Belmont Park Golf Course (4) | (323) | (353) | (112) | (259) | (307) | (229) | (114) | (93) | - | - |
| Total Business-type Activities Net Revenue | 17,562 | 11,453 | 18,112 | 20,011 | 27,498 | 25,274 | 10,395 | 18,658 | 17,462 | 34,653 |
| Total Primary Government Net Expense | \$ (509,220) | \$ (514,117) | \$ (544,872) | \$ (593,991) | \$ (572,042) | \$ (564,600) | \$ (596,521) | \$ (666,583) | \$ (571,890) | \$ (724,181) |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property | \$ 355,171 | \$ 367,971 | \$ 377,406 | \$ 387,744 | \$ 403,164 | \$ 420,886 | \$ 446,944 | \$ 468,650 | \$ 489,264 | \$ 543,940 |
| Local Sales and Use | 55,852 | 55,825 | 58,095 | 62,286 | 64,666 | 68,256 | 68,775 | 69,908 | 75,613 | 87,994 |
| Business License | 29,641 | 29,828 | 32,086 | 33,521 | 35,432 | 35,618 | 38,308 | 39,627 | 38,591 | 46,330 |
| Hotel and Motel | 10,851 | 11,008 | 12,193 | 13,169 | 13,448 | 13,898 | 14,045 | 11,275 | 8,890 | 14,944 |
| Bank Franchise | 11,740 | 9,138 | 11,482 | 12,133 | 17,318 | 17,775 | 18,241 | 16,508 | 18,148 | 17,980 |
| Other | 20,158 | 21,250 | 46,344 | 48,614 | 49,828 | 50,948 | 52,026 | 50,229 | 51,465 | 61,157 |
| Interest and Investment Earnings | 1,519 | 1,946 | 2,271 | 2,945 | 2,045 | 5,305 | 18,052 | 15,303 | 2,127 | 911 |
| Grants and Contributions | 51,426 | 51,143 | 50,727 | 50,633 | 55,243 | 50,576 | 50,983 | 51,918 | 77,944 | 92,460 |
| Miscellaneous/Donated Assets | 1,592 | 2,131 | 2,591 | 1,121 | 4,976 | 1,685 | 4,840 | 5,063 | 1,148 | 1,155 |
| Total Governmental Activities | 537,950 | 550,240 | 593,195 | 612,166 | 646,120 | 664,947 | 712,215 | 728,481 | 763,190 | 866,872 |
| Business-type Activities: | | | | | | | | | | |
| Interest and Investment Earnings | 1,024 | 2,075 | 799 | 1,020 | 975 | 1,122 | 1,037 | 3,684 | 339 | 94 |
| Grants and Contributions | 436 | 1,611 | 1,608 | 1,650 | 1,608 | 1,609 | 15,336 | 16,548 | 24,961 | 16,800 |
| Miscellaneous/Donated Assets | 1,172 | 1,051 | 1,214 | 1,340 | 1,923 | 1,712 | 1,695 | 855 | 1,184 | 599 |
| Total Business-type Activities | 2,632 | 4,737 | 3,621 | 4,010 | 4,506 | 4,443 | 18,069 | 21,087 | 26,484 | 17,493 |
| Total Primary Government | \$ 540,582 | \$ 554,977 | \$ 596,816 | \$ 616,176 | \$ 650,626 | \$ 669,390 | \$ 730,283 | \$ 749,568 | \$ 789,675 | \$ 884,365 |
| Change in Net Position | | | | | | | | | | |
| Governmental Activities | \$ 11,168 | \$ 24,670 | \$ 30,211 | \$ (1,836) | \$ 46,580 | \$ 75,073 | \$ 105,299 | \$ 43,240 | \$ 173,839 | \$ 108,038 |
| Business-type Activities | 20,194 | 16,190 | 21,733 | 24,021 | 32,004 | 29,717 | 28,464 | 39,745 | 43,946 | 52,146 |
| Total Primary Government Net Position | \$ 31,362 | \$ 40,860 | \$ 51,944 | \$ 22,185 | \$ 78,584 | \$ 104,790 | \$ 133,763 | \$ 82,985 | \$ 217,785 | \$ 160,184 |

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 2

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.
- (3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.
- (4) The First Tee of Greater Richmond is leasing Belmont Golf Course for twenty years, effective January 1, 2020.

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Nonspendable | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ 113 | \$ - | \$ - |
| Restricted | 5,026 | 6,812 | 7,321 | 5,277 | 6,886 | 3,966 | 1,692 | 3,308 | 7,192 | 7,761 |
| Committed | 2,920 | 18,842 | 28,204 | 33,206 | 35,454 | 65,937 | 56,630 | 8,579 | 28,201 | 41,750 |
| Assigned | 72,184 | 61,822 | 61,511 | 62,420 | 77,076 | 69,467 | 75,745 | 115,498 | 213,844 | 191,415 |
| Unassigned | 114,170 | 115,034 | 117,489 | 119,346 | 123,934 | 127,744 | 133,163 | 138,252 | 134,164 | 154,451 |
| Total General Fund | 194,413 | 202,623 | 214,638 | 220,362 | 243,463 | 267,227 | 267,342 | 265,750 | 383,401 | 395,377 |
| All Other Governmental Funds: | | | | | | | | | | |
| Restricted | 28,448 | 30,253 | 28,973 | 29,018 | 26,844 | 20,853 | 25,137 | 28,482 | 43,441 | 45,663 |
| Committed | 191,275 | 148,380 | 119,743 | 140,570 | 242,931 | 211,810 | 280,751 | 355,128 | 338,363 | 346,889 |
| Assigned | 15,907 | 17,768 | 19,298 | 23,139 | 24,668 | 24,705 | 24,150 | 22,961 | 18,511 | 21,645 |
| Total All Other Governmental Funds | 235,630 | 196,401 | 168,014 | 192,727 | 294,443 | 257,368 | 330,037 | 406,572 | 400,315 | 414,197 |
| Total Fund Balances | \$ 430,043 | \$ 399,024 | \$ 382,652 | \$ 413,089 | \$ 537,906 | \$ 524,595 | \$ 597,380 | \$ 672,322 | \$ 783,717 | \$ 809,575 |

Notes: The Governmental Funds Fund Balances do not include the School Board or JRJDC component units to be consistent with the ACFR Financial Section.
GASB 54 classification of fund balances was implemented in fiscal year 2011.

Source: County of Henrico, Virginia Annual Comprehensive 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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|----------------|------------------|
| Revenues: | | | | | | | | | | |
| General Property Taxes | \$ 352,275 | \$ 367,120 | \$ 375,685 | \$ 387,388 | \$ 402,026 | \$ 420,786 | \$ 447,469 | \$ 466,198 | \$ 487,532 | \$ 538,135 |
| Other Local Taxes | 125,872 | 125,113 | 158,824 | 165,920 | 176,154 | 182,032 | 186,844 | 183,291 | 188,049 | 222,553 |
| Licenses and Permits | 3,177 | 3,732 | 6,052 | 4,744 | 5,385 | 9,811 | 7,368 | 8,221 | 8,611 | 11,136 |
| Fines and Forfeitures | 3,415 | 2,649 | 2,523 | 1,945 | 2,110 | 2,161 | 2,147 | 1,885 | 1,679 | 1,675 |
| Use of Money and Property | 2,746 | 3,335 | 3,534 | 4,194 | 3,295 | 6,286 | 19,023 | 15,739 | 3,523 | 2,516 |
| Charges for Services | 27,446 | 28,783 | 28,383 | 29,317 | 31,325 | 29,196 | 30,451 | 29,885 | 27,581 | 34,480 |
| Miscellaneous | 8,639 | 8,807 | 9,360 | 10,681 | 12,628 | 12,306 | 16,549 | 13,617 | 6,753 | 5,405 |
| Recovered Costs | 6,231 | 5,635 | 5,821 | 5,599 | 7,617 | 6,313 | 6,670 | 7,444 | 8,228 | 7,052 |
| Intergovernmental Revenue | 155,590 | 167,242 | 172,485 | 180,066 | 188,030 | 184,786 | 189,626 | 209,132 | 247,742 | 229,143 |
| Total Government Revenues | 685,391 | 712,416 | 762,667 | 789,854 | 828,570 | 853,677 | 906,146 | 935,412 | 979,699 | 1,052,093 |
| Expenditures: | | | | | | | | | | |
| General Government | 70,513 | 69,093 | 71,123 | 71,692 | 82,816 | 77,501 | 76,033 | 76,231 | 77,318 | 79,632 |
| Judicial Administration | 10,811 | 10,918 | 11,125 | 11,212 | 11,801 | 12,182 | 12,755 | 13,255 | 13,701 | 14,175 |
| Public Safety | 170,502 | 170,382 | 175,250 | 178,206 | 187,857 | 192,828 | 201,996 | 211,279 | 216,505 | 239,074 |
| Public Works | 51,344 | 59,730 | 63,621 | 61,463 | 66,543 | 69,029 | 70,318 | 70,176 | 61,188 | 66,504 |
| Health and Welfare | 57,369 | 58,616 | 61,614 | 66,583 | 70,532 | 74,643 | 79,599 | 82,336 | 68,710 | 72,637 |
| Parks, Recreation and Culture | 30,508 | 30,024 | 30,520 | 32,431 | 35,962 | 36,546 | 37,094 | 37,788 | 36,149 | 40,576 |
| Community Development | 28,687 | 27,548 | 31,497 | 29,648 | 28,412 | 30,185 | 28,517 | 28,406 | 24,560 | 32,021 |
| Education | 177,967 | 188,849 | 205,157 | 211,399 | 223,786 | 223,845 | 228,648 | 266,525 | 207,841 | 274,331 |
| Miscellaneous | 14,964 | 15,494 | 16,987 | 18,373 | 8,146 | 20,141 | 24,991 | 22,691 | 25,225 | 45,755 |
| Debt Service - Principal | 38,869 | 37,999 | 38,670 | 38,935 | 41,963 | 40,305 | 44,493 | 49,422 | 48,202 | 54,922 |
| Debt Service - Interest | 22,162 | 21,168 | 19,077 | 17,488 | 16,765 | 17,167 | 19,728 | 21,143 | 24,472 | 25,351 |
| Capital Outlay | 51,801 | 53,716 | 54,864 | 56,145 | 45,478 | 75,029 | 117,730 | 165,577 | 184,370 | 137,300 |
| Total Government Expenditures | 725,497 | 743,537 | 779,505 | 793,575 | 820,061 | 869,401 | 941,902 | 1,045,049 | 988,243 | 1,082,278 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (40,106) | (31,121) | (16,838) | (3,721) | 8,509 | (15,724) | (35,755) | (109,636) | (8,544) | (30,184) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Transfers-in | 109,077 | 87,589 | 107,121 | 123,971 | 109,542 | 123,601 | 161,744 | 146,589 | 113,816 | 154,464 |
| Transfers-out | (109,077) | (87,589) | (107,121) | (123,971) | (109,542) | (123,601) | (161,744) | (146,589) | (113,816) | (154,464) |
| Issuance of Bonds | 37,500 | - | 50,485 | - | 156,010 | - | 99,395 | 195,690 | 135,085 | 48,115 |
| Issuance of Bond Premiums | 7,566 | - | 9,645 | - | 20,766 | - | 9,065 | 22,558 | 17,903 | 6,268 |
| Loan Financing | - | - | - | 34,000 | - | - | - | - | - | - |
| Capital Lease Obligations Incurred | 126 | 101 | 95 | 158 | 913 | 2,415 | 80 | 535 | 322 | 1,660 |
| Payments to Escrow Agent | (44,809) | - | (59,758) | - | (61,386) | - | - | (34,204) | (32,414) | - |
| Total Other Financing Sources, Net | 383 | 101 | 467 | 34,158 | 116,303 | 2,415 | 108,540 | 184,579 | 120,896 | 56,042 |
| Net Change in Fund Balances | \$ (39,723) | \$ (31,020) | \$ (16,371) | \$ 30,437 | \$ 124,812 | \$ (13,309) | \$ 72,785 | \$ 74,943 | \$ 112,352 | \$ 25,858 |
| Debt service as a percentage of noncapital expenditures | 9.26% | 8.64% | 8.07% | 7.37% | 7.54% | 7.36% | 7.86% | 7.84% | 9.13% | 8.47% |

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Annual Comprehensive 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 | Personal Property | Public (3) Service Corp. | Total Personal Property | Personal Property Tax Rate (2) | | | | |
| 2013 | \$ 21,059,811 | \$ 9,716,301 | \$ 938,957 | \$ 31,715,069 | \$ 0.87 | \$ 3,586,164 | \$ 3,143 | \$ 3,589,307 | \$ 3.50 | \$ 35,304,376 | \$ 7.37 (4) | \$ 35,304,376 |
| 2014 | 21,988,906 | 9,919,518 | 908,401 | 32,816,825 | 0.87 | 3,585,703 | 3,305 | 3,589,008 | 3.50 | 36,405,833 | 7.37 (4) | 36,405,833 |
| 2015 | 22,810,890 | 10,292,187 | 962,217 | 34,065,294 | 0.87 | 3,766,963 | 2,529 | 3,769,492 | 3.50 | 37,834,786 | 6.57 (5) | 37,834,786 |
| 2016 | 23,518,182 | 10,657,341 | 1,004,054 | 35,179,577 | 0.87 | 4,013,147 | 2,222 | 4,015,369 | 3.50 | 39,194,946 | 5.47 (6) | 39,194,946 |
| 2017 | 24,611,556 | 11,130,742 | 1,129,400 | 36,871,698 | 0.87 | 4,087,035 | 2,130 | 4,089,165 | 3.50 | 40,960,863 | 5.47 (6) | 40,960,863 |
| 2018 | 26,117,583 | 11,776,171 | 1,162,001 | 39,055,755 | 0.87 | 4,241,370 | 1,994 | 4,243,364 | 3.50 | 43,299,119 | 5.47 (6) | 43,299,119 |
| 2019 | 27,424,613 | 12,779,275 | 1,195,272 | 41,399,160 | 0.87 | 4,610,809 | 2,225 | 4,613,034 | 3.50 | 46,012,194 | 5.47 (6) | 46,012,194 |
| 2020 | 28,778,727 | 13,879,253 | 1,229,029 | 43,887,009 | 0.87 | 4,557,328 | 1,796 | 4,559,124 | 3.50 | 48,446,133 | 5.47 (6) | 48,446,133 |
| 2021 | 30,410,639 | 13,707,745 | 1,212,770 | 45,331,154 | 0.87 | 5,345,993 | 1,716 | 5,347,709 | 3.50 | 50,678,863 | 5.47 (6) | 50,678,863 |
| 2022 | 33,930,579 | 15,628,350 | 1,273,603 | 50,832,533 | 0.85 | 6,586,172 | 1,411 | 6,587,583 | 3.50 | 57,420,116 | 5.45 (6) | 57,420,116 |

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 |
|-------------|------------------|----------------------------------|---------------------------|----------|--------------------|-------------------------|
| 2022 | \$ 0.85 | \$ 3.50 | \$ 0.30 | \$ 0.50 | \$ 0.30 | \$ 5.45 |
| 2021 | 0.87 | 3.50 | 0.30 | 0.50 | 0.30 | 5.47 |
| 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 |

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 2022 | | | | Calendar Year 2021 | | | | Calendar Year 2013 | | | |
|---|-----------------------------------|--|------|----------------------------------|--|--|------|----------------------------------|--|--|------|----------------------------------|--|
| | | Real/Personal Property Assessed Valuation | Rank | Percent of Total Valuation | | Real/Personal Property Assessed Valuation | Rank | Percent of Total Valuation | | Real/Personal Property Assessed Valuation | Rank | Percent of Total Valuation | |
| Scout Development LLC (2) | Data Center | \$ 1,359,531,360 | 1 | 2.37% | | \$ 952,254,226 | 1 | 1.88% | | - | N/A | - | |
| Virginia Power Company | Utility | 842,366,522 | 2 | 1.47% | | 789,838,041 | 2 | 1.56% | | 486,322,607 | 1 | 1.38% | |
| Short Pump Town Centers LLC (Queensland) (1) | Retail and Offices | 307,750,100 | 3 | 0.54% | | 382,464,000 | 3 | 0.75% | | - | N/A | 0.00% | |
| Verizon | Utility | 182,275,544 | 4 | 0.32% | | 181,869,462 | 4 | 0.36% | | 246,657,830 | 4 | 0.70% | |
| Liberty Property, LP | Offices and Warehouses | 180,247,100 | 5 | 0.31% | | 149,277,100 | 6 | 0.29% | | - | N/A | - | |
| Highwoods Properties | Offices and Warehouses | 150,025,400 | 6 | 0.26% | | 169,721,700 | 5 | 0.33% | | 247,842,800 | 3 | 0.70% | |
| HCA Health Services of VA | Hospital | 142,537,020 | 7 | 0.25% | | 137,628,926 | 7 | 0.27% | | 176,048,778 | 7 | 0.50% | |
| IBM Credit LLC | Personal Property Leasing | 133,297,752 | 8 | 0.23% | | 108,139,417 | 10 | 0.21% | | - | N/A | - | |
| Bank of America | Data Center & Bank | 129,064,300 | 9 | 0.22% | | 113,217,000 | 9 | 0.22% | | - | N/A | - | |
| PFI VPN Portfolio | Offices | 127,594,200 | 10 | 0.22% | | 127,764,500 | 8 | 0.25% | | - | N/A | - | |
| Forest City (Short Pump TC, White Oak, etc) (1) | Retail and Offices | - | N/A | - | | - | N/A | - | | 271,182,400 | 2 | 0.77% | |
| The Wilton Companies | Offices, Retail and Warehouses | - | N/A | - | | - | N/A | - | | 219,226,700 | 5 | 0.62% | |
| General Services Corporation | Apartments | - | N/A | - | | - | N/A | - | | 218,288,900 | 6 | 0.62% | |
| Weinstein Family | Apartments | - | N/A | - | | - | N/A | - | | 172,613,600 | 8 | 0.49% | |
| Excel Realty Holdings (West Broad Village) | Offices | - | N/A | - | | - | N/A | - | | 127,464,700 | 9 | 0.36% | |
| United Dominion Realty Trust | Apartments | - | N/A | - | | - | N/A | - | | 123,893,600 | 10 | 0.35% | |
| Totals | | <u>\$ 3,554,689,298</u> | | <u>6.19%</u> | | <u>\$ 3,112,174,372</u> | | <u>6.14%</u> | | <u>\$ 2,289,541,915</u> | | <u>6.49%</u> | |
| Total Assessed Values | | <u>\$ 57,420,115,849</u> | | | | <u>\$ 50,678,863,331</u> | | | | <u>\$ 35,304,375,594</u> | | | |

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 Levy | Collections within the Fiscal Year of Levy | | Collections in Subsequent Years | Total Collections to Date | |
|------|---------------------------------|---|-----------------------------------|---------------------------------------|---------------------------|-----------------------------------|
| | | Amount | Percentage of Original Levy | | Amount | Percentage of Adjusted Levy |
| 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% | 19,385,830 | 453,380,731 | 99.5% |
| 2021 | 479,221,598 | 463,357,848 | 96.7% | 13,226,643 | 463,357,848 | 96.7% |
| 2022 | 529,024,451 | 502,526,040 | 95.0% | N/A (1) | 502,526,040 | 95.0% |

Notes:

(1) Fiscal year 2022 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 | | | Component Units | | |
|-------------|---------------------|--------------------|----------------|------------|------------------|-------------|---------------|-----------------|--------------|----------|
| | General | Less, Amounts | Net Bonded | Percentage | Estimated Actual | Per Capita | Capital | School Board | JRJDC | |
| | Obligation | Designated for | | | | | | Capital | Capital | Facility |
| | Bonds (2) | Principal Payments | Debt | Income (3) | Value of | Debt | Leases | Leases | Bond | Leases |
| 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 | 2.2% | 1.1% | 1,430.67 | 34,939,140 | 26,976,897 | - | - |
| 2020 | 558,035,689 | 770,870 | 557,264,819 | 2.4% | 1.2% | 1,623.46 | 88,116,739 | 16,651,291 | - | - |
| 2021 | 632,990,481 | 319,820 | 632,670,661 | 2.6% | 1.2% | 1,868.38 | 61,844,395 | 6,946,638 | - | 10,411 |
| 2022 | 632,466,561 | 1,179,213 | 631,287,348 | 2.5% | 1.1% | 1,849.30 | 12,814,473 | 19,055,430 | - | 7,704 |

| Fiscal Year | Governmental-Type Activities | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income (3) | Percentage of Estimated Actual Value of Taxable Property | Per Capita Debt |
|-------------|------------------------------|---------------|--------------------------|-----------|--------------------------|-----------------------------------|--|-----------------|
| | General | Capital | Water & Sewer | Capital | | | | |
| | Obligation | Leases | Revenue Bonds (2) | Leases | | | | |
| 2013 | \$ 498,120,008 | \$ 31,648,127 | \$ 164,219,306 | \$ 21,719 | \$ 694,009,160 | 4.1% | 2.0% | \$ 2,181.33 |
| 2014 | 459,391,297 | 27,654,285 | 239,236,344 | 28,148 | 726,310,074 | 4.0% | 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 | 4.0% | 2.0% | 2,589.55 |
| 2019 | 485,511,538 | 34,939,140 | 463,978,992 | 15,285 | 984,444,955 | 4.4% | 2.1% | 2,902.33 |
| 2020 | 558,035,689 | 88,116,739 | 448,256,027 | 13,155 | 1,094,421,610 | 4.7% | 2.3% | 3,188.34 |
| 2021 | 632,990,481 | 61,844,395 | 474,903,035 | 15,140 | 1,169,753,051 | 4.8% | 2.3% | 3,454.47 |
| 2022 | 632,466,561 | 12,814,473 | 467,749,780 | 10,112 | 1,113,040,926 | 4.4% | 1.9% | 3,260.56 |

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 |
|----------------|----------------------|---------------------------|--|--------------|--------------|---------------|----------|
| 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 |
| 2021 | 128,450,586 | 69,202,142 | 59,248,444 | 15,610,000 | 14,311,305 | 29,921,305 | 1.98 |
| 2022 | 137,065,315 | 70,425,114 | 66,640,201 | 17,265,000 | 12,389,660 | 29,654,660 | 2.25 |

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) |
|------|--------------------------|--|-------------------------|--|--------------------------|
| 2013 | 318,158 | \$ 17,024,166 | \$ 53,509 | 49,343 | 5.9% |
| 2014 | 321,374 | 18,279,160 | 56,878 | 49,812 | 5.3% |
| 2015 | 325,283 | 19,226,710 | 59,108 | 50,370 | 4.5% |
| 2016 | 329,227 | 19,861,897 | 60,329 | 50,173 | 3.7% |
| 2017 | 332,368 | 20,861,766 | 62,767 | 50,330 | 3.7% |
| 2018 | 335,283 | 21,580,780 | 64,366 | 50,182 | 3.2% |
| 2019 | 339,191 | 22,475,302 | 66,261 | 50,406 | 2.9% |
| 2020 | 343,258 | 23,321,002 | 67,940 | 50,486 | 8.7% |
| 2021 | 338,620 | 24,239,482 (5) | 71,583 | 48,702 | 4.6% |
| 2022 | 341,365 | 25,194,137 (5) | 73,804 | 48,977 | 3.0% |

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 6/30/2022)
- (5) Based on a trend average 2016 - 2020

See accompanying independent auditors' report.

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

Table XII

| Employer | 2022 (1) | | | 2021 | | | 2020 | | | 2019 | | | 2018 | | |
|--|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|----------------|------|-----------------------------|
| | 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 | 3.9% | 5,000-9,999 | 1 | 4.0% | 5,000-9,999 | 1 | 3.7% | 5,000-9,999 | 1 | 3.7% | 5,000-9,999 | 1 | 3.6% |
| County of Henrico | 1,000-4,999 | 2 | 2.3% | 1,000-4,999 | 2 | 2.4% | 1,000-4,999 | 3 | 2.2% | 1,000-4,999 | 2 | 2.2% | 1,000-4,999 | 2 | 2.2% |
| Bon Secours Richmond Health System (2) | 1,000-4,999 | 3 | 1.6% | 1,000-4,999 | 3 | 1.7% | 1,000-4,999 | 2 | 1.6% | 1,000-4,999 | 3 | 1.6% | 1,000-4,999 | 3 | 1.6% |
| Henrico Doctors' Hospital (HCA) | 1,000-4,999 | 4 | 1.6% | 1,000-4,999 | 4 | 1.7% | 1,000-4,999 | 4 | 1.6% | 1,000-4,999 | 4 | 1.6% | 1,000-4,999 | 4 | 1.6% |
| Walmart | 1,000-4,999 | 5 | 1.6% | 1,000-4,999 | 7 | 1.7% | 1,000-4,999 | 7 | 1.6% | 1,000-4,999 | 7 | 1.6% | 1,000-4,999 | 7 | 1.6% |
| United States Postal Service | 1,000-4,999 | 6 | 1.6% | 1,000-4,999 | 8 | 1.7% | 1,000-4,999 | 9 | 1.6% | 1,000-4,999 | 9 | 1.6% | 1,000-4,999 | 8 | 1.6% |
| Anthem (Blue Cross & Blue Shield) | 1,000-4,999 | 7 | 1.6% | 1,000-4,999 | 6 | 1.7% | 1,000-4,999 | 5 | 1.6% | 1,000-4,999 | 5 | 1.6% | 1,000-4,999 | 6 | 1.6% |
| Ppd Development | 1,000-4,999 | 8 | 1.6% | 500-999 | 11 | 0.4% | 500-999 | 12 | 0.4% | 500-999 | 14 | 0.4% | 500-999 | 20 | 0.4% |
| Capital One Bank | 1,000-4,999 | 9 | 1.6% | 1,000-4,999 | 5 | 1.7% | 1,000-4,999 | 6 | 1.6% | 1,000-4,999 | 6 | 1.6% | 1,000-4,999 | 5 | 1.6% |
| Apex Systems, Inc. | 1,000-4,999 | 10 | 1.6% | 500-999 | 15 | 0.4% | 1,000-4,999 | 10 | 1.6% | 1,000-4,999 | 10 | 1.6% | 500-999 | 10 | 0.4% |
| Bank of America | 1,000-4,999 | 11 | 1.6% | 1,000-4,999 | 10 | 1.7% | 500-999 | 11 | 0.4% | 1,000-4,999 | 11 | 1.6% | 500-999 | 12 | 0.4% |
| Wells Fargo Bank NA | 1,000-4,999 | 12 | 1.6% | 1,000-4,999 | 9 | 1.7% | 1,000-4,999 | 8 | 1.6% | 1,000-4,999 | 8 | 1.6% | 1,000-4,999 | 9 | 1.6% |
| Abacus Corporation | 500-999 | 13 | 0.4% | 500-999 | 16 | 0.4% | - | N/A | - | - | N/A | - | - | N/A | - |
| Ensemble Rcm, LLC | 500-999 | 14 | 0.4% | 500-999 | 12 | 0.4% | - | N/A | - | - | N/A | - | - | N/A | - |
| Kroger | 500-999 | 15 | 0.4% | 500-999 | 13 | 0.4% | 500-999 | 13 | 0.4% | 500-999 | 12 | 0.4% | 500-999 | 11 | 0.4% |
| Publix Nc Employee Services, LLC | 500-999 | 16 | 0.4% | 500-999 | 14 | 0.4% | 500-999 | 14 | 0.4% | 500-999 | 19 | 0.4% | 500-999 | 18 | 0.4% |
| Markel Service, Inc | 500-999 | 17 | 0.4% | 500-999 | 18 | 0.4% | 500-999 | 17 | 0.4% | 500-999 | 15 | 0.4% | 500-999 | 15 | 0.4% |
| T Mobile USA, Inc. | 500-999 | 18 | 0.4% | 500-999 | 20 | 0.4% | 500-999 | 18 | 0.4% | 500-999 | 16 | 0.4% | 500-999 | 16 | 0.4% |
| Amazon | 500-999 | 19 | 0.4% | - | N/A | - | - | N/A | - | - | N/A | - | - | N/A | - |
| Virginia Department of Social Services | 500-999 | 20 | 0.4% | - | N/A | - | 500-999 | 19 | 0.4% | 500-999 | 18 | 0.4% | 500-999 | 17 | 0.4% |
| GNA Corporation | - | N/A | - | 500-999 | 17 | 0.4% | 500-999 | 16 | 0.4% | 500-999 | 13 | 0.4% | 500-999 | 13 | 0.4% |
| Truist Financial (BB&T & SunTrust Banks) | - | N/A | - | 500-999 | 19 | 0.4% | 500-999 | 15 | 0.4% | 500-999 | 17 | 0.4% | - | N/A | - |
| Access America | - | N/A | - | - | N/A | - | 500-999 | 20 | 0.4% | 500-999 | 20 | 0.4% | - | N/A | - |
| Patient First Corporation | - | N/A | - | - | N/A | - | - | N/A | - | - | N/A | - | 500-999 | 14 | 0.4% |
| General Medical Corporation | - | N/A | - | - | N/A | - | - | N/A | - | - | N/A | - | 500-999 | 19 | 0.4% |
| Totals | | | 25.7% | | | 23.8% | | | 22.3% | | | 23.5% | | | 21.2% |
| Total County Employment (3) | 185,186 | | | 180,323 | | | 192,305 | | | 190,968 | | | 189,571 | | |

Source: Virginia Employment Commission

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

(1) 2022 Data as of 1st Qtr 2022

(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 (1)
LAST TEN FISCAL YEARS
(Unaudited)**

Table XIII

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agriculture & Home Extension | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Belmont Golf Course | 9 | 9 | 8 | 8 | 8 | 8 | 8 | - | - | - |
| Board of Supervisors | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Building Inspections | 54 | 53 | 52 | 53 | 55 | 55 | 58 | 58 | 58 | 58 |
| Central Automotive Maintenance | 67 | 67 | 67 | 67 | 67 | 70 | 71 | 71 | 71 | 71 |
| Circuit Court Services | 8 | 8 | 8 | 8 | 8 | 8 | 10 | 48 | 50 | 50 |
| Commonwealth's Attorney | 56 | 56 | 56 | 56 | 56 | 57 | 57 | 62 | 61 | 62 |
| Community Corrections | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 4 | 4 |
| Community Revitalization | 17 | 16 | 16 | 17 | 18 | 18 | 19 | 19 | 19 | 20 |
| County Attorney | 19 | 19 | 19 | 20 | 20 | 20 | 21 | 21 | 21 | 22 |
| County Manager | 13 | 13 | 13 | 14 | 13 | 13 | 12 | 12 | 12 | 12 |
| Electoral Board | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 10 | 10 | 9 |
| Emergency Management (3) | - | - | - | - | - | - | - | - | 8 | 8 |
| Finance | 153 | 169 | 168 | 168 | 163 | 163 | 163 | 170 | 163 | 165 |
| Fire | 539 | 548 | 548 | 548 | 562 | 589 | 596 | 606 | 621 | 626 |
| General Services | 147 | 120 | 119 | 119 | 118 | 118 | 118 | 118 | 118 | 111 |
| Human Resources | 48 | 58 | 56 | 57 | 57 | 58 | 58 | 47 | 48 | 48 |
| Hold Complement (2) | 43 | 36 | 22 | 6 | 3 | 7 | 1 | 7 | 2 | 4 |
| Information Technology | 89 | 88 | 90 | 90 | 97 | 97 | 98 | 99 | 107 | 113 |
| Internal Audit | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 6 | 6 | 6 |
| Juvenile Detention & VJCCCA | 33 | 33 | 33 | 33 | 33 | 33 | 34 | 34 | 34 | 34 |
| Library | 164 | 161 | 171 | 197 | 206 | 206 | 210 | 228 | 228 | 228 |
| Mental Health | 218 | 219 | 219 | 219 | 219 | 219 | 222 | 222 | 222 | 216 |
| Permit Centers | 17 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 |
| Planning | 43 | 44 | 44 | 45 | 45 | 45 | 45 | 45 | 45 | 45 |
| Police | 798 | 807 | 817 | 827 | 842 | 852 | 855 | 864 | 864 | 872 |
| Public Relations & Media Services | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 20 | 20 | 20 |
| Public Utilities | 306 | 306 | 306 | 307 | 307 | 309 | 312 | 314 | 309 | 307 |
| Public Works | 254 | 254 | 257 | 259 | 259 | 262 | 263 | 269 | 269 | 288 |
| Real Property | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | - |
| Recreation & Parks | 177 | 173 | 172 | 170 | 170 | 177 | 177 | 186 | 183 | 181 |
| Risk Management (4) | - | - | - | - | - | - | - | - | 7 | 7 |
| Sheriff | 371 | 371 | 373 | 390 | 390 | 394 | 394 | 396 | 396 | 396 |
| Social Services | 168 | 168 | 172 | 177 | 185 | 192 | 201 | 213 | 213 | 216 |
| Solid Waste | 69 | 69 | 69 | 69 | 69 | 67 | 66 | 69 | 69 | 69 |
| Sports and Entertainment Authority (5) | - | - | - | - | - | - | - | - | - | 4 |
| Sub-total General Government | 3,927 | 3,927 | 3,937 | 3,986 | 4,032 | 4,100 | 4,133 | 4,245 | 4,267 | 4,294 |
| Education | 6,564 | 6,643 | 6,686 | 6,762 | 6,832 | 6,868 | 6,972 | 7,116 | 7,146 | 7,288 |
| Total Government Employees | 10,491 | 10,570 | 10,623 | 10,748 | 10,864 | 10,968 | 11,105 | 11,361 | 11,413 | 11,582 |

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 (365 as of June 30, 2022) 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.

(3) Prior to 2021, Emergency Management and Workplace Safety fell under the Division of Fire.

(4) Prior to 2021, Risk Management fell under the Department of Finance.

(5) The Sports & Entertainment Authority was established in April 2021.

See accompanying independent auditors' report.

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

Table XIV

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (1) |
|---|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Finance: | | | | | | | | | | |
| Standard & Poor's G.O. Bond Rating | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Moody's Investor Service G.O. Bond Rating | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa | Aaa |
| Fitch IBCA G.O. Bond Rating | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA | AAA |
| Land Parcels Reviewed | 112,986 | 113,641 | 114,370 | 114,840 | 115,532 | 116,482 | 117,845 | 118,300 | 119,000 | 120,550 |
| Vehicles Assessed | 354,419 | 351,318 | 363,776 | 364,000 | 389,491 | 383,083 | 398,815 | 405,798 | 397,458 | 399,616 |
| GFOA Award Budget - # of Years | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 |
| GFOA Award CAFR - # of Years (2) | 31 | 32 | 33 | 34 | 36 | 37 | 38 | 39 | 40 | 41 |
| GFOA Award PAFR - # of Years (9) | - | - | - | - | - | - | - | 1 | 2 | 3 |
| General Services: | | | | | | | | | | |
| Fleet Annual Miles Driven | 24,588,773 | 23,708,593 | 25,119,814 | 24,262,178 | 25,273,320 | 17,956,232 | 24,805,401 | 22,527,054 | 18,352,586 | 22,500,000 |
| Gallons of Fuel Consumed | 2,909,914 | 2,809,075 | 2,901,549 | 2,974,784 | 3,045,532 | 2,982,165 | 3,029,706 | 2,612,758 | 2,030,793 | 2,750,000 |
| Total Work Orders Completed | 23,000 | 20,048 | 21,253 | 20,676 | 20,782 | 21,995 | 22,729 | 26,500 | 22,997 | 25,250 |
| Information Technology (4) | | | | | | | | | | |
| Support Desk - Tickets | - | - | 4,589 | 5,035 | 7,419 | 8,859 | 10,402 | 10,823 | 13,729 | 15,000 |
| Support Desk - Call Queue | - | - | - | - | - | 6,322 | 6,127 | 5,286 | 6,227 | 7,500 |
| Systems - Virtual Servers | - | - | 273 | 310 | 375 | 354 | 348 | 331 | 486 | 507 |
| Systems - Physical Servers | - | - | 96 | 99 | 104 | 77 | 78 | 78 | 60 | 202 |
| Systems - Onsite Storage in TB | - | - | 224 | 310 | 451 | 318 | 322 | 550 | 1,182 | 1,500 |
| Systems - Cloud Storage in TB | - | - | 5 | 6 | 6 | 7 | 8 | 16 | 17 | 20 |
| Judicial Administration | | | | | | | | | | |
| Clerk of Circuit Court: | | | | | | | | | | |
| Deed Book Entries | 48,926 | 51,257 | 36,443 | 43,000 | 42,752 | 43,000 | 40,194 | 42,750 | 57,027 | 64,339 |
| Civil Cases | 3,135 | 3,237 | 3,475 | 4,000 | 4,659 | 4,100 | 5,493 | 2,467 | 2,383 | 4,909 |
| Criminal Cases | 5,833 | 5,375 | 5,073 | 5,650 | 6,650 | 5,600 | 5,554 | 5,551 | 4,660 | 5,450 |
| General District Courts: | | | | | | | | | | |
| New Criminal Cases Filed | 13,267 | 13,158 | 14,289 | 14,574 | 15,573 | 15,402 | 16,962 | 16,851 | 13,481 | 13,473 |
| New Civil Cases Filed | 39,300 | 36,025 | 34,114 | 34,411 | 36,935 | 36,223 | 38,862 | 38,497 | 24,553 | 24,642 |
| New Traffic Cases Filed | 70,555 | 64,844 | 62,844 | 54,325 | 53,817 | 54,784 | 56,173 | 54,785 | 36,244 | 46,731 |
| Commonwealth's Attorney: | | | | | | | | | | |
| Criminal Cases | 35,617 | 35,687 | 40,597 | 41,890 | 45,037 | 45,284 | 46,175 | 50,108 | 47,538 | 47,550 |
| Traffic Cases | 97,580 | 90,598 | 88,907 | 79,778 | 76,134 | 77,622 | 77,022 | 92,375 | 78,521 | 78,525 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Calls for Service | 194,029 | 197,502 | 203,330 | 211,832 | 212,154 | 217,971 | 208,950 | 194,591 | 187,276 | 175,586 |
| Criminal Arrests | 20,690 | 27,671 | 20,059 | 20,111 | 22,689 | 20,969 | 21,519 | 21,188 | 36,283 | 35,971 |
| Traffic Arrests | 58,269 | 40,935 | 49,195 | 43,149 | 44,613 | 40,931 | 47,191 | 41,786 | 31,354 | 31,743 |
| Fire Protection: | | | | | | | | | | |
| Calls For Service | 43,348 | 43,143 | 46,233 | 47,948 | 49,235 | 50,287 | 48,004 | 46,006 | 48,080 | 53,662 |
| EMS and Rescue Calls | 36,176 | 35,662 | 38,408 | 39,660 | 41,216 | 41,688 | 39,965 | 38,296 | 40,259 | 45,065 |
| Fire Incidents | 817 | 777 | 809 | 764 | 768 | 774 | 637 | 806 | 7,821 | 8,597 |
| Sheriff: | | | | | | | | | | |
| Civil Papers Served | 100,626 | 105,120 | 112,078 | 117,462 | 122,337 | 123,896 | 120,566 | 121,907 | 68,588 | 132,000 |
| Annual Commitments to Jail | 16,134 | 14,094 | 16,143 | 15,613 | 15,049 | 14,516 | 14,741 | 13,368 | 11,275 | 13,750 |
| Average Daily Inmate Population | 1,183 | 1,175 | 1,221 | 1,177 | 1,350 | 1,436 | 1,403 | 1,337 | 1,178 | 1,125 |
| Building Inspections: | | | | | | | | | | |
| Total Permits Issued | 14,274 | 13,972 | 13,577 | 13,700 | 15,773 | 16,322 | 15,998 | 15,724 | 16,624 | 11,252 |
| Total Inspections | 67,036 | 70,990 | 68,861 | 69,931 | 81,983 | 92,685 | 96,611 | 87,157 | 91,157 | 90,000 |
| Public Works | | | | | | | | | | |
| Public Works: | | | | | | | | | | |
| Lane Miles Maintained | 3,452 | 3,454 | 3,468 | 3,498 | 3,516 | 3,524 | 3,533 | 3,547 | 3,555 | 3,563 |
| Traffic Signals Maintained | 149 | 150 | 150 | 150 | 154 | 155 | 156 | 161 | 169 | 177 |
| Development Plans Reviewed | 880 | 875 | 1,568 | 1,828 | 1,922 | 2,315 | 1,929 | 1,606 | 882 | 900 |
| Health and Social Services | | | | | | | | | | |
| Public Health: | | | | | | | | | | |
| Nursing Home Screening (5) | 570 | 645 | 666 | 707 | 729 | 703 | 663 | 700 | 606 | 624 |
| WIC Average Monthly Participation (6) | N/A | N/A | N/A | 5,099 | 4,776 | 4,671 | 4,583 | 4,800 | 5,279 | 4,800 |
| Patient Visits | 27,584 | 28,090 | 15,258 | 13,787 | 15,117 | 14,259 | 14,472 | 14,100 | 7,033 | 8,100 |
| Social Services: | | | | | | | | | | |
| Clients Entering Employment | 650 | 675 | 694 | 436 | 511 | 527 | 414 | 292 | 161 | 197 |
| Family Foster Child Home Recruitment (10) | 14 | 30 | 13 | 10 | 8 | 12 | 21 | 31 | 28 | 35 |
| Education | | | | | | | | | | |
| Schools: | | | | | | | | | | |
| Cost Per Student | \$ 9,110 | \$ 8,978 | \$ 9,305 | \$ 9,644 | \$ 9,790 | \$ 10,051 | \$ 10,586 | \$ 10,848 | \$ 11,375 | \$ 12,732 |
| Teaching Positions | 3,719 | 3,741 | 3,780 | 3,833 | 3,906 | 3,917 | 3,993 | 4,056 | 4,076 | 4,181 |
| Student/Teacher Ratio | 13.4 | 13.3 | 13.3 | 13.1 | 12.9 | 12.8 | 12.6 | 12.4 | 11.9 | 11.7 |

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

Table XIV

| Function/Program | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (1) |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Parks, Recreation and Cultural: | | | | | | | | | | |
| Recreation: | | | | | | | | | | |
| Park Visitation | 3,787,758 | 3,333,223 | 3,295,348 | 3,334,908 | 3,570,480 | 3,492,505 | 3,756,148 | 4,091,180 | 5,250,825 | 5,700,000 |
| Program Participants | 397,000 | 23,223 | 30,404 | 40,350 | 25,804 | 97,487 | 97,726 | 84,530 | 31,510 | 41,574 |
| Recreation Programs | 16,400 | 1,197 | 2,762 | 1,199 | 1,147 | 1,322 | 1,311 | 1,215 | 480 | 975 |
| Library: | | | | | | | | | | |
| Customer Visits | 2,063,468 | 2,032,388 | 1,986,263 | 1,958,700 | 2,137,664 | 2,145,850 | 2,055,948 | 1,386,023 | 550,665 | 670,000 |
| Annual Circulation of Materials | 3,881,526 | 3,935,828 | 3,936,061 | 4,051,024 | 4,201,479 | 4,164,126 | 4,147,567 | 3,394,797 | 2,551,085 | 2,840,000 |
| Community Development | | | | | | | | | | |
| Economic Development (3): | | | | | | | | | | |
| Square Footage of New Businesses | - | - | 89,409 | 208,544 | 81,897 | 1,145,045 | 1,564,114 | 248,150 | 3,133,600 | 877,513 |
| New Jobs Created | 1,173 | 1,212 | 36 | 163 | 173 | 433 | 320 | 978 | 1,417 | 969 |
| Planning: | | | | | | | | | | |
| Reviews Completed | 232 | 284 | 322 | 342 | 314 | 360 | 288 | 323 | 282 | 300 |
| Petitions and Permits Processed | 86 | 126 | 118 | 92 | 123 | 103 | 121 | 103 | 148 | 145 |
| Maps Prepared | 1,048 | 1,191 | 1,364 | 1,154 | 1,296 | 979 | 1,274 | 1,207 | 1,178 | 1,200 |
| Community Development (con't) | | | | | | | | | | |
| Community Revitalization: | | | | | | | | | | |
| Community Maintenance Cases | 10,766 | 10,609 | 11,170 | 12,496 | 13,040 | 11,170 | 12,793 | 10,581 | 7,580 | 10,200 |
| Inspections Completed | 27,406 | 27,273 | 30,451 | 32,532 | 35,600 | 30,451 | 37,117 | 30,929 | 21,868 | 30,500 |
| Volunteers Hours Worked (8) | 2,708 | 3,478 | 2,256 | 4,638 | 4,336 | 2,256 | 3,099 | 475 | - | 757 |
| Permit Center: | | | | | | | | | | |
| Permit Applications Received | 5,123 | 5,085 | 4,437 | 5,519 | 5,214 | 4,004 | 5,616 | 5,248 | 4,933 | 6,269 |
| Permit Applications Reviewed | 6,558 | 10,930 | 9,136 | 10,283 | 9,178 | 8,724 | 6,509 | 7,550 | 9,244 | 8,131 |
| Permits Issued | 5,076 | 5,472 | 5,058 | 5,375 | 4,718 | 5,201 | 4,264 | 4,911 | 4,444 | 4,688 |
| Inquiries | 12,581 | 15,278 | 17,917 | 16,345 | 15,556 | 17,935 | 11,916 | 14,056 | 14,773 | 9,443 |
| Public Utilities | | | | | | | | | | |
| Solid Waste: | | | | | | | | | | |
| Number of Customers | 42,578 | 43,728 | 45,167 | 46,586 | 47,955 | 49,088 | 50,127 | 50,730 | 52,472 | 53,000 |
| Tons of Waste Collected (7) | 93,860 | 95,748 | 44,624 | 47,511 | 52,774 | 50,340 | 55,384 | 55,235 | 58,296 | 57,500 |
| Tons Deposited in Public Use Areas | 29,091 | 29,942 | 23,946 | 23,903 | 27,836 | 25,504 | 26,791 | 29,075 | 32,530 | 31,000 |
| Water and Sewer: | | | | | | | | | | |
| Number of Water Customers | 94,006 | 95,097 | 95,994 | 96,811 | 97,546 | 98,527 | 99,435 | 100,259 | 100,964 | 101,600 |
| Number of Sewer Customers | 91,110 | 92,125 | 93,087 | 93,939 | 94,538 | 95,493 | 96,383 | 97,208 | 97,892 | 98,600 |
| Fire Hydrants in Service | 12,321 | 12,464 | 12,611 | 12,880 | 13,011 | 13,236 | 13,388 | 13,513 | 13,668 | 13,800 |

Source: Approved County Budget

- (1) FY2022 column data is revised budget not actual, where actual data is not yet available.
- (2) Error reported in previous years was corrected in 2017.
- (3) New metrics used beginning in 2018. Data for prior years listed when obtainable.
- (4) New metrics used beginning in 2018. Data for prior years listed when obtainable.
- (5) New metric used beginning in 2020. Data for prior years listed.
- (6) New metric used beginning in 2020. Data for prior years listed when obtainable.
- (7) Bulky waste pickups and neighborhood cleanups were halted during FY21 in response to Covid-19.
- (8) In response to Covid-19, all volunteer assistance programs were suspended beginning in March 2020.
- (9) Received a GFOA Award for the 2019 PAFR during 2020. The 2019 PAFR was Henrico County's first issuance.
- (10) New metric used beginning in 2021. 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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 (1) |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government | | | | | | | | | | |
| Vehicles | 534 | 920 | 567 | 482 | 602 | 598 | 611 | 493 | 594 | 612 |
| Building Square Footage | 2,691,018 | 2,672,574 | 2,680,779 | 2,810,500 | 2,810,500 | 2,821,706 | 2,914,383 | 2,930,423 | 2,944,374 | 2,944,374 |
| Food Service Facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Vehicles | 808 | 1,064 | 825 | 778 | 803 | 820 | 830 | 865 | 829 | 842 |
| Police Stations | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Police Field Offices | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Sheriff: | | | | | | | | | | |
| Vehicles | 61 | 61 | 67 | 71 | 75 | 75 | 76 | 68 | 84 | 84 |
| Prisoner Facilities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Juvenile & Domestic Relations | | | | | | | | | | |
| Juvenile Detention Facilities | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Fire Protection: | | | | | | | | | | |
| Vehicles | 175 | 179 | 192 | 226 | 205 | 210 | 209 | 205 | 210 | 219 |
| Stations | 20 | 20 | 20 | 20 | 20 | 21 | 21 | 21 | 21 | 21 |
| Public Works: | | | | | | | | | | |
| Vehicles | 333 | 335 | 336 | 357 | 347 | 346 | 349 | 343 | 361 | 364 |
| Miles of Maintained Roads | 1,354 | 1,357 | 1,360 | 1,370 | 1,376 | 1,379 | 1,382 | 1,390 | 1,392 | 1,393 |
| Miles of Storm Drainage | 959 | 1,547 | 2,096 | 1,553 | 1,600 | 1,636 | 1,639 | 1,666 | 1,686 | 1,691 |
| Education | | | | | | | | | | |
| Schools: | | | | | | | | | | |
| Vehicles | 1,183 | 1,184 | 1,186 | 1,203 | 1,220 | 1,184 | 1,179 | 1,186 | 1,184 | 1,158 |
| School Facilities | 73 | 74 | 72 | 72 | 72 | 72 | 72 | 72 | 74 | 75 |
| Recreation and Cultural | | | | | | | | | | |
| Recreation: | | | | | | | | | | |
| Recreation/Community Centers | 20 | 14 | 21 | 21 | 21 | 21 | 20 | 20 | 20 | 20 |
| Developed Park Acreage | 2,515 | 2,539 | 2,584 | 2,584 | 2,584 | 2,792 | 3,346 | 3,355 | 3,364 | 3,364 |
| Athletic Fields/Courts | 187 | 227 | 199 | 200 | 200 | 210 | 225 | 235 | 248 | 248 |
| County Golf Courses (4) | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | - | - |
| Library: | | | | | | | | | | |
| Number of Libraries (3) | 11 | 11 | 11 | 11 | 10 | 10 | 10 | 10 | 10 | 10 |
| Titles in Collection | 321,108 | 338,485 | 328,918 | 329,139 | 328,026 | 276,482 | 315,711 | 335,919 | 341,035 | 334,197 |
| Volumes in Collection | 899,266 | 903,125 | 839,037 | 833,141 | 741,877 | 754,993 | 809,032 | 873,939 | 913,188 | 865,646 |
| Public Utilities | | | | | | | | | | |
| Water and Sewer: | | | | | | | | | | |
| Vehicles | 358 | 380 | 373 | 393 | 370 | 376 | 380 | 343 | 390 | 398 |
| Miles of Water Mains | 1,572 | 1,582 | 1,595 | 1,607 | 1,622 | 1,634 | 1,641 | 1,647 | 1,657 | 1,670 |
| Miles of Sewer Mains | 1,463 | 1,470 | 1,481 | 1,491 | 1,504 | 1,514 | 1,522 | 1,528 | 1,532 | 1,540 |
| Landfills (2) | 1 | 1 | - | - | - | - | - | - | - | - |

Source: Approved County Budget

(1) FY2022 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.