

Henrico County, Virginia



2020-2021

Annual Comprehensive Financial Report
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF HENRICO

VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For The Fiscal Year Ended
June 30, 2021**

**Prepared By
The Acting Director of
Finance**

**HENRICO COUNTY, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
for the Fiscal Year Ended June 30, 2021**

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INTRODUCTORY SECTION

COMMONWEALTH OF VIRGINIA
COUNTY OF HENRICO



John A. Vithoukias
County Manager

November 9, 2021

The Honorable Board of Supervisors
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Annual Comprehensive Financial Report (ACFR), as of and for the fiscal year ended June 30, 2021. 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 Annual Financial Report. 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/.

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 Annual Financial 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 of material misstatement. Cherry Bekaert LLP has expressed unmodified opinions stating that, based on the audit evidence obtained, the County's basic financial statements, as of and for the fiscal year ended June 30, 2021, are fairly

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presented, in all material respects, in conformity with GAAP. The Report of Independent Auditor on the County's financial statements is presented as the first component of the Financial Section of this report. The independent audit of the financial statements of the County is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing such engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This Uniform Guidance information is available in a separately issued report, which is available upon request from the County's Department of Finance.

Profile of the Government

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

Captain Christopher Newport and a band of adventurers from Jamestown (consisting of Captain John Smith, George Percy and others) rowed ashore at the foot of the James River in Henrico in 1607. Captain Newport erected a cross and claimed the land for God and England. Four years after the discovery and exploration, Sir Thomas Dale, Deputy Governor of Virginia, founded Henrico and named it for Prince Henry Frederick, eldest son of King James I. In another four months, it was a bustling community as John Rolfe successfully cultivated a Spanish-type of tobacco similar to that produced in Varinas, Spain, giving birth to America's tobacco industry. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile now appears on the Henrico County seal as a symbol of Henrico's place in our nation's history. In 1634, Henrico became one of the original eight shires in the Virginia Colony. In 1934, Henrico County voters approved the County Manager form of government with five voter-elected members on the Board who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board is elected annually by the members of the Board and the Board also hires the County Manager who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the Board, appointing the County's Department Directors, and managing the day-to-day operations of the County government, while

The Honorable Board of Supervisors
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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 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 economic indicators assessed paint the picture of a healthy and stable economy steadily nearing, and in some cases exceeding, pre-pandemic performance levels. With a long history of prudent financial management - and the distinction of being one of only 47 triple AAA rated

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counties in the country, Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, especially in the given climate, one certainty that does exist is that Henrico County will continue to sustain an environment conducive to stability and positive economic growth.

Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation. The Board has fostered this environment through consistently demanding innovation, effective planning and financial prudence when allocating public resources, while also incrementally reducing tax rates when economically feasible and exploring less burdensome revenue enhancements when necessary. With an emphasis on quality customer service, sound financial management, and sustainable economic development, Henrico County has been and will continue to be a community of choice.

Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area. Henrico County continues with a resilient local economy as evidence by 170,000+ jobs that rank the County 2nd in Virginia and is home to 25,000+ businesses and 4 Fortune 1000 headquarters including Altria, Genworth Financial, Brink's and Markel Corporation. The County's diverse labor pool, low tax structure, regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for outside companies to relocate to or for existing companies to expand.

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 month. The County's unemployment rate has declined to 4.6 percent, which is slightly higher than the State's rate of 4.5 percent, and considerably lower than that of the U.S. (6.1 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 2021 was approximately \$44.1 billion, representing an increase of about \$1.5 billion in growth compared to 2020. The increase in existing residential and commercial properties totaled 3.0 percent, while new residential and commercial construction increased by \$35.8 million.

A continued decrease in available inventory has driven home sales up. Median sales price has increased \$54,711, or 18.9%, since June 2020. The average sales price for a single family home in Henrico for June 2021 was 106.2% of listing price and average days on the market has dropped to 11. Additionally, while the total number of construction permits issued for the fiscal year ended June 30, 2021 has decreased by 2.5% from the previous fiscal year, the total value of construction permits issued increased by 16.6%. Construction permits include permits for the construction of single family, residential and commercial dwellings.

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Henrico County is still 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 2020 were \$5.52 billion, slightly down from 2019. These statistics are just another indication that the County remains a destination for shoppers locally, regionally and from throughout the Commonwealth. Henrico was able to establish itself as a destination for shoppers starting with Regency Square, built in the 1970s, and later with Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

Tourism has been another area of economic achievement for Henrico. The County has an 8.0 percent transient occupancy tax used for tourism activities, bringing in \$8.9 million during FY21, a 21% percent decrease from FY20 directly driven by the reduction in both business and personal travel throughout the fiscal year due to the COVID-19 pandemic. State-wide visitor spending is down 39.7%, with lodging taking a state-wide decrease of 48.9%. Despite these losses, the County remains an active tourism location, which is why tourism, especially sports tourism, will continue to be a focus area for stimulating the economy and bringing in Henrico-specific revenues.

On November 5, 2013, voters in Henrico County approved a referendum that would allow the Board to impose a tax on prepared food and beverages, commonly known as a "meals tax", equal to 4.0 percent of the amount charged. Revenue generated by the Meals Tax is dedicated to the operational and capital project needs of Henrico's Public Schools. It was anticipated that this 4.0 percent meals tax would generate approximately \$18.0 million in additional revenue. However, in the last five-year period from FY2017 to FY2021, the County has received an average of \$28.6 million annually.

The presence of these business and corporate entities would not be possible were it not for the favorable business environment that Henrico County has fostered throughout the years. Since 1978, the Board has prudently decreased the real estate tax rate six times. In addition to these decreases, Henrico is also the lowest taxing locality among Virginia's ten largest localities. Henrico also approved three tax rate reductions in the past four years: The Aircraft tax rate went from \$1.60 per \$100 of assessed value to \$0.50; the Machinery and Tools tax rate went from \$1.00 per \$100 of assessed value to \$0.30, and the property tax rate for data center equipment went from \$3.50 per \$100 of assessed value to \$0.40. These measures make Henrico more competitive and gives Henrico the lowest effective Aircraft, Data Center, and Machinery and Tools Tax Rates in Central Virginia. In addition, Henrico has increased the Business Professional Occupancy License tax exemption from \$100,000 in 2018 to \$500,000 for FY21. The low tax burden combined with a record of prudent fiscal management and excellent services creates an enticing environment for businesses that are looking to relocate their operations.

Financial Guidelines

The following informal guidelines represent principles and practices that guide the County and help to foster the County's financial stability. These are not the only financial guidelines, but are those that have had a major impact in recent years or will have a major impact on Henrico's future financial position. For a complete listing of the County's Financial Guidelines, please see the County's Annual Fiscal Plan at <http://www.henrico.us/finance/>.

General Guidelines:

The County has maintained its (AAA/Aaa/AAA) General Obligation Bond ratings with Standard and Poor's, Moody's Investor Service and Fitch IBCA, respectively. These excellent bond ratings mean two things for our residents: first, our financial management has been examined by three separate agencies that analyze local government finances on a daily basis and determined Henrico worthy of the highest financial recognition available and second, the County's high credit rating affords the ability to obtain the most competitive and lowest available interest rates when financing long-term capital improvement projects.

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

The County will allocate new dollars (after meeting fixed commitments such as debt service requirements and benefits changes) to the areas of education and public safety first.

The County will attempt to utilize benefits of new economic development successes as a means of maintaining the low tax rate environment our residents and businesses enjoy. In addition, the County will maintain a balance between the need for real estate tax relief for our residents with the long-term operational needs of the County.

Capital Improvement Program Guidelines:

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

The County's CIP will utilize debt financing as a funding source only after it has been determined that the County can afford to service this debt and associated operating costs in subsequent years. The County will attempt to maximize the use of pay-as-you-go financing for capital projects.

The County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, through the compilation of an annual crosswalk analysis that captures all such costs.

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The County will maintain its physical assets at a level adequate to protect the County's capital investment and minimize future maintenance and replacement costs. The operating budget will provide for the adequate maintenance of these facilities and infrastructure.

Debt Guidelines:

A long-term debt affordability analysis will be completed on an annual basis as a means of ensuring that the County does not exceed its ability to service current and future debt requirements. This analysis will verify that the County is maintaining the following prescribed ratios and will be performed in conjunction with the County's Capital Improvement Program Process. The maximum guidelines that are utilized are as follows:

- Debt Service as a Percentage of General Fund Expenditures: 7.75%
- Net Bonded Debt as a Percentage of Assessed Value: 1.49%

The County will adopt annual water and sewer rates that will generate sufficient revenues to meet the legal requirements of related bond covenants. These rates will also allow for adequate capital replacement in the water and sewer systems.

Revenues:

Multi-Year revenue and expenditure forecasts for all County funds will be included as a part of the Adopted Annual Fiscal Plan.

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

The County will continue to strive to maintain a 70% residential – 30% commercial real estate tax 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.

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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%

Major Initiatives and Accomplishments

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

Henrico County has earned a reaffirmation of our AAA ratings from all three bond rating agencies for the past 20 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, 47 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 2021, making the County one of only 11 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.

On June 14, 2016, the Board passed a resolution asking Henrico County's Circuit Court to order a referendum vote for November 8, 2016. Voters overwhelmingly approved bond debt of \$272.6 million for schools, \$87.1 million for parks, \$24 million for libraries, \$22.1 million for fire facilities and \$14 million for roads. The sale of bonds in June 2020 was the fourth and final one from this bond referendum. Many of the education projects are completed, with the replacements of J.R. Tucker High School and Highland Springs High School opening in September 2021. The final education project under this referendum, the renovation of Adams Elementary School, was approved as part of the fiscal year 2022 capital budget and is currently in the design phase. For general government projects, the Staples Mill Fire Station is under construction, and several of the park projects are in the 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

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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, with a final cost of \$5.6 million. Between February 2016 and July 2017, Colonial Pipeline and Dominion Energy relocated their utility lines with an estimated final cost of \$35.0 million for Colonial Pipeline and \$3.1 million for Dominion 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 \$147.6 million with an estimated substantial completion by late 2022 (calendar year).

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, is expected to be complete by the end of calendar year 2021. Construction of the tower sites is progressing with six nearly complete, four existing sites retrofitted to accommodate the new equipment, two new towers awaiting construction, and one newly leased tower partially modified. The system staging/fixed network equipment inventory milestone was recently completed, and work is progressing on the fixed network equipment installation milestone. Phase one subscriber inventory and deployment is complete. Phase two subscriber inventory has taken place and Phase two deployment is underway, expected to be completed by early 2022. Expenditures are tracking with the described deployment progress of the project and are on target with what was originally projected.

FY21 saw some major announcements. Amazon announced the construction of a multi-story 650,000 square foot robotics fulfillment center on 119 acres of ancillary land at Richmond Raceway in Henrico County. The facility will add over 1,000 new jobs to Amazon's existing workforce of more than 27,000 full- and part-time employees in the Commonwealth. Power management company Eaton will invest \$3.6 million to move production from California to its facility at 4200 Oakley Court in Henrico County. This investment will create 80 new jobs through the expansion of production capabilities and the addition of new lines for electrical component manufacturing. 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 million customer support center, which will create 572 new jobs. And most recently, Red River Foods, Inc., a supplier of

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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.

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

Fiscal Year 2021 was the fourteenth fiscal year of the healthcare self-insurance program, whereby the County began paying claims and third-party administrative fees. Self-insurance allows the County to more fully control all aspects of the plan's coverages, including setting rates to smooth out the impact of increases on employees and the County, while maintaining adequate funding to cover claims, expenses and reserves. Since the transition to the self-insurance program, the County's average increases in the cost of healthcare coverage have been well below the growth trend experienced nationally, resulting in significant savings relative to the national average.

Future Challenges

Henrico County continues to closely monitor the effects of the COVID-19 public health emergency on the economy, including implementing a quarterly appropriation process for fiscal year 2021, which allowed the County the opportunity to adapt to economic changes in real-time. This practice will be continued in fiscal year 2022 as economic recovery continues. Revenue projections throughout fiscal year 2021 reflected a stable and predictable path with minimal impacts to the County's revenues. These revised projections led to the FY2021-22 Approved Annual Fiscal Plan including more than \$100 million in restorations to the budget as confidence in the economic stability of the County rose. While revenue collections have not been impacted as greatly as was initially anticipated, unemployment levels remain elevated compared to pre-pandemic and concerns about inflation during the recovery period may present additional challenges.

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

Because economic indicators having the greatest impact on the County's revenues often lag, County leadership is continuing to examine opportunities to redefine the way Henrico does

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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, 2020. This was the fortieth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate, a government must publish an easily readable, efficiently organized, and GAAP compliant CAFR, while also satisfying applicable legal requirements.

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


Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the County's Department of Finance. We would like to express our particular appreciation to all members of the Accounting Division who directly assisted and contributed to its preparation. We would also like to thank the Board of Supervisors for their interest, guidance and support in their oversight of the financial operations of the County in a responsible and prudent manner.

Respectfully submitted,



John A. Withoulkas
County Manager



Susan Worrell
Acting Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Henrico
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

COUNTY OF HENRICO, VIRGINIA
Directory of Officials
June 30, 2021

BOARD OF SUPERVISORS

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

ADMINISTRATIVE OFFICIALS

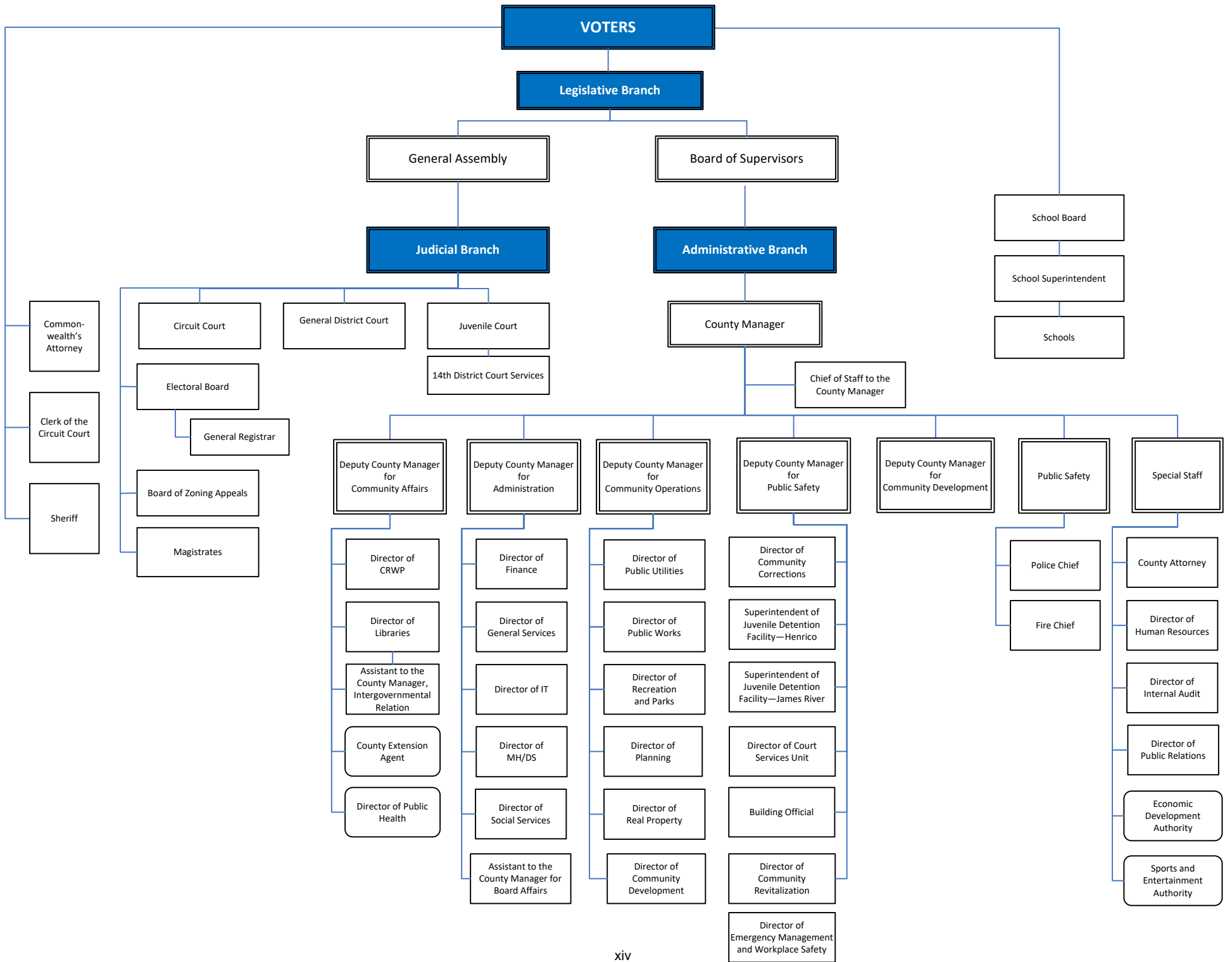
John A. Vithoukaskas	County Manager
W. Brandon Hinton	Deputy County Manger for Administration
Vacant	Deputy County Manager for Community Development
Steven J. Yob	Deputy County Manager for Community Operations
Anthony E. McDowell	Deputy County Manager for Public Safety
Monica L. Smith-Callahan	Deputy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

ELECTED SCHOOL BOARD

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

ADMINISTRATIVE OFFICIALS - SCHOOLS

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



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 1-P to the basic financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, related net position and fund balances as of June 30, 2020 have been restated. Our opinions are not modified with respect to this matter.

As discussed in Notes 1-B and 1-P to the basic financial statements, the County reported a change in reporting entity effective July 1, 2020. As a result, related net position and fund balances as of June 30, 2020 have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Other Supplemental Information Schedules, and Statistical Section, 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.

The Other Supplemental Information Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2021, on our consideration of the County of Henrico, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Richmond, Virginia
November 4, 2021

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

The following discussion and analysis of the County of Henrico's (County) financial performance provides an overview of the County's financial activities as of the end of fiscal year June 30, 2021 (FY 2021). 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 2021

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$589.4 million. General revenues of \$763.2 million exceeded expenses, net of program revenues, by \$173.8 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$2,840.4 million at June 30, 2021 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures by \$118.6 million (Exhibit 4) after making transfers out of \$113.8 million, which include transfers to the Capital Projects Fund for \$16.2 million, Special Revenue Fund for \$25.9 million and Debt Service Fund for \$71.7 million. In addition, the General Fund contributed \$207.8 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, 2020, and 2021:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2021	2020	2021	2020	2021	2020	2021
Current and Other Assets	\$1,035.7	\$1,154.2	\$244.7	\$285.4	\$1,280.4	\$1,439.6	\$91.1	\$96.4
Capital Assets	1,614.2	1,748.5	1,466.0	1,484.1	3,080.2	3,232.6	311.9	297.1
Total Assets	2,649.9	2,902.7	1,710.7	1,769.5	4,360.6	4,672.2	403.0	393.5
Deferred Outflow of Resource:	66.7	104.6	12.2	27.2	78.9	131.8	90.1	147.6
Long-term Liabilities	699.4	228.1	449.8	45.6	1,149.2	273.7	30.0	48.3
Net Pension Liability	189.4	261.0	13.1	17.7	202.5	278.7	465.7	524.7
Net OPEB Liability	67.6	61.0	2.0	1.7	69.6	62.7	82.2	77.3
Other Liabilities	135.9	674.1	30.3	461.1	166.2	1,135.2	29.9	5.8
Total Liabilities	1,092.3	1,224.2	495.2	526.1	1,587.5	1,750.3	607.8	656.1
Deferred Inflow of Resources	227.4	212.4	1.9	0.8	229.3	213.2	54.2	39.0
Net Position:								
Net Investment in Capital Assets	1,246.3	1,285.0	1,025.8	1,030.0	2,272.1	2,315.0	302.6	290.1
Restricted	128.3	169.0	30.4	30.4	158.7	199.3	10.8	3.4
Unrestricted (deficit)	22.3	116.7	169.6	209.4	191.9	326.1	(453.5)	(447.5)
Total Net Position (deficit)	\$1,396.9	\$1,570.7	\$1,225.8	\$1,269.8	\$2,622.7	\$2,840.5	\$(140.1)	\$(154.0)

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 Governmental Activities June 30, 2020, total net position has been restated to include the long-term disability fund and the discontinued operations of Belmont Golf Course. The Business-type Activities June 30, 2020, total net position has been restated to exclude the discontinued operations of Belmont Golf Course. The Component Unit June 30, 2020, total net position has been restated to include School Activity Fund cash.

The County's net position increased by 8.3%, or \$218.4 million to \$2,840.4 million from 2,622.0 million. Both Governmental Activities and Business-type Activities contributed to the increase in net position (Exhibit 1). The governmental activities grew at three times the rate of the business activities, in part because as of June 30, 2021, the County discontinued reporting the operations of Belmont Golf Course as an enterprise fund. 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.

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

The net position of business-type activities increased by 3.6%, or \$43.9 million from \$1,225.8 million to \$1,269.7 million (Exhibit 2). Unrestricted net position available for the continuing operation of the water and sewer activities was \$209.4 million as of June 30, 2021 (Exhibit 1).

The net deficit of the aggregate discretely presented component units declined by 9.9%, or \$13.9 million from (\$140.1) million to (\$154.0) million. Net Investment in Capital Assets decreased by \$12.5 million due to debt payments. Unrestricted net deficit improved by \$6.0 million to (447.5) million at June 30, 2021, 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, 2020, and 2021:

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2021	2020	2021	2020	2021	2020	2021
Revenues:								
Program Revenues:								
Charges for Services	\$44.5	\$41.9	\$124.8	\$126.0	\$169.8	\$167.9	\$10.5	\$5.7
Operating Grants and Contributions	178.5	185.0	-	-	178.5	185.0	336.3	389.2
Capital Grants and Contributions	-	-	7.0	7.3	7.0	7.3	0.1	-
General Revenues:								
Property Taxes	468.7	489.3	-	-	468.7	489.3	-	-
Other Taxes	187.5	192.7	-	-	187.5	192.7	-	-
Other	72.4	81.2	21.0	26.5	93.5	107.7	2.5	3.8
Payment from Primary Government	-	-	-	-	-	-	266.5	207.8
Total Revenues	\$951.6	\$990.1	\$152.8	\$159.8	\$1,104.9	\$1,149.9	\$615.9	\$606.5
Expenses:								
General Government	157.2	137.3	-	-	157.2	137.3	-	-
Judicial Administration	13.1	13.7	-	-	13.1	13.7	-	-
Public Safety	212.9	218.4	-	-	212.9	218.4	5.8	6.2
Public Works	87.5	78.8	-	-	87.5	78.8	-	-
Health and Welfare	82.1	68.8	-	-	82.1	68.8	-	-
Education	269.1	215.1	-	-	269.1	215.1	574.2	614.2
Parks, Recreation and Cultural	45.5	44.4	-	-	45.5	44.4	-	-
Community Development	28.5	24.7	-	-	28.5	24.7	-	-
Interest on Long-term Debt	12.5	15.1	-	-	12.5	15.1	-	-
Water and Sewer	-	-	113.1	115.8	113.1	115.8	-	-
Golf Course	-	-	-	-	0.6	-	-	-
Total Expenses	908.4	816.3	113.1	115.8	1,022.1	932.2	580.0	620.4
Change in Net Position	43.2	173.8	39.7	44.0	82.9	217.7	35.9	(\$13.9)
Net Position (deficit), beginning of year - restated	1,353.7	1,396.9	1,186.1	1,225.8	2,539.8	2,622.7	(\$176.0)	(\$140.1)
Net Position (deficit), end of year	\$1,396.9	\$1,570.7	\$1,225.8	\$1,269.8	\$2,622.7	\$2,840.5	(\$140.1)	(\$154.0)

REVENUES

For the fiscal year ended June 30, 2021, revenues from governmental activities totaled \$990.1 million, an increase of \$38.5 million from fiscal year 2020. Real estate tax revenue is the County’s largest revenue

source and reflects the recognition of the second half of calendar year 2020 and the first half of calendar year 2021 real property tax. The Real estate tax revenue collected during fiscal year 2021 was \$382.0 million, an increase of \$17.2 million or 4.7% from fiscal year 2020 due to increased property values (Exhibit 13). The County Board of Supervisors maintained the real estate tax rate at the current amount of 87 cents per \$100 of assessed value for calendar year 2021.

During fiscal year 2021, the County collected \$84.3 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 \$121.3 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, 2020, the County accrued \$18.5 million for the first half of the calendar year.

Business-type activities produced total revenues of \$159.8 million, an increase of \$7.0 million from fiscal year 2020. The County's Water and Sewer activity produced \$126.0 million in charges for services and \$7.3 million in capital grants and contributions (Exhibit 2).

EXPENSES

For the fiscal year ended June 30, 2021, expenses for governmental activities totaled \$816.3 million, a decrease of (\$92.1) million from fiscal year 2020 (Exhibit 2). Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as public safety, recreation, and libraries.

Education continues to be one of the County's highest priorities and commitments. Major items contributed by the County include \$207.8 million for School operations (Exhibit 4).

The expenses of business-type activities, the result of County Water and Sewer activity totaled \$115.8 million, an increase of \$2.7 million or 2.4% over fiscal year 2020 business-type activities (Exhibit 2).

FINANCIAL ANALYSIS OF THE FUND STATEMENTS

For the fiscal year ended June 30, 2021, the governmental funds reflect a combined fund balance of \$783.7 million, an increase of \$112.3 million from fiscal year 2020 (Exhibit 4). The General Fund accounts for \$383.4 million (Exhibit 4) of the total combined balance. This is an increase of \$118.6 million or 44.8% from the restated General Fund balance of \$264.8 million recorded at June 30, 2020. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$21.1 million from fiscal year 2020. The largest increases occurred in General property taxes, which increased by \$21.3 million and intergovernmental grants, which increased by \$9.5 million, offsetting a decrease of \$10.3 million in interest revenue.

At the same time, General Fund Expenditures decreased by (\$66.5) million or (9.5%) from fiscal year 2020. Much of the decline in expenses can be attributed to COVID-19 reducing use of buildings and cancelling events that the County sponsored. Other Financing Uses decreased by (\$32.5) million or (22.2)% from fiscal year 2020. Finally, the following items affected the fund balance and should be noted:

- The General Fund transferred \$16.2 million to the Capital Projects Fund to finance various capital projects, \$25.9 million to the Special Revenue Fund and \$71.7 million for debt service. The total transfers were down (\$32.8) million from the previous year.
- The General Fund contributed \$207.8 million to fund fiscal year 2021 School Board operations, a decrease of (\$58.7) million or (22.0%) from the fiscal year 2020 contribution. School expenses were reduced because of COVID-19; the school buildings were not in use for much of FY 21.

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$61.6 million (Exhibit 4) increased by \$11.0 million from fiscal year 2020. The increase is due to revenues of \$82.2 million and other financing sources of \$26.0 million exceeding expenditures of \$97.3 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 \$54.8 million in revenues. The County’s Social Services operations accounted for \$28.4 million in State and Federal grant revenues (Exhibit 13) and \$29.2 million in expenditures during fiscal year 2021 (Exhibit 14).
- The Debt Service Fund Balance decreased to \$0.4 million from \$0.8 million during fiscal year 2021 (Exhibit 4). The fund received transfers from the General Fund of \$71.7 million and expenditures for debt service were \$72.2 million.
- The Capital Projects Fund Balance of \$338.4 million (Exhibit 4) is a decrease of \$16.8 million, or 4.7% in comparison to fiscal year 2020. During the fiscal year, expenditures for capital projects were \$185.6 million, and revenues were \$32.1 million. Other financing sources include transfers from the General Fund of \$16.2 million, general obligation bond proceeds of \$119.5 million, and bond premium of \$17.9 million during fiscal year 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

	General Fund Budget (in millions)		
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
Revenues:			
Taxes	\$601.6	\$626.6	\$675.6
Intergovernmental	127.7	158.0	161.7
Other	<u>22.7</u>	<u>22.7</u>	<u>28.0</u>
Total Revenues	<u>752.0</u>	<u>807.3</u>	<u>865.3</u>
Expenditures and Other Uses:			
Expenditures	591.8	663.0	633.2
Other Financing Uses	<u>93.6</u>	<u>144.1</u>	<u>113.6</u>
Total Expenditures and Other Financing Uses	<u>685.4</u>	<u>807.1</u>	<u>746.8</u>
Change in Fund Balance	<u><u>\$66.6</u></u>	<u><u>\$0.2</u></u>	<u><u>\$118.5</u></u>

Revenues exceeded expenditures and other financing uses by \$118.5 million in the General Fund for fiscal year 2021.

Actual General Fund revenues were more than the original budgeted revenues by \$113.3 million during fiscal year 2021. Actual revenue collections exceeded the revised budget by \$58.0 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 \$18.7 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded the revised budget by \$30.2 million (Exhibit 13). Actual General Fund expenditures were greater than the original budget by (\$41.3) million, and less than the revised budget by \$29.8 million. During fiscal year 2021, the County Board of Supervisors amended the budget nine 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, 2020.
- To reappropriate grant revenues authorized in fiscal year 2020 or earlier, but not expended or encumbered as of June 30, 2020 and to appropriate grants or donation accepted or adjusted in fiscal year 2021.
- To appropriate funds for program enhancements, capital projects or other operational needs that were not anticipated in the original fiscal year budget.
- To appropriate Federal CARES Act funds received in FY 2021 for COVID-19 related expenditures.

CAPITAL ASSETS

At the end of fiscal year 2021, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,748.5 million, which represents a net increase of \$134.3 million or 8.3% over the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

Capital Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2020	2021	2020	2021	2020	2021	2020	2021
Non-Depreciable Assets:								
Land	\$403.5	\$406.7	\$18.8	\$18.8	\$422.3	\$425.5	\$47.6	\$47.6
Construction in Progress	164.3	295.0	288.1	306.3	452.3	601.3	3.1	2.7
Other Capital Assets:								
Building	959.6	981.1	404.4	404.7	1,364.0	1,385.8	408.9	411.3
Infrastructure	733.4	741.0	1,256.2	1,285.2	1,989.6	2,026.2	-	-
Equipment	283.6	294.1	172.8	173.5	456.5	467.6	253.0	259.7
Improvements other than Buildings	108.8	125.3	1.4	1.4	110.2	126.7	42.4	42.6
Accumulated Depreciation								
On Other Capital Assets	(1,039.0)	(1,094.8)	(675.8)	(705.8)	(1,714.8)	(1,800.6)	(443.1)	(466.8)
Total	\$1,614.2	\$1,748.5	\$1,466.0	\$1,484.1	\$3,080.2	\$3,232.6	\$311.9	\$297.1

The Governmental Activities June 30, 2020, total capital assets have been restated to include the discontinued operations of Belmont Golf Course. The Business-type Activities June 30, 2020, total capital assets have been restated to exclude the discontinued operations of Belmont Golf Course.

The business-type net activities capital assets grew by \$16.9 million to \$1,484.1 million, an increase of 1.2% 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 decreased by \$14.8 million to \$297.1 million, a decrease of 4.7% from the previous fiscal year. The School Board accounted for the major portion of the net increase. More detailed information about the County's capital assets is presented in Note 6 of the notes to the financial statements.

LONG-TERM DEBT

In November 2016, the County voters authorized the issuance of \$419.8 million of General Obligation bonds. To date, the County has issued \$412.8 million of the voter approved bonds. The proceeds from the issuance of these bonds are to be used for school capital improvement purpose, library facilities, fire stations and facilities, recreation and parks facilities, and road projects.

In July 2020, the County issued 106.0 million in General Obligation bonds. At the end of fiscal year 2021, the County had \$575.4 million in outstanding General Obligation Bonds, an increase of \$68.2 million, or

13.4 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

OTHER INFORMATION

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

Single-employer plans:

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

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

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

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

Funds of the Primary Government are invested in accordance with the County's Investment Guidelines which were created by the Director of Finance to ensure the effective management of the day-to-day investment activity of the County. The objective of these guidelines is to obtain the highest possible yield on available financial resources, within the constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds.

At June 30, 2021, the County's investment portfolio amounted to \$997.5 million, an increase of \$126.4 million. Henrico experienced a sharp decline in Investment yields during fiscal year 2021. The reduced interest revenue was more than offset by Federal CARES Act and ARPA (act) funds, and reduced expenses in response to the COVID pandemic. The County portfolio contained United States Agency obligations, high quality municipal bonds, prime commercial paper and "AA" rated corporate notes (not more than 20% of the portfolio). This strategy enabled the County to maximize returns without experiencing any significant adverse credit exposure or decline in the fair value of the investments and cash equivalents. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

ECONOMIC FACTORS

According to the Virginia Employment Commission, as of June 30, 2021, the County had a net decrease of 23,157 jobs since 2017, resulting in total employment of 180,323. The County's unemployment rate, which was reported at 4.6 percent as of June 30, 2021, was slightly higher than the State's unemployment rate of 4.5 percent, and below the federal rate of 6.1 percent. As of 2020 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$68,954 registered significantly higher than the national average of \$59,510 and higher than the Commonwealth of Virginia average of \$61,958.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website www.henrico.us.

**HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2021**

Exhibit 1

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash, cash equivalents, and temporary investments	\$ 897,145,146	\$ 196,635,341	\$ 1,093,780,487	\$ 69,486,067
Receivables, net	206,373,165	26,879,368	233,252,533	66,365
Due from other governments	45,351,333	-	45,351,333	26,530,533
Internal balances	(1,841,362)	1,841,362	-	-
Due from component unit	673,826	-	673,826	-
Inventories	669,379	869,824	1,539,203	267,342
Other assets	5,845,796	4,118,788	9,964,584	-
Restricted cash and cash equivalents	-	55,040,836	55,040,836	63,210
Capital assets:				
Land and construction in progress	701,748,075	325,109,659	1,026,857,734	50,314,110
Other capital assets, net	1,046,728,346	1,159,022,704	2,205,751,050	246,757,592
Capital assets, net	1,748,476,421	1,484,132,363	3,232,608,784	297,071,702
Total Assets	2,902,693,704	1,769,517,882	4,672,211,586	393,485,219
Deferred Outflows of Resources:				
Contributions after measurement date	33,997,569	2,067,473	36,065,042	58,212,543
Change in proportionate share allocation	1,125,136	10,079	1,135,215	6,225,618
Difference between projected and actual earnings	34,409,913	2,170,674	36,580,587	42,739,216
Change of assumptions	18,073,439	1,185,223	19,258,662	37,073,019
Difference between actual and expected experience	17,009,136	943,617	17,952,753	3,396,801
Deferred loss on debt refunding, net	-	20,799,945	20,799,945	-
Total Deferred Outflows of Resources	104,615,193	27,177,011	131,792,204	147,647,197
Total Assets and Deferred Outflows of Resources	3,007,308,897	1,796,694,893	4,804,003,790	541,132,416
Liabilities:				
Current liabilities:				
Accounts payable	71,724,705	13,875,109	85,599,814	6,503,513
Deposits payable	-	1,027,130	1,027,130	-
Accrued liabilities	48,158,997	3,105,209	51,264,206	743,212
Amounts held for others	8,376,386	-	8,376,386	83,866
Unearned revenues	3,180,124	12,143,612	15,323,736	21,183,783
Due to Primary Government	-	-	-	673,826
Long-term liabilities due within one year	96,685,617	15,447,271	112,132,888	19,132,584
Total current liabilities	228,125,829	45,598,331	273,724,160	48,320,784
Noncurrent liabilities:				
Net pension liability	261,013,360	17,679,769	278,693,129	524,746,373
Net OPEB liability	60,976,770	1,691,875	62,668,645	77,288,559
Long-term liabilities due in more than one year	674,111,745	461,140,098	1,135,251,843	5,766,063
Total non-current liabilities	996,101,875	480,511,742	1,476,613,617	607,800,995
Total Liabilities	1,224,227,704	526,110,073	1,750,337,777	656,121,779
Deferred Inflows of Resources:				
Change in proportionate share allocation	412,855	199,742	612,597	1,922,615
Difference between actual and expected experience	9,724,322	556,694	10,281,016	35,142,090
Change of assumptions	1,534,009	84,517	1,618,526	1,977,720
Deferred revenues	200,717,841	-	200,717,841	-
Total Deferred Inflows of Resources	212,389,027	840,953	213,229,980	39,042,425
Total Liabilities and Deferred Inflows of Resources	1,436,616,731	526,951,026	1,963,567,757	695,164,204
Net Position:				
Net investment in capital assets	1,284,957,928	1,030,014,138	2,314,972,066	290,114,653
Restricted for:				
Highways, streets and buildings	107,046,566	-	107,046,566	-
Debt service	319,820	30,352,743	30,672,563	-
Grants	61,632,410	-	61,632,410	3,366,489
Unrestricted net position (deficit)	116,735,442	209,376,986	326,112,428	(447,512,930)
Total Net Position	\$ 1,570,692,166	\$ 1,269,743,867	\$ 2,840,436,033	\$ (154,031,788)

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, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 137,236,674	\$ 15,703,311	\$ 1,485,129	\$ -
Judicial administration	13,670,954	913,069	4,988,329	-
Public safety	218,442,101	4,980,314	54,145,541	-
Public works	78,804,132	1,835,516	69,473,599	-
Health and welfare	68,770,085	11,310,911	46,314,011	-
Education	215,144,190	-	-	-
Parks, recreation and culture	44,370,833	381,878	231,742	-
Community development	24,734,795	6,747,294	8,387,133	-
Interest on long-term debt	15,075,434	-	-	-
Total Governmental Activities	816,249,198	41,872,293	185,025,484	-
Business-type activities:				
Water and Sewer	115,832,579	125,959,451	-	7,334,901
Total Business-type Activities	115,832,579	125,959,451	-	7,334,901
Total Primary Government	\$ 932,081,777	\$ 167,831,744	\$ 185,025,484	\$ 7,334,901
Component Units:				
School Board	\$ 614,221,032	\$ 157,496	\$ 389,076,269	\$ -
James River Juvenile Detention Commission	6,163,017	5,570,243	98,131	-
Total Component Units	\$ 620,384,049	\$ 5,727,739	\$ 389,174,400	\$ -

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, 2020, as restated

Total Net Position (Deficit) at June 30, 2021

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

Exhibit 2

Net (Expenses) Revenues and Changes in Net Position			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (120,048,234)	\$ -	\$ (120,048,234)	\$ -
(7,769,556)	-	(7,769,556)	-
(159,316,246)	-	(159,316,246)	-
(7,495,017)	-	(7,495,017)	-
(11,145,163)	-	(11,145,163)	-
(215,144,190)	-	(215,144,190)	-
(43,757,213)	-	(43,757,213)	-
(9,600,368)	-	(9,600,368)	-
(15,075,434)	-	(15,075,434)	-
(589,351,421)	-	(589,351,421)	-
-	17,461,773	17,461,773	-
-	17,461,773	17,461,773	-
<u>\$ (589,351,421)</u>	<u>\$ 17,461,773</u>	<u>\$ (571,889,648)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (224,987,267)
-	-	-	(494,643)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (225,481,910)</u>
\$ 489,263,914	\$ -	\$ 489,263,914	\$ -
75,612,539	-	75,612,539	-
38,591,364	-	38,591,364	-
8,889,696	-	8,889,696	-
18,148,370	-	18,148,370	-
51,465,313	-	51,465,313	-
2,127,111	338,986	2,466,097	7,527
77,944,135	24,960,920	102,905,055	-
754,539	-	754,539	134,667
393,452	1,184,427	1,577,879	3,614,092
-	-	-	207,841,132
<u>763,190,433</u>	<u>26,484,333</u>	<u>789,674,766</u>	<u>211,597,418</u>
173,839,012	43,946,106	217,785,118	(13,884,492)
<u>1,396,853,154</u>	<u>1,225,797,761</u>	<u>2,622,650,915</u>	<u>(140,147,296)</u>
<u>\$ 1,570,692,166</u>	<u>\$ 1,269,743,867</u>	<u>\$ 2,840,436,033</u>	<u>\$ (154,031,788)</u>

**HENRICO COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

Exhibit 3

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Assets:					
Cash and temporary investments	\$ 442,705,436	\$ 61,825,328	\$ 319,820	\$ 346,953,364	\$ 851,803,948
Receivables, net	201,949,508	2,554,219	-	-	204,503,727
Due from other governmental units	31,504,882	3,865,505	-	9,980,946	45,351,333
Due from component unit	655,015	-	-	-	655,015
Other assets	103,332	-	-	-	103,332
Total assets	<u>\$ 676,918,173</u>	<u>\$ 68,245,052</u>	<u>\$ 319,820</u>	<u>\$ 356,934,310</u>	<u>\$ 1,102,417,355</u>
Liabilities:					
Accounts payable	\$ 63,622,576	\$ 1,270,365	\$ -	\$ 6,294,883	\$ 71,187,824
Accrued liabilities	12,797,213	2,171,153	-	10,352,655	25,321,021
Amounts held for others	8,376,361	-	-	25	8,376,386
Unearned revenues	218,973	2,961,151	-	-	3,180,124
Due to other funds	981,504	209,973	-	1,923,798	3,115,275
Total liabilities	<u>85,996,627</u>	<u>6,612,642</u>	<u>-</u>	<u>18,571,361</u>	<u>111,180,630</u>
Deferred Inflows of Resources:					
Unavailable revenues	207,520,149	-	-	-	207,520,149
Fund Balances:					
Restricted	7,192,442	43,441,009	-	-	50,633,451
Committed	28,200,921	-	-	338,362,949	366,563,870
Assigned	213,844,233	18,191,401	319,820	-	232,355,454
Unassigned	134,163,801	-	-	-	134,163,801
Total fund balances	<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 Liabilities, Deferred Inflows and Fund Balances	<u>\$ 676,918,173</u>	<u>\$ 68,245,052</u>	<u>\$ 319,820</u>	<u>\$ 356,934,310</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)					\$ 1,733,795,461
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)					6,802,308
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)					(770,525,912)
Net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.					(257,214,325)
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.					(10,523,357)
Deferred outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.					91,988,681
Net OPEB liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.					(60,643,915)
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.					47,554,185
Internal service funds, net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.					5,742,464
Total Net Position of Governmental Activities					<u>\$ 1,570,692,166</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, 2021**

Exhibit 4

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
Revenues:					
General property taxes	\$ 487,532,127	\$ -	\$ -	\$ -	\$ 487,532,127
Other local taxes	188,049,081	-	-	-	188,049,081
Licenses and permits	8,611,055	-	-	-	8,611,055
Fines and forfeitures	1,678,666	-	-	-	1,678,666
Revenue from use of money and property	2,830,644	213,080	-	478,981	3,522,705
Charges for services	3,038,960	24,541,756	-	-	27,580,716
Miscellaneous	5,694,126	665,712	-	393,452	6,753,290
Recovered costs	6,181,811	2,046,644	-	-	8,228,455
Intergovernmental	161,717,025	54,763,695	-	31,261,744	247,742,464
Total Revenues	865,333,495	82,230,887	-	32,134,177	979,698,559
Expenditures:					
Current operating:					
General government	72,952,802	4,365,504	-	-	77,318,306
Judicial administration	12,308,544	1,392,308	-	-	13,700,852
Public safety	211,292,966	5,211,824	-	-	216,504,790
Public works	44,374,920	16,813,387	-	-	61,188,307
Health and social services	2,484,119	66,225,620	-	-	68,709,739
Parks, recreation, and culture	36,148,711	627	-	-	36,149,338
Community development	21,332,877	3,226,787	-	-	24,559,664
Education	207,841,132	-	-	-	207,841,132
Miscellaneous	23,772,988	-	267,788	1,184,650	25,225,426
Debt service:					
Principal	575,058	42,313	47,585,000	-	48,202,371
Interest and other charges	67,758	9,146	24,395,333	-	24,472,237
Capital outlay	-	-	-	184,370,498	184,370,498
Total Expenditures	633,151,875	97,287,516	72,248,121	185,555,148	988,242,660
Excess (deficiency) of revenues over (under) expenditures	232,181,620	(15,056,629)	(72,248,121)	(153,420,971)	(8,544,101)
OTHER FINANCING (USES) SOURCES:					
Transfers in	-	25,936,906	71,665,830	16,212,903	113,815,639
Transfers out	(113,815,639)	-	-	-	(113,815,639)
Issuance of bonds	-	-	15,545,000	119,540,000	135,085,000
Issuance of bond premiums	-	-	-	17,902,898	17,902,898
Capital lease obligations incurred	242,547	79,323	-	-	321,870
Payment to escrow agent	-	-	(15,413,759)	(17,000,000)	(32,413,759)
Total other financing (uses) sources, net	(113,573,092)	26,016,229	71,797,071	136,655,801	120,896,009
Net change in fund balance	118,608,528	10,959,600	(451,050)	(16,765,170)	112,351,908
Total Fund Balances - June 30, 2020, as restated	264,792,869	50,672,810	770,870	355,128,119	671,364,668
Total Fund Balances - June 30, 2021	\$ 383,401,397	\$ 61,632,410	\$ 319,820	338,362,949	\$ 783,716,576

Adjustments for the Statement of Activities:

Net change in fund balances - total governmental funds	\$ 112,351,908
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.	48,202,371
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	1,731,787
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	192,676,916
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.	(9,112,298)
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. (Note 6)	(59,552,409)
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)	9,396,803
Debt proceeds are recorded as a source in governmental funds, but are not reported as revenue in the Statement of Activities.	(120,896,009)
Pension/OPEB activity is recorded as a expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(9,419,466)
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.	8,306,407
Internal service funds' revenues and expenses not recorded in the governmental funds.	153,002
Change in Net Position of Governmental Activities	<u>\$ 173,839,012</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, 2021

Exhibit 5

	Business-type Activities Enterprise Fund Water and Sewer Revenue	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 196,635,341	\$ 45,341,198
Receivables, net	26,879,368	1,869,438
Due from other funds	1,923,798	1,294,609
Due from component unit	-	18,811
Inventories	869,824	669,379
Restricted cash and cash equivalents	55,040,836	-
Total current assets	281,349,167	49,193,435
Noncurrent assets:		
Other assets	4,118,788	-
Capital assets:		
Land and construction in progress	325,109,659	-
Other capital assets, net	1,159,022,704	14,680,960
Capital assets, net	1,484,132,363	14,680,960
Total non-current assets	1,488,251,151	14,680,960
Total assets	1,769,600,318	63,874,395
Deferred Outflows of Resources:		
Contributions after measurement date	2,067,473	434,495
Change in proportionate share allocation	10,079	18,503
Difference between projected and actual earnings	2,170,674	455,503
Change of assumptions	1,185,223	251,208
Difference between actual and expected experience	943,617	198,613
Deferred loss on debt refunding, net	20,799,945	-
Total deferred outflows of resources	27,177,011	1,358,322
Total assets and deferred outflows of resources	1,796,777,329	65,232,717
Liabilities:		
Current liabilities:		
Accounts payable	13,875,109	536,881
Deposits payable	1,027,130	-
Due to other funds	82,436	20,696
Accrued liabilities	3,105,209	12,314,619
Unearned revenues	12,143,612	-
Long-term liabilities due within one year	15,447,271	224,478
Total current liabilities	45,680,767	13,096,674
Noncurrent liabilities:		
Net pension liability	17,679,769	3,799,035
Net OPEB liability	1,691,875	332,855
Long-term liabilities due in more than one year	461,140,098	46,972
Total non-current liabilities	480,511,742	4,178,862
Total liabilities	526,192,509	17,275,536
Deferred Inflows of Resources:		
Change in proportionate share allocation	199,742	40,293
Difference between actual and expected experience	556,694	306,860
Change of assumptions	84,517	55,843
Total deferred inflows of resources	840,953	402,996
Total liabilities and deferred inflows of resources	527,033,462	17,678,532
Net Position:		
Net investment in capital assets	1,030,014,138	14,674,917
Restricted for debt service	30,352,743	-
Unrestricted net position	209,376,986	32,879,268
Total net position	\$ 1,269,743,867	\$ 47,554,185

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, 2021

Exhibit 6

	Business-type Activities Enterprise Fund Water and Sewer Revenue	Internal Service Funds
Operating Revenues:		
Charges for services:		
Water system	\$ 63,316,365	\$ -
Sewer system	62,643,086	-
Interdepartmental charges	-	16,509,134
Contributions	-	132,521,882
Other	911,306	3,756,110
Total operating revenues	126,870,757	152,787,126
Operating Expenses:		
Purchased services	13,865,236	-
Utility charges	5,920,673	152,540
Personnel services and benefits	18,671,971	128,032,998
Professional services	12,911,486	85,133
Materials and supplies	7,000,068	9,186,094
Maintenance and repairs	5,369,623	3,407,869
Other expenses	5,463,085	1,292,279
Depreciation	32,625,014	2,516,267
Total operating expenses	101,827,156	144,673,180
Operating income	25,043,601	8,113,946
Nonoperating Revenues (Expenses):		
Investment income	338,986	99,185
Connection fees	23,351,695	-
Contributions	1,609,225	-
Interest expense	(14,005,423)	-
Gain on sale of equipment	-	53,817
Other	273,121	-
Total nonoperating revenues, net	11,567,604	153,002
Income before capital contributions	36,611,205	8,266,948
Capital contributions - donated assets	7,334,901	-
Change in net position	43,946,106	8,266,948
Total net position - June 30, 2020	1,225,797,761	39,287,237
Total net position - June 30, 2021	\$ 1,269,743,867	\$ 47,554,185

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, 2021**

Exhibit 7

	Business-type Activities Enterprise Fund Water and Sewer Revenue	Internal Service Funds
Cash Flows From Operating Activities:		
Receipts from customers	\$ 123,549,611	\$ 153,095,359
Payments to suppliers	(50,898,127)	(135,129,256)
Payments to employees	(15,907,021)	(4,032,326)
Net cash provided by operating activities	<u>56,744,463</u>	<u>13,933,777</u>
Cash Flows From Capital and Related Financing Activities:		
Purchase of capital assets	(44,404,468)	(2,056,736)
Proceeds from sale of capital assets	149,553	57,140
Connection fees paid by contractors	22,346,728	-
Contributions	1,929,857	-
Virginia Nutrient Removal Credits	389,650	-
Aluminum Sulfate Price Fixing Settlement	270,988	-
Issuance of bonds	30,645,372	-
Interest paid on bonds	(14,311,306)	-
Principal paid on debt	(15,618,304)	-
Net cash used in capital and related financing activities	<u>(18,601,930)</u>	<u>(1,999,596)</u>
Cash Flows From Investing Activities:		
Investment income received	338,986	99,185
Net increase in cash and cash equivalents	<u>38,481,519</u>	<u>12,033,366</u>
Total Cash and Cash Equivalents - June 30, 2020	213,194,658	33,307,832
Total Cash and Cash Equivalents - June 30, 2021	<u>\$ 251,676,177</u>	<u>\$ 45,341,198</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 25,043,601	\$ 8,113,946
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	32,625,014	2,516,267
(Increase) decrease in accounts and notes receivable	(2,783,910)	515,923
Decrease in inventories	138,781	81,974
Increase in due from other funds	-	(203,520)
Increase in due from component unit	-	(4,170)
Decrease in deferred outflows of resources	(2,347,311)	(490,327)
Increase in accounts payable	1,221,519	23,593
Increase in accrued liabilities	-	2,749,025
Decrease in deposits payable	(7,263)	-
Increase in accrued compensated absences	140,763	-
Increase in due to other fund	-	1,927
Increase in net pension liability	4,621,765	974,437
Decrease in net OPEB liability	(344,575)	(59,763)
Decrease in deferred inflows of resources	(1,061,390)	(285,535)
Decrease in unearned revenues	(502,531)	-
Net cash provided by operating activities	<u>\$ 56,744,463</u>	<u>\$ 13,933,777</u>
Reconciliation to Cash and Cash Equivalents on the Statement of Net Position:		
Cash and cash equivalents	\$ 196,635,341	\$ 45,341,198
Restricted cash and cash equivalents	<u>55,040,836</u>	<u>-</u>
Total Cash and Cash Equivalents - June 30, 2021	<u>\$ 251,676,177</u>	<u>\$ 45,341,198</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 \$7,334,901. There was no interest capitalized this fiscal year as the Fund adopted GASB89.

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, 2021

Exhibit 8

		Custodial Funds
Assets:		
Cash and cash equivalents	\$	1,193,272
Accounts receivable		84
Prepaid		459
Due from other governments		394,104
Deferred outflows		638,919
Equipment		16,769
Total Assets	\$	2,243,607
Liabilities:		
Accounts payable		3,612
Total Liabilities	\$	3,612
Fiduciary Net Position:		
Funds restricted for others	\$	2,239,995

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

HENRICO COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
HEALTHCARE OPEB TRUST FUND
JUNE 30, 2021

Exhibit 9

Assets:

Investments:

Pooled funds	\$ <u>90,505,747</u>
Total investments	<u>90,505,747</u>
Total assets	\$ <u>90,505,747</u>

Liabilities:

Total liabilities	\$ <u>-</u>
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Fiduciary net position:

Restricted for postemployment benefits other than pensions	\$ <u><u>90,505,747</u></u>
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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, 2021

Exhibit 10

	<u>Healthcare OPEB Trust</u>	<u>Custodial Funds</u>
Additions:		
Contributions		
Employer	\$ 7,824,778	\$ -
Members	-	2,389,350
Total contributions	<u>7,824,778</u>	<u>2,389,350</u>
Tuition income	-	3,385,500
State and federal grants	-	1,999,801
Pass-through funds	-	579,341
Miscellaneous	-	104,276
Investment Income	<u>18,512,308</u>	<u>5</u>
Total additions	<u>\$ 26,337,086</u>	<u>\$ 8,458,273</u>
Deductions:		
Benefit payments/refunds	\$ 5,466,200	\$ 2,984,558
Operations expenses	<u>500</u>	<u>4,800,488</u>
Total deductions	<u>5,466,700</u>	<u>7,785,046</u>
Net increase in fiduciary net position	20,870,386	673,227
Net fiduciary net position restricted for postemployment benefits other than pensions and other beneficiaries:		
Total Fiduciary Net Position at June 30, 2020, as restated	<u>69,635,361</u>	<u>1,566,768</u>
Total Fiduciary Net Position at June 30, 2021	<u>\$ 90,505,747</u>	<u>\$ 2,239,995</u>

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

**HENRICO COUNTY, VIRGINIA
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2021**

Exhibit 11

	School Board	James River Juvenile Detention Commission	Total
Assets:			
Cash and cash equivalents	\$ 65,438,428	\$ 4,047,639	\$ 69,486,067
Restricted cash	-	63,210	63,210
Due from other governmental units	26,522,536	7,997	26,530,533
Inventories	266,818	524	267,342
Receivables, net	17,948	48,417	66,365
Total current assets	92,245,730	4,167,787	96,413,517
Capital assets:			
Land and construction in progress	50,284,110	30,000	50,314,110
Other capital assets, net	241,929,291	4,828,301	246,757,592
Capital assets, net	292,213,401	4,858,301	297,071,702
Total assets	384,459,131	9,026,088	393,485,219
Deferred Outflows of Resources:			
Change in proportionate share allocation	6,177,478	48,140	6,225,618
Difference between projected and actual investment earnings	42,264,114	475,102	42,739,216
Contributions after measurement date	57,733,167	479,376	58,212,543
Change in assumptions	36,807,893	265,126	37,073,019
Difference between expected and actual experience	3,190,671	206,130	3,396,801
Total deferred outflows of resources	146,173,323	1,473,874	147,647,197
Total Assets and Deferred Outflows of Resources	530,632,454	10,499,962	541,132,416
Liabilities:			
Accounts payable	6,449,329	54,184	6,503,513
Accrued liabilities	613,906	129,306	743,212
Amounts held for others	83,866	-	83,866
Unearned revenues	21,183,259	524	21,183,783
Due to other funds	-	18,811	18,811
Due to Primary Government	-	655,015	655,015
Long-term liabilities due within one year	18,881,395	251,189	19,132,584
Total current liabilities	47,211,755	1,109,029	48,320,784
Noncurrent liabilities:			
Net pension liability	520,851,160	3,895,213	524,746,373
Net OPEB liability	76,925,442	363,117	77,288,559
Long-term liabilities due in more than one year	5,720,215	45,848	5,766,063
Total liabilities	650,708,572	5,413,207	656,121,779
Deferred Inflows of Resources:			
Change in proportionate share allocation	1,784,189	138,426	1,922,615
Difference between expected and actual experience	35,027,224	114,866	35,142,090
Change in assumptions	1,960,993	16,727	1,977,720
Total deferred inflows of resources	38,772,406	270,019	39,042,425
Total Liabilities and Deferred Inflows of Resources	689,480,978	5,683,226	695,164,204
Net Position (deficit):			
Net investment in capital assets	285,266,763	4,847,890	290,114,653
Restricted grants	3,303,279	63,210	3,366,489
Unrestricted (deficit)	(447,418,566)	(94,364)	(447,512,930)
Total Net Position (Deficit)	\$ (158,848,524)	\$ 4,816,736	\$ (154,031,788)

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, 2021**

Exhibit 12

	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	School Board	JRJDC	Total
Governmental Activities:							
School Board:							
Instructional	\$ 614,221,032	\$ 157,496	\$ 389,076,269	\$ -	\$ (224,987,267)	\$ -	\$ (224,987,267)
Total School Board	614,221,032	157,496	389,076,269	-	(224,987,267)	-	(224,987,267)
Business-type Activities:							
James River Juvenile Detention Commission	6,163,017	5,570,243	98,131	-	-	(494,643)	(494,643)
Total Component Units	<u>\$ 620,384,049</u>	<u>\$ 5,727,739</u>	<u>\$ 389,174,400</u>	<u>\$ -</u>	<u>\$ (224,987,267)</u>	<u>\$ (494,643)</u>	<u>\$ (225,481,910)</u>
General revenues:							
Interest and investment earnings				\$ -	\$ 7,527		\$ 7,527
Recovered costs				134,667	-		134,667
Miscellaneous				3,614,092	-		3,614,092
Payment from Primary Government				207,841,132	-		207,841,132
Total general revenues				<u>211,589,891</u>	<u>7,527</u>		<u>211,597,418</u>
Change in net position				(13,397,376)	(487,116)		(13,884,492)
Total Net Position (deficit) at June 30, 2020, as restated				(145,451,148)	5,303,852		(140,147,296)
Total Net Position (deficit) at June 30, 2021				<u>\$ (158,848,524)</u>	<u>\$ 4,816,736</u>		<u>\$ (154,031,788)</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, 2021

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, 2021

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 GASB Statement No. 68 in 2015 and GASB Statement No. 75 in 2018, the County School Board, a component unit, has a deficit net position of \$158,848,524. 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, 2021

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, 2021

Governmental Funds:

General Fund

The General Fund accounts for all revenues and expenditures of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, local sales taxes, license and permit fees, and revenues received from the Commonwealth of Virginia (“Commonwealth” or “State”).

A significant part of the General Fund's revenues is used to maintain and operate the general government or is transferred to other funds principally to fund debt service requirements and capital projects. General Fund revenues are used to reduce long-term liabilities including claims payable, accrued compensated absences and pension liabilities. Expenditures include, among other things, those for public safety, highways and streets, welfare, culture and recreation. The General Fund is considered a major fund for reporting purposes.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists mainly of state and federal grants that have specific grant restrictions imposed. A portion of the revenues received in this fund are used to reduce the landfill liability each year. The Special Revenue Fund is considered a major fund for reporting purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on all governmental funds’ long-term debt except for accrued compensated absences and capital lease obligations for equipment, which are paid by the fund incurring such expenditures. Debt Service Fund resources are derived from transfers from the General Fund. The Debt Service Fund is considered a major fund for reporting purposes.

Capital Projects Fund

The Capital Projects Fund includes activity for all general government and school related capital projects which are financed through a combination of proceeds from general obligation bonds and transfers from the General Fund. The Capital Projects Fund is considered a major fund for reporting purposes.

Proprietary Funds:

Enterprise 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.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

This 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 ("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

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position. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

C. Capital Assets

Capital outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds. Capital assets are recorded in the government-wide financial statements to the extent the County's capitalization threshold of \$5,000 for equipment and \$25,000 for buildings, improvements, infrastructure and software are met. All land is capitalized. In accordance with GAAP, infrastructure has been capitalized retroactively to 1980. Depreciation is recorded on general capital assets on a governmental-wide basis using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost was primarily used for land costs (for which the historical assessment records of the County were used). Donated capital assets are valued at their acquisition value on the date donated. When capital assets are sold or retired, their costs are removed from the accounts and the gain or loss for the disposal is reflected in the statement of activities.

The County adopted Senate Bill 276 that was added to the Code of Virginia in 2002, which revised the reporting of local school capital assets and related debt for financial statement purposes. Under the law, local governments have a "tenancy in common" with the School Board whenever the locality incurs any financial obligation for any school property, which is payable over more than one fiscal year. This legislation permits the County to report the portion of the school property related to general obligation bonds outstanding, eliminating any potential deficit from capitalizing school capital assets financed with debt.

Proprietary Funds

Capital assets for the Proprietary Funds are stated at cost, net of accumulated depreciation. Gifts, donations or contributions of capital assets are recorded at their acquisition value at date of receipt and are recorded as contribution revenues. Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported as a contra-asset account on the Proprietary Funds' Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

When Proprietary Fund assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the statement of revenues, expenses and changes in net position.

D. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and reported amounts of revenues and expenditures/expenses during the reporting period. Management may also make estimates of commitments and contingencies at the date of the financial statements

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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 with GAAP reporting requirements, governments provide budgetary comparison information in their annual

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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, 2021, the Water and Sewer Revenue Fund incurred interest costs of \$14,005,423. The Water and Sewer Revenue Fund has adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* in the current fiscal year and has not capitalized current year interest in the historical cost of capital assets.

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J. Accrued Compensated Absences

Annual leave is granted to all permanent County employees and certain permanent County School System ("School") employees. County and School employees can earn annual leave at the rate of 4 hours for every 80 standard hours worked up to a maximum of 9 hours for every 80 standard hours after 25 years of service. While there is no requirement that annual leave be taken, the maximum permissible accumulation is 468 hours for County employees and 52 days for School employees. Accumulated annual leave vests and the County is obligated to make payment even if the employee terminates. The current and non-current liability for unused and unpaid annual leave attributable to the County's Governmental Funds is recorded in the government-wide financial statements. The amounts attributable to the Proprietary Funds (Enterprise and Internal Service Funds) are charged to expense and corresponding liabilities established in the applicable Proprietary Funds.

County and School Board employees in VRS Plan 1 or 2, can earn sick leave at the rate of 4 hours for every 80 standard hours worked and 13 days per year, respectively, without limitation on accumulation. Sick leave is non-vesting 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 \$8,000. County and School Board employees in the VRS Hybrid Plan can earn sick leave at the rate of 3 hours for every 80 hours, not to exceed 78 hours at any time. In accordance with GAAP, the sick leave liability has been recorded using the termination payment method.

Compensated absences are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund 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, 2020, for the Virginia Retirement System (VRS) pension and other postemployment benefit (OPEB) plans and prior to the reporting date of June 30, 2021, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2021. Deferred outflows of resources of \$33,997,569, \$2,067,473 and \$58,212,543 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 Virginia Retirement System (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 outflow of resources or deferred inflow of resources in the Statement of Net Position as of June 30, 2021. The County has reported deferred outflows of resources of \$1,125,136, \$10,079, and \$6,225,618 and deferred inflows of resources of \$412,855, \$199,742, and \$1,922,615 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2021, respectively for such changes in proportionate share allocation.

Differences between the projected and actual earnings on pension and OPEB plan investments during the measurement years have been reported as deferred outflows of resources. Deferred outflows of resources of \$34,409,913, \$2,170,674, and \$42,739,216 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2021, respectively, for such differences between projected and actual earnings.

Change of assumptions as of the measurement dates have been reported as deferred outflows and inflows of resources. Deferred outflows of resources of \$18,073,439, \$1,185,223, and \$37,073,019 and deferred inflows of

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resources of \$1,534,009, \$84,517, and \$1,977,720 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2021, 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 \$17,009,136, \$943,617, and \$3,396,801 and deferred inflows of resources of \$9,724,322, \$556,694, and \$35,142,090 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2021, respectively, for such differences between actual and projected experience.

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 \$20,799,945 as a deferred outflow of resources on both the Business-type Activities and Proprietary Funds' Statements of Net Position as of June 30, 2021.

The County has reported deferred revenues of \$207,520,149 as a deferred inflow of resources on the Governmental Funds' Balance Sheet as of June 30, 2021. Unavailable revenues consist of \$23,973,694 in tax collections received in advance (due December 5, 2021) and \$183,546,455 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, 2021.

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

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

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

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

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Fund balances:				
Restricted for:				
Road Construction	\$6,932,892	\$ -	\$ -	\$ -
Imaging System Upgrades	259,550	-	-	-
Drug Enforcement	-	1,789,118	-	-
Mental Health Programs	-	18,988,941	-	-
Social Service Programs	-	<u>22,662,950</u>	-	-
Total Restricted	<u>7,192,442</u>	<u>43,441,009</u>	-	-
Committed				
Public Works	-	-	-	25,430,222
Technology Improvements	1,650,000	-	-	8,031,866
Building and Grounds	5,925,000	-	-	4,464,043
Road Maintenance	-	-	-	125,687,651
Community Development	-	-	-	109,500
Landfill Expansion	-	-	-	2,420,672
Public Safety Projects	440,000	-	-	13,750,321
Parks and Recreation	-	-	-	71,700,474
MHDS Project	9,000,000	-	-	4,241,986
Libraries	-	-	-	2,975,445
Education Projects	<u>11,185,921</u>	-	-	<u>79,550,769</u>
Total Committed	<u>28,200,921</u>	-	-	<u>338,362,949</u>
Assigned to:				
Public Works	-	18,173,234	-	-
Public Safety	-	18,167	-	-
General Government	124,101,598	-	-	-
Capital projects	89,742,635	-	-	-
Debt Service	-	-	<u>319,820</u>	-
Total Assigned	<u>213,844,233</u>	<u>18,191,401</u>	<u>319,820</u>	-
Unassigned	<u>134,163,801</u>	-	-	-

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In the General Fund, the County has \$7,192,442 restricted for various projects to include \$6,932,892 restricted for public works projects and \$259,550 restricted for circuit court enhancements to imaging systems. In the Special Revenue Fund, the County has \$43,441,009 restricted for various programs to include \$1,789,118 for drug enforcement, \$18,988,941 for mental health programs and \$22,662,950 for social services programs. The County also has \$28,200,921 committed for various capital projects which include \$1,650,000 for information technology projects, \$5,925,000 for various building and grounds rehabilitation and improvement projects, \$440,000 for the land acquisition for a fire house, \$9,000,000 for a MHDS transitional recovery center and \$11,185,921 for various high school, middle school, and elementary projects for use in future fiscal years in the County's General Fund.

In the Capital Projects Fund, the County has \$338,362,949 committed for various projects to include \$25,430,222 for public works, \$8,031,866 for computer and technology improvements, \$4,464,043 for rehabilitation and renovations to various buildings and grounds, \$125,687,651 for road maintenance and drainage, \$109,500 for community development projects, \$2,420,672 for landfill expansion and development, \$13,750,321 for public safety, \$71,700,474 for parks and recreation additions and improvements, \$4,241,986 for mental health and developmental services projects, \$2,975,445 for library renovations and additions and \$79,550,769 for various high school, middle school and elementary projects.

In the General Fund, the County has \$124,101,598 assigned for general government operations, which include a \$10,000,000 self-insurance reserve, a \$5,136,070 sports tourism reserve, a \$11,600,000 reserve for public works, a \$20,854,500 reserve for future operating costs of new facilities, a \$22,049,600 reserve for future vehicle replacements and a \$54,461,428 reserve for various operational costs in future years. The County also has \$89,742,635 assigned for capital projects, which includes \$7,000,000 for a radio communication system, \$17,612,500 for future economic development, \$5,000,000 for financial system upgrades, \$10,000,000 for a new facility and \$50,130,135 for future capital projects. In the Special Revenue Fund, the County has \$18,173,234 assigned to public works for the County's solid waste operations and \$18,167 for commissary fund operations. In the Debt Service Fund, the County has \$319,820 assigned for future debt service payments. The County has \$134,163,801 in unassigned fund balance in the County's General Fund.

School has \$27,697,060 in assigned fund balance and \$2,213,134 in unassigned fund balance in the Schools' General Fund. Schools also has restricted fund balance for various education program grants of \$3,303,279 in the Schools' Special Revenue Fund. Schools also have committed fund balance in the Schools' Capital Projects Fund of \$34,860,182 for various high school, middle school and elementary school construction and renovation projects.

M. Statement of Cash Flows

The County has presented a statement of cash flows for the Proprietary Funds. For purposes of this statement, cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

N. Pension Plans

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

O. Other Postemployment Benefit Plans

The County participates in four other postemployment benefit (OPEB) plans, for which GAAP requirements are used for financial reporting:

Single – employer defined benefit OPEB plans:

- Healthcare (see Note 11 to the financial statements)

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- 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 January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) whether the government has administrative and/or direct financial involvement with the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The County has control but does not have administrative involvement in the Sheriff’s Inmate Fund, Special Welfare, Mental Health and Developmental Services (MHDS), Non-Judicial Tax Sales and Code RVA and has presented these operations as fiduciary activities in the financial statements. The County has determined the long-term disability fund meets both the requirement of control and administrative involvement. The County has included the long-term disability Fund in the County’s General Fund.

The County has restated the Custodial Funds beginning fiduciary net position at June 30, 2020, on Exhibit 10 as follows:

Fiduciary Net Position at June 30, 2020,	\$ -
Jail Inmate Fund	439,484
Special Welfare Fund	42,548
Mental Health and Developmental Services	78,295
Non-Judicial Tax Sales	21,856
Code RVA	<u>984,585</u>
Fiduciary Net Position, restated at June 30, 2020,	<u>\$ 1,566,768</u>

The County has restated the General Fund beginning fund balance for the inclusion of the long-term disability fund and the discontinued operations at Belmont Golf Course at June 30, 2020, on Exhibit 4 as follows:

General Fund Balance at June 30, 2020,	\$ 265,750,383
Long-term disability fund balance	808,940
Belmont discontinued operations	<u>(1,766,454)</u>
General Fund Balance, restated at June 30, 2020,	<u>\$ 264,792,869</u>

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The County has restated the Governmental Activities beginning total net position for the inclusion of the long-term disability fund and the discontinued operations at Belmont Golf Course at June 30, 2020, on Exhibit 2 as follows:

Total Net Position at June 30, 2020,	\$ 1,397,147,947
Long-term disability fund balance	808,940
Belmont discontinued operations	<u>(1,103,733)</u>
Total Net Position, restated at June 30, 2020,	<u>\$ 1,396,853,154</u>

The County has restated the Business-type Activities beginning total net position for the discontinued operations at Belmont Golf Course at June 30, 2020, on Exhibit 2 as follows:

Total Net Position at June 30, 2020,	\$ 1,224,694,028
Belmont discontinued operations	<u>1,103,733</u>
Total Net Position, restated at June 30, 2020,	<u>\$ 1,225,797,761</u>

The County has both control and administrative involvement and has included the School Activity Funds in the School General Fund in the financial statements. The County has restated the School General Fund beginning fund balance for the School Activity Fund cash balance at June 30, 2020, on Schedule 9 as follows:

School General Fund Balance at June 30, 2020,	\$ 8,895,887
School Activity Fund Cash	<u>7,321,802</u>
School General Fund Balance, restated at June 30, 2020,	<u>\$ 16,217,689</u>

The County has restated the Component Unit beginning total net deficit at June 30, 2020, for the School Activity Fund cash balance at June 30, 2020, on Exhibit 2 as follows:

Component Unit Total Net Deficit at June 30, 2020,	\$ (147,469,098)
School Activity Fund Cash	<u>7,321,802</u>
Component Unit Total Net Deficit, restated at June 30, 2020,	<u>\$ (140,147,296)</u>

The County has restated the School Board beginning total net deficit at June 30, 2020, for the School Activity Fund cash balance at June 30, 2020, on Exhibit 12 as follows:

School Board Total Net Deficit at June 30, 2020,	\$ (152,772,950)
School Activity Fund Cash	<u>7,321,802</u>
School Board Total Net Deficit, restated at June 30, 2020,	<u>\$ (145,451,148)</u>

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

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accounting principles. The County's Water and Sewer Revenue Fund has adopted this standard early and has not capitalized any of the interest costs incurred during the fiscal year ended June 30, 2021 in the historical cost of capital assets.

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

Q. Future 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 County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2022.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date

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of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports, reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan, the applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits, the applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2022.

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

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

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

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and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2023.

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

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

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

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2023.

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.

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This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in GAAP, respectively. This Statement also requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The County has not completed the evaluation of the impact that the implementation of this Statement will have on the financial statements and disclosures. The County will adopt this Statement for fiscal year ending June 30, 2022.

NOTE 2. DEPOSITS AND INVESTMENTS

The County utilizes a pooled cash and investments approach where each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed based on average monthly balances. Use of current banking processes provides for daily sweeps of deposits made to County accounts, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the County's general account are invested at all times. Exceptions to this are funds in the JRJDC checking account and the Schools' Student Activity Fund, which are not under County control. The County's pooled portfolio also excludes pension and OPEB plans, maintained by the VRS, and unspent bond proceeds maintained in the State Non-Arbitrage Pool for Virginia (SNAP), the Virginia Local Government Investment Pool (LGIP) and participating localities investments in LGIP.

The County maintains a cash and temporary investment pool that is available for use by all funds, except Schools' Activity Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, bankers' acceptances, Treasury and Agency obligations and investments in SNAP and LGIP that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2021, 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, 2021. The net increase in fair value of investments during the year ended June 30, 2021, was \$2,094,889. This amount considers all changes in fair value that occurred during the fiscal year.

Deposits - Bank

At June 30, 2021, the carrying value of the County's deposits with banks was \$125,558,442 and the bank balance was \$109,156,060. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool.

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The carrying amount of deposits for the School Board, a discretely presented component unit, was \$7,878,320 and the bank balance was \$7,214,825. 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 \$713,636 and the bank balance was \$713,636. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act.

Deposits – Fiscal Agent

At June 30, 2021, the County had deposits of \$32,725,621 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of any city, county, or town situated in any one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, money market mutual funds that invest exclusively in securities specifically permitted under the Virginia Code, and the LGIP. The County's current investment guidelines do not permit the investment of funds in repurchase agreements. During the fiscal year, the County had investments in municipal bonds, money market mutual funds, obligations of the United States and agencies thereof.

The County's investment guidelines establish limitations on holdings, in order to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury Securities). The maximum percentage of the portfolio permitted in each security is as follows:

U.S. Treasury Obligations (bills, notes and bonds)	100%
U.S. Government Agency Securities and Instrumentalities	70%
Bankers' 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:

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Primary Government

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 79,874,611	70%	8.07%
U.S. Government Agencies	162,298,458	70%	16.39%
Commercial Paper	117,264,179	35%	11.84%
Corporate Notes	10,209,314	20%	1.03%
U.S. Government Money Market Funds	301,170,882	40%	30.41%
Local Government Investment Pool	319,709,177	75%	32.27%
Total Investments	<u>\$ 990,526,621</u>		<u>100.00%</u>

Component Units

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 6,055,651	70%	10.51%
U.S. Government Agencies	12,304,571	70%	21.38%
Commercial Paper	8,890,321	35%	15.45%
Corporate Notes	774,014	20%	1.34%
U.S. Government Money Market Funds	5,295,970	40%	9.20%
Local Government Investment Pool	24,238,581	75%	42.11%
Total Investments	<u>\$ 57,559,108</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, 2021:

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Primary Government

	Total June 30, 2021	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	\$ 79,874,611	\$ -	\$ 79,874,611	\$ -
U.S. Government Agencies	162,298,458	-	162,298,458	-
Commercial Paper	117,264,179	-	117,264,179	-
Corporate Notes	10,209,314	-	10,209,314	-
U.S. Government Money Market Funds	301,170,882	301,170,882	-	-
Local Government Investment Pool	319,709,177	-	319,709,177	-
Total Investments	\$ 990,526,621	\$ 301,170,882	\$ 689,355,739	\$ -

School Board

	Total June 30, 2021	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	\$ 6,055,651	\$ -	\$ 6,055,651	\$ -
U.S. Government Agencies	12,304,571	-	12,304,571	-
Commercial Paper	8,890,321	-	8,890,321	-
Corporate Notes	774,014	-	774,014	-
U.S. Government Money Market Funds	5,295,970	5,295,970	-	-
Local Government Investment Pool	24,238,581	-	24,238,581	-
Total Investments	\$ 57,559,108	\$ 5,295,970	\$ 52,263,138	\$ -

James River Juvenile Detention Center

	Total June 30, 2021	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	\$ 2,069,803	\$ 2,069,803	\$ -	\$ -
Local Government Investment Pool	1,307,426	-	1,307,426	-
U.S. Government Money Market Funds	19,484	19,484	-	-
Total Investments	\$ 3,396,713	\$ 2,089,287	\$ 1,307,426	\$ -

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

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

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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 2021. 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.

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Investment Maturities

As of June 30, 2021, 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	\$ 79,874,611	\$ -	\$ 79,874,611
U.S. Government Agencies	162,298,458	-	162,298,458
Commercial Paper	117,264,179	117,264,179	-
Corporate Notes	10,209,314	-	10,209,314
U.S. Government Money Market Funds	301,170,882	301,170,882	-
Local Government Investment Pool	319,709,177	319,709,177	-
Total Investments	\$ 990,526,621	\$ 738,144,238	\$ 252,382,383
Total Deposits - Bank	\$ 125,558,442		
Total Deposits - Fiscal Agent	32,725,621		
Total Cash on Hand	10,639		
Total Deposits and Investments	\$ 1,148,821,323		

Component Units:

School Board

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
Municipal Bonds	\$ 6,055,651	\$ -	\$ 6,055,651
U.S. Government Agencies	12,304,571	-	12,304,571
Commercial Paper	8,890,321	8,890,321	-
Corporate Notes	774,014	-	774,014
U.S. Government Money Market Funds	5,295,970	5,295,970	-
Local Government Investment Pool	24,238,581	24,238,581	-
Total Investments	\$ 57,559,108	\$ 38,424,872	\$ 19,134,236
Total Deposits - Bank	\$ 7,878,320		
Total Cash on Hand	1,000		
Total Deposits and Investments	\$ 65,438,428		

James River Juvenile Detention Commission

	Investment Maturities (in years)		
	Fair Value	Less than 1 year	1-5 years
U.S. Treasury Bills	\$ 2,069,803	\$ 2,069,803	\$ -
Local Government Investment Pool	1,307,426	1,307,426	-
U.S. Government Money Market Funds	19,484	19,484	-
Total Investments	\$ 3,396,713	\$ 3,396,713	\$ -
Total Deposits	\$ 713,636		
Total Cash on Hand	500		
Total Deposits and Investments	\$ 4,110,849		
Total Deposit and Investments-Reporting Entity	\$ 1,218,370,600		

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The Mental Health and Developmental Services Fund cash of \$139,764 and Jail Inmate Fund cash of \$403,734 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, 2021, the fair value of the Healthcare OPEB Plan’s interest in the Trust Fund was \$90,505,747. 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, 2021 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	\$ 3,828,167	\$ -	\$ -	\$ 3,828,167
Taxes	204,928,618	-	-	204,928,618
Accounts	<u>1,668,602</u>	<u>4,668,042</u>	<u>28,479,368</u>	<u>34,816,012</u>
Gross Receivables	210,425,387	4,668,042	28,479,368	243,572,797
Less: Allowances for				
Doubtful Accounts	<u>8,475,879</u>	<u>2,113,823</u>	<u>1,600,000</u>	<u>12,189,702</u>
Receivables, net	<u>\$201,949,508</u>	<u>\$ 2,554,219</u>	<u>\$ 26,879,368</u>	<u>\$ 231,383,095</u>

Central Automotive Maintenance has a receivable of \$14,740 as of June 30, 2021, which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$183,546,455 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
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funds. Tax revenues reported in the government-wide statements include \$1,731,787 of revenues that do not provide current financial resources and, therefore, are not included in the governmental funds.

Component Units

<u>Receivables:</u>	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
Intergovernmental	<u>\$ 26,522,536</u>	<u>\$ 7,997</u>	<u>\$ 26,530,533</u>

Receivables are presented net of appropriate allowances for doubtful accounts. The County calculates its allowances using historical collection data, specific account analysis and management's judgment. All the Component Units' receivables are considered collectible.

NOTE 4. PROPERTY TAXES

Real Estate taxes attach as an enforceable lien on property as of January 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, 2019 and the first installment (June 5th) of the levy on assessed value at January 1, 2020. The County bills and collects its own property taxes. Property taxes levied are recorded as receivables, net of allowance for estimated uncollectible accounts, to the extent that they are currently due.

The Virginia General Assembly passed SB 4005, the Personal Property Tax Relief Act ("PPTRA") in April 1998. The bill provides for the State to reimburse a portion of the tangible Personal Property Tax levied on personal use cars, motorcycles and trucks. In 1998, the reimbursement was 12.5 percent of the tax on the first \$20,000 of the value of the qualifying vehicle. The reimbursement rate was 27.5 percent for tax year 1999 and increased to 47.5 percent for tax year 2000 and 70.0 percent for tax years 2001 through 2005. The reimbursement rate for 2006 and thereafter is determined by each locality based upon their share of the \$950 million allocated by the Commonwealth for personal property tax relief on qualifying vehicles. For tax year 2021, 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
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NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units for Governmental Funds at June 30, 2021 include:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Commonwealth of Virginia:			
Non-categorical aid for:			
Local Sales and Use Tax	\$ 6,629,691	\$ -	\$ -
PPTRA	18,460,463	-	-
Richmond Center	2,235,937	-	-
Categorical aid for:			
Public Works	-	-	7,693,013
Public Safety	1,832,333	-	-
Social Services	-	654,923	-
Treasurer	1,900,227	-	-
Correction & Detention	-	49,300	-
Finance	69,708	-	-
Mental Health & Development Services	-	72,942	-
Circuit Court	181,944	-	-
Library	2,000	-	-
Commonwealth's Attorney	<u>192,579</u>	<u>11,600</u>	<u>-</u>
Total due from the Commonwealth of Virginia	<u>31,504,882</u>	<u>788,765</u>	<u>7,693,013</u>
Federal Government Categorical Aid:			
Work Training Grants (CRWP)	-	1,103,360	-
Public Safety	-	369,196	-
Public Works	-	-	1,942,405
Social Services	-	1,076,179	-
Recreation	-	-	345,528
Community Development Block Grant	<u>-</u>	<u>528,005</u>	<u>-</u>
Total due from the Federal government	<u>-</u>	<u>3,076,740</u>	<u>2,287,933</u>
Total due from other governmental units	<u>\$ 31,504,882</u>	<u>\$ 3,865,505</u>	<u>\$ 9,980,946</u>

JRJDC has \$56,414 due from other localities. Amounts due from other governmental units for the School Board Component Unit at June 30, 2021 include:

	<u>School Board</u>
Commonwealth of Virginia:	
Non-categorical aid for:	
State Sales and Use Tax	\$ 5,345,393
Categorical aid for:	
Education	<u>3,504,871</u>
Total due from the Commonwealth of Virginia	<u>8,850,264</u>
Federal Government Categorical Aid:	
Education	<u>17,672,272</u>
Total due from the Federal government	<u>17,672,272</u>
Total due from other governmental units	<u>\$ 26,522,536</u>

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
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NOTE 6. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021, follows:

Governmental Activities	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital Assets Not Being Depreciated:				
Land	\$ 403,455,722	\$ 3,265,033	\$ -	\$ 406,720,755
Construction in progress	164,256,014	178,910,934	48,139,628	295,027,320
Total Capital Assets Not Being Depreciated	<u>567,711,736</u>	<u>182,175,967</u>	<u>48,139,628</u>	<u>701,748,075</u>
Other Capital Assets:				
Buildings	959,575,696	21,501,220	-	981,076,916
Infrastructure	733,397,093	7,646,897	-	741,043,990
Equipment	283,642,572	17,134,567	6,667,006	294,110,133
Improvements	108,829,541	16,473,620	-	125,303,161
Total Other Capital Assets	<u>2,085,444,902</u>	<u>62,756,304</u>	<u>6,667,006</u>	<u>2,141,534,200</u>
Less Accumulated Depreciation for:				
Buildings	(260,815,791)	(19,524,236)	-	(280,340,027)
Infrastructure	(533,735,015)	(19,112,462)	-	(552,847,477)
Equipment	(194,241,299)	(17,807,216)	(6,226,439)	(205,822,076)
Improvements	(50,171,513)	(5,624,761)	-	(55,796,274)
Total Accumulated Depreciation	<u>(1,038,963,618)</u>	<u>(62,068,675)</u>	<u>(6,226,439)</u>	<u>(1,094,805,854)</u>
Total Net of Depreciation	<u>\$ 1,614,193,020</u>	<u>\$ 182,863,596</u>	<u>\$ 48,580,195</u>	<u>\$ 1,748,476,421</u>

The adjustment from modified to full accrual for capital assets net of accumulated depreciation at June 30, 2021 are comprised of the following:

General Capital Assets, Net	\$ 1,748,476,421
Internal Service Fund Capital Assets, Net	<u>(14,680,960)</u>
Combined Adjustment	<u>\$ 1,733,795,461</u>

The adjustment from modified to full accrual for depreciation for the fiscal year ended June 30, 2021 is comprised of the following:

General Government Administration	\$ 8,055,139
Judicial Administration	88,122
Public Safety	10,192,567
Public Works	21,998,783
Education	12,299,064
Health and Welfare	543,167
Parks and Recreation	8,666,771
Community Development	<u>225,063</u>
Total Depreciation	<u>\$ 62,068,676</u>
Internal Service Fund Depreciation	<u>(2,516,267)</u>
Combined Adjustment	<u>\$ 59,552,409</u>

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Business-type Activities	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
<u>Water and Sewer:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 18,838,931	\$ -	\$ -	\$ 18,838,931
Construction in progress	288,073,851	44,103,375	25,906,498	306,270,728
Total Capital Assets Not Being Depreciated	<u>306,912,782</u>	<u>44,103,375</u>	<u>25,906,498</u>	<u>325,109,659</u>
Other Capital Assets:				
Buildings	404,429,453	794,296	500,927	404,722,822
Equipment	172,813,516	2,089,528	1,415,433	173,487,611
Improvements	1,410,152	-	-	1,410,152
Infrastructure	1,256,189,308	30,984,807	1,983,434	1,285,190,681
Total Other Capital Assets	<u>1,834,842,429</u>	<u>33,868,631</u>	<u>3,899,794</u>	<u>1,864,811,266</u>
Less Accumulated Depreciation for:				
Buildings	(144,520,324)	(8,009,831)	(177,613)	(152,352,542)
Equipment	(130,557,989)	(5,659,552)	(1,179,162)	(135,038,379)
Improvements	(1,259,366)	(39,671)	-	(1,299,037)
Infrastructure	(399,449,233)	(18,915,960)	(1,266,589)	(417,098,604)
Total Accumulated Depreciation	<u>(675,786,912)</u>	<u>(32,625,014)</u>	<u>(2,623,364)</u>	<u>(705,788,562)</u>
Total Net of Depreciation	<u>\$ 1,465,968,299</u>	<u>\$ 45,346,992</u>	<u>\$ 27,182,928</u>	<u>\$ 1,484,132,363</u>
<u>School Board:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,584,831	\$ -	\$ -	\$ 47,584,831
Construction in Progress	3,083,244	3,569,124	3,953,089	2,699,279
Total Capital Assets Not Being Depreciated	<u>50,668,075</u>	<u>3,569,124</u>	<u>3,953,089</u>	<u>50,284,110</u>
Other Capital Assets:				
Buildings	399,627,902	2,400,852	-	402,028,754
Equipment	252,173,325	6,876,039	235,351	258,814,013
Improvements	42,148,676	139,595	-	42,288,271
Total Other Capital Assets	<u>693,949,903</u>	<u>9,416,486</u>	<u>235,351</u>	<u>703,131,038</u>
Less Accumulated Depreciation for:				
Buildings	(217,103,922)	(6,682,696)	-	(223,786,618)
Equipment	(195,613,819)	(15,627,572)	(235,318)	(211,006,073)
Improvements	(25,142,115)	(1,266,941)	-	(26,409,056)
Total Accumulated Depreciation	<u>(437,859,856)</u>	<u>(23,577,209)</u>	<u>(235,318)</u>	<u>(461,201,747)</u>
Total Net of Depreciation	<u>\$ 306,758,122</u>	<u>\$ (10,591,599)</u>	<u>\$ 3,953,122</u>	<u>\$ 292,213,401</u>

HENRICO COUNTY, VIRGINIA
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JUNE 30, 2021

Component Units	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
<u>James River Juvenile Detention Center:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>
Other Capital Assets:				
Buildings	9,243,433	-	-	9,243,433
Improvements	269,547	-	-	269,547
Equipment	864,683	12,352	8,976	868,059
Total Other Capital Assets	<u>10,377,663</u>	<u>12,352</u>	<u>8,976</u>	<u>10,381,039</u>
Less Accumulated Depreciation for:				
Buildings	(4,430,749)	(231,084)	-	(4,661,833)
Improvements	(225,422)	(10,999)	-	(236,421)
Equipment	(601,644)	(61,816)	(8,976)	(654,484)
Total Accumulated Depreciation	<u>(5,257,815)</u>	<u>(303,899)</u>	<u>(8,976)</u>	<u>(5,552,738)</u>
Total Net of Depreciation	<u>\$ 5,149,848</u>	<u>\$ (291,547)</u>	<u>\$ -</u>	<u>\$ 4,858,301</u>
<u>Combined Component Units:</u>				
Capital Assets Not Being Depreciated:				
Land	\$ 47,614,831	\$ -	\$ -	\$ 47,614,831
Construction in progress	3,083,244	3,569,124	3,953,089	2,699,279
Total Capital Assets Not Being Depreciated	<u>50,698,075</u>	<u>3,569,124</u>	<u>3,953,089</u>	<u>50,314,110</u>
Other Capital Assets:				
Buildings	408,871,335	2,400,852	-	411,272,187
Equipment	253,038,008	6,888,391	244,327	259,682,072
Improvements	42,418,223	139,595	-	42,557,818
Total Other Capital Assets	<u>704,327,566</u>	<u>9,428,838</u>	<u>244,327</u>	<u>713,512,077</u>
Less Accumulated Depreciation for:				
Buildings	(221,534,671)	(6,913,780)	-	(228,448,451)
Equipment	(196,215,463)	(15,689,388)	(244,294)	(211,660,557)
Improvements	(25,367,537)	(1,277,940)	-	(26,645,477)
Accumulated Depreciation	<u>(443,117,671)</u>	<u>(23,881,108)</u>	<u>(244,294)</u>	<u>(466,754,485)</u>
Total Net of Depreciation	<u>\$ 311,907,970</u>	<u>\$ (10,883,146)</u>	<u>\$ 3,953,122</u>	<u>\$ 297,071,702</u>

HENRICO COUNTY, VIRGINIA
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NOTE 7. LONG-TERM DEBT

Governmental Activities

The following is a summary of the changes in the County's total long-term liabilities, including net pension and OPEB liabilities, for the year ended June 30, 2021:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
General obligation (GO) bonds	\$507,215,000	\$121,525,000	\$ 53,325,000	\$ 575,415,000
VRA special revenue bond	-	13,560,000	-	13,560,000
Capital lease obligations	88,116,739	325,480	26,597,824	61,844,395
Accrued claims payable	23,154,351	18,531,709	14,224,139	27,461,921
Accrued compensated absences	26,589,348	27,342,733	22,581,188	31,350,893
Net pension liability	189,091,716	133,006,703	61,085,064	261,013,360
Line of Duty OPEB liability	31,906,415	2,489,826	956,985	33,439,256
Net GLI OPEB liability	17,736,413	3,685,260	3,338,694	18,082,979
Net Healthcare OPEB liability	17,897,957	5,991,086	14,434,508	9,454,535
Landfill postclosure costs	3,547,107	42,565	-	3,589,672
Total	<u>905,255,046</u>	<u>\$326,500,362</u>	<u>\$196,543,397</u>	<u>1,035,212,011</u>
Premium on bonds	<u>50,820,689</u>	<u>\$ 17,902,898</u>	<u>\$ 11,148,106</u>	<u>57,575,481</u>
Total long-term liabilities	<u>956,075,735</u>			<u>1,092,787,492</u>
Current Maturities	<u>(86,303,346)</u>			<u>(96,685,617)</u>
Net long-term liabilities	<u>\$869,772,389</u>			<u>\$ 996,101,875</u>

The current maturity of long-term liabilities at June 30, 2021 consists of the following:

General obligation bonds	\$ 44,185,000
VRA special revenue bond	2,480,000
Capital lease obligations	6,176,346
Accrued claims payable	17,219,308
Accrued compensated absences	<u>26,624,963</u>
Total current maturities	<u>\$ 96,685,617</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, 2021 is as follows:

Long-term liabilities (detail above)	\$1,092,787,492
Net pension liability (detail above)	(261,013,360)
Net OPEB liabilities (detail above)	(60,976,770)
Internal Service Fund long-term liabilities	<u>(271,450)</u>
Combined adjustment	<u>\$ 770,525,912</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 \$9,396,803, which represents the increase in accrued interest on bonds payable of \$1,057,544, payment of interest to escrow for debt refunding of \$693,759 and amortization of bond premium of \$11,148,106 for the year ended June 30, 2021.

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

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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 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,

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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 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.

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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.

As of June 30, 2020, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of \$22,833 at June 30, 2020.

General Obligation Bonds

Details of general obligation bonds for the County at June 30, 2021 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>
2009 GO. Bonds	2.00-5.00%	05/13/09	03/01/22	\$ 33,875,000	\$ 1,325,000
2010 GO. Bonds	3.00-5.00	05/03/10	07/15/25	119,735,000	14,215,000
2011 GO. Bonds	2.00-5.00	09/01/11	08/01/31	66,075,000	3,305,000
2012 GO. Bonds	2.00-5.00	10/03/12	08/01/26	37,500,000	37,045,000
2015 GO. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	38,315,000
2017A GO. Bonds	3.00-5.00	05/31/17	08/01/37	102,255,000	86,910,000
2017B GO. Bonds	2.00-5.00	05/31/17	08/01/30	53,755,000	53,275,000
2018 GO. Bonds	3.00-5.00	07/31/18	08/01/38	99,395,000	89,455,000
2019 GO. Bonds	3.00-5.00	10/09/19	08/01/39	105,115,000	105,115,000
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	15,545,000
2020R GO. Bonds	5.00	04/16/20	07/15/25	24,930,000	<u>24,930,000</u>
TOTAL					<u>\$ 575,415,000</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>
2022	\$44,185,000	\$22,786,421
2023	46,655,000	20,670,145
2024	46,075,000	18,566,191
2025	46,105,000	16,381,056
2026	44,265,000	14,199,157
2027-2031	169,270,000	43,989,558
2032-2036	106,380,000	17,629,707
2037-2041	<u>72,480,000</u>	<u>3,675,444</u>
TOTAL	<u>\$ 575,415,000</u>	<u>\$ 157,897,679</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.

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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>
2022	\$2,480,000	\$583,140
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>\$ 13,560,000</u>	<u>\$ 1,755,228</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, 2021 are as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Water and Sewer Revenue Bonds:				
2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00%	\$ 58,310,000	\$ -	\$ 52,770,000	\$ 5,540,000
2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00%	65,040,000	-	55,565,000	9,475,000
2016 Revenue and Refunding Bonds - \$123,625,000, 1.50% to 5.00%	113,355,000	-	6,015,000	107,340,000
2018 Revenue Bonds - \$102,410,000, 3.125% to 5.00%	98,730,000	-	1,935,000	96,795,000
2019 Revenue and Refunding Bonds - \$78,085,000, 3.125% to 5.00%	76,540,000	-	1,250,000	75,290,000
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%	<u>-</u>	<u>118,675,000</u>	<u>2,140,000</u>	<u>116,535,000</u>
Total bonds payable	<u>\$ 411,975,000</u>	<u>\$ 144,380,000</u>	<u>\$ 119,675,000</u>	<u>\$ 436,680,000</u>

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	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Other Liabilities:				
Capital lease obligations	\$ 13,155	\$ 10,289	\$ 8,304	\$ 15,140
Accrued compensated absences	1,528,432	220,648	79,886	1,669,194
Net Healthcare OPEB liability	849,388	400,672	765,909	484,151
Net GLI OPEB liability	1,211,970	235,110	239,356	1,207,724
Net pension liability	13,375,754	8,564,578	4,260,563	17,679,769
Total	\$ 428,953,699	\$ 153,811,297	\$ 125,029,018	\$ 457,735,978
Premium on bonds payable	36,281,027	4,427,558	2,485,550	38,223,035
Total long-term liabilities	\$ 465,234,726	-	-	\$ 495,959,013
Current maturities	(14,521,317)			(15,447,271)
Net long-term liabilities	\$ 450,713,409			\$ 480,511,742

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

Revenue bonds	\$ 15,355,000
Capital lease obligations	5,028
Accrued compensated absences	87,243
Total current maturities	\$ 15,447,271

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.

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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.

In fiscal year 2021 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, 2021, \$162,156,638 of Water and Sewer System Revenue Bonds are considered fully defeased.

Principal and interest payment on the Bonds for the next five fiscal years, subsequent to June 30, 2021, and thereafter are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2022	\$15,355,000	\$14,997,743
2023	16,035,000	14,306,008
2024	16,760,000	13,586,771
2025	17,295,000	13,050,078
2026	17,955,000	12,393,042
2027-2031	86,125,000	52,490,335
2032-2036	90,310,000	39,493,330
2037-2041	71,990,000	26,670,592
2042-2046	77,625,000	13,334,539

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	<u>27,230,000</u>	<u>1,840,388</u>
Total	<u>\$ 436,680,000</u>	<u>\$ 202,162,825</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, 2021 is as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital lease obligations	\$ 16,651,291	\$ 6,057	\$ 9,710,710	\$ 6,946,638
Accrued claims payable	5,249,449	3,063,585	2,275,865	6,037,169
Net pension liability	462,836,320	157,262,730	99,247,890	520,851,160
Net Healthcare OPEB liability	12,844,671	5,087,830	10,978,154	6,954,347
Net GLI OPEB liability	25,558,485	5,568,798	4,820,932	26,306,351
Net HIC OPEB liability	43,352,981	4,337,958	4,026,195	43,664,744
Accrued compensated absences	<u>7,891,948</u>	<u>10,064,338</u>	<u>6,338,483</u>	<u>11,617,803</u>
Total School Board	\$ 574,385,145	<u>\$185,391,296</u>	<u>\$ 137,398,229</u>	\$ 622,378,212
Current Maturities	<u>(19,748,485)</u>			<u>(18,881,395)</u>
Net long-term liabilities	<u>\$ 554,636,660</u>			<u>\$ 603,496,817</u>

Current maturities of long-term liabilities at June 30, 2021, consist of the following:

Capital lease obligations	\$ 6,933,085
Accrued claims payable	2,617,376
Accrued compensated absences	<u>9,330,934</u>
Total current maturities	<u>\$ 18,881,395</u>

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, 2021, is as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital lease obligations	\$ -	\$ 12,353	\$ 1,942	\$ 10,411
Net pension liability	2,888,944	1,864,714	858,445	3,895,213
Net Healthcare OPEB liability	187,599	76,306	158,515	105,390
Net GLI OPEB liability	253,260	50,813	46,346	257,727
Accrued compensated absences	<u>256,584</u>	<u>252,482</u>	<u>222,440</u>	<u>286,626</u>
Total JRJDC	\$ 3,586,387	<u>\$ 2,256,668</u>	<u>\$ 1,287,688</u>	\$ 4,555,367
Current Maturities	<u>(244,309)</u>			<u>(251,189)</u>
Net long-term liabilities	<u>\$ 3,342,078</u>			<u>\$ 4,304,178</u>

Current maturities of long-term liabilities at June 30, 2021, consist of the following:

Capital lease obligations	\$ 2,705
Accrued compensated absences	<u>248,484</u>
Total current maturities	<u>\$ 251,189</u>

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Capital Leases

The County has entered into agreements for the leasing of buildings, computer hardware, automotive vehicles and equipment. These leases meet the criteria of a capital lease, as defined by GAAP, which states a capital lease generally as one which transfers the benefits and risks of ownership to the lessee. As such, \$63,810,028 of equipment and \$32,250,286 of buildings have been capitalized as of June 30, 2020. The acquisition of capital assets through capital lease obligations is reflected as expenditure and other financing source in the General or Capital Projects Funds when the obligations are incurred. Payments to satisfy capital lease obligations are recorded as debt service expenditure in the General or Debt Service Funds when the cash outlays are made. Capital assets capitalized under these lease agreements are pledged as collateral on the obligations.

On August 27, 2009, the EDA issued \$10,210,000 Governmental Projects Lease Revenue Refunding Bonds, Series 2009A to refund a portion of the Authority's Series 1996 and Series 1998 Lease Revenue Bonds and \$26,215,000 Public Facility Lease Revenue Refunding Bonds, Series 2009B to refund a portion of the Authority's Series 1999 Public Lease Revenue Refunding Bonds. The interest rate on the 2009A Refunding Bonds is between 2% and 3.25%. The principal payments ranged from \$80,000 to \$1,740,000 with the final maturity on June 1, 2018. The interest rate on the 2009B Refunding Bonds is between 3% and 5%. The principal payments range from \$1,035,000 to \$2,935,000 with the final maturity on August 1, 2021.

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

The Schools have entered into agreements for the leasing of computer hardware and equipment. These leases meet the criteria of a capital lease as defined by GAAP. As such, \$27,517 of equipment has been capitalized as of June 30, 2021.

Future minimum lease payments under these capital leases for fiscal years ending after June 30, 2021, are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>	<u>EDA Lease Obligations</u>	<u>Schools</u>	<u>Total Future Minimum Lease Payments</u>
2022	\$ 653,543	\$ 6,824,898	\$ 7,161,635	\$ 14,640,076
2023	637,919	3,942,007	10,621	4,590,547
2024	490,350	3,943,558	2,906	4,436,815
2025	92,688	3,948,742	1,078	4,042,509
2026	10,167	3,946,457	-	3,956,624
2027-2031	-	19,726,985	-	19,726,985
2032-2036	-	18,050,881	-	18,050,881
2037-2041	-	12,439,000	-	12,439,000
Total minimum lease payments	<u>1,884,668</u>	<u>72,822,528</u>	<u>7,176,241</u>	<u>81,883,437</u>
Less amount representing interest	<u>105,273</u>	<u>12,757,528</u>	<u>229,603</u>	<u>13,092,404</u>
Present value of future minimum lease payments	<u>\$ 1,779,395</u>	<u>\$ 60,065,000</u>	<u>\$ 6,946,638</u>	<u>\$ 128,856,033</u>

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The Water and Sewer Revenue Fund entered into capital lease agreements for equipment for \$20,163 and \$14,772 during fiscal years 2015 and 2014, respectively. Future minimum lease payments under this capital lease for fiscal years ending after June 30, 2021, are as follows:

<u>Years</u>	<u>Equipment Lease Obligations</u>
2022	\$ 6,550
2023	5,909
2024	3,328
2025	<u>2,271</u>
Total minimum lease payments	18,058
Less amount representing interest	<u>2,918</u>
Present value of future minimum lease payments	<u>\$ 15,140</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 \$52,000 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, 2021, 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, 2021, includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$1,227,789 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, 2021, 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.

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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 \$10,564,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2021.

In addition, the County has recorded \$16,897,921 for the County and \$6,037,169 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 \$10,000,000 of the June 30, 2021 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2021, the County and Schools had accrued claims payable in long-term liabilities as follows:

	FY 2021		FY 2020	
	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>
Balance, July 1	\$ 23,154,351	\$ 5,249,449	\$ 26,360,666	\$ 4,620,683
Current year claims and changes in estimates	18,531,709	3,063,585	12,509,670	2,894,324
Claim payments	<u>(14,224,139)</u>	<u>(2,275,865)</u>	<u>(15,715,985)</u>	<u>(2,265,558)</u>
Balance, June 30	<u>\$ 27,461,921</u>	<u>\$ 6,037,169</u>	<u>\$ 23,154,351</u>	<u>\$ 5,249,449</u>

D. Commitments

At June 30, 2021, the County had contractual commitments for the construction of various projects as follows:

	Primary Government	Component Unit-Schools
Capital Projects Funds:		
Computer and Technology Improvements	\$ 18,059,586	\$ -
Buildings and Grounds	2,721,737	-
Road Maintenance	28,862,388	-
Landfill Expansion and Development	110,749	-
Public Safety Projects	4,935,001	-
Public Works	9,828,043	-
Parks and Recreation	6,711,129	-
Community Development	432,703	-
Libraries	141,169	-
Education Projects	<u>62,548,311</u>	<u>1,522,703</u>
Total	<u>\$ 134,350,816</u>	<u>\$ 1,522,703</u>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 26,210,211	
Water Plant Projects	29,703,617	
Computer and Information Systems	<u>9,546,717</u>	
Total	<u>\$ 65,460,545</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, 2021, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

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General Fund	\$ 13,283,655
Special Revenue Fund	4,749,592
Capital Projects Fund	<u>140,331,368</u>
Total	<u>\$158,364,615</u>

E. Operating Leases

The County and School Board leases real estate, certain data processing equipment and other equipment under various long-term operating lease agreements for which rent expenditures aggregated \$2,032,047 and \$646,287, respectively, for the fiscal year 2021.

At June 30, 2021, the approximate future annual long-term commitments for these operating leases were as follows:

<u>Years</u>	<u>County Real Property</u>	<u>School Board Real Property</u>	<u>Total</u>
2022	\$ 1,917,098	\$ 659,911	\$ 2,577,009
2023	1,459,379	358,640	1,818,019
2024	1,318,088	203,810	1,521,898
2025	1,351,680	61,440	1,413,120
2026	1,092,844	-	1,092,844
2027-2031	4,388,277	-	4,388,277
2032-2036	3,105,935	-	3,105,936
2037 & After	<u>2,683,472</u>	-	<u>2,683,471</u>
Total	<u>\$ 17,316,773</u>	<u>\$ 1,283,801</u>	<u>\$ 18,600,574</u>

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

F. Capital Asset Leasing

The County is the lessor of real estate and other equipment under various lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2021, was \$33,714,102 and \$2,862,401, respectively.

At June 30, 2021, the future minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2022	\$ 1,160,284
2023	703,576
2024	610,069
2025	487,623
2026	385,085
2027-2031	1,608,577
2032-2036	1,160,924
2037 & After	<u>316,583</u>
Total	<u>\$ 6,432,721</u>

The Water and Sewer Revenue Fund is the lessor of real estate and other equipment under various operating lease agreements for periods ranging from one to nine years. The cost and accumulated depreciation on leased property at June 30, 2021, was \$4,388,282 and \$1,285,432, respectively.

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At June 30, 2021, the future minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2022	\$ 60,202
2023	37,532
2024	37,532
2025	37,532
2026	37,532
2027-2031	184,946
2032-2036	180,087
2037 & After	<u>3,006</u>
Total	<u>\$ 578,369</u>

The School Board is the lessor of real estate under an operating lease agreement for a period of twenty-five years. The cost of the leased property at June 30, 2021, was \$3,361,242.

At June 30, 2021, the future minimum rentals receivable for these existing leases were as follows:

<u>Years</u>	<u>Total</u>
2022	\$ 83,507
2023	67,010
2024	48,862
2025	46,296
2026	44,423
2027-2031	153,736
2032-2036	<u>174,988</u>
Total	<u>\$ 618,822</u>

G. Contingent Liabilities

Capital Region Airport Commission

See Note 21, "Joint Ventures" for a discussion of the County's contingent liability relating to the Capital Region Airport Commission.

Environmental Risk

The County is the owner of closed landfills, underground storage tanks, sewage lagoons and other potential sources of toxic substances. Ownership of these properties exposes the County to risk of third party pollution liability. At this time, no claim exists nor is there knowledge of any condition which impairs a third party's property or person.

NOTE 9. DEFINED BENEFIT PENSION PLAN – AGENT MULTIPLE-EMPLOYER

A. Plan Description

The County and School Board Non-Professional Group contribute to an agent multiple-employer defined benefit pension plan administered by the Virginia Retirement System ("VRS"). All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local government employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if

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their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs)) payable monthly for life in an amount equal to 1.7 percent (Plan 1 members) and 1.65% (Plan 2 members) of their average final compensation (“AFC”) for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

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

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

Employees Covered by Benefit Terms

As of the June 30, 2019 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	3,414	111
Inactive members:		
Vested	748	16
Non-vested	1,527	76
Active elsewhere in VRS	<u>1,246</u>	<u>91</u>
Total inactive members	3,521	183
Active members	<u>5,219</u>	<u>35</u>
Total	<u>12,154</u>	<u>329</u>

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

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VRS issues a publicly available Comprehensive Annual Financial Report (“CAFR”) that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/publications/index.asp> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

VRS Plan 1 and 2 members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The County has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the County and School Board Non-Professional Group are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board Non-Professional Group’s contribution rates for the fiscal year ended 2021 were 13.29 percent and 26.89 percent, respectively, of annual covered employee compensation. The County and School Board contributions for the fiscal year ended 2021 were \$34,728,875 and \$182,491, 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, 2021, the County and School Board Non-Professional Group reported a net pension liability of \$314,520,616 and \$3,566,973, 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 \$261,013,360, \$17,679,769, \$3,895,213, \$3,799,035, \$31,932,275, and \$3,566,973, respectively. The net pension liability was measured as of June 30, 2020. The total pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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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, 2020	\$1,242,601,689	\$1,053,509,973	\$189,091,716
Changes for the year:			
Service cost	29,771,676	-	29,771,676
Interest	84,178,813	-	84,178,813
Difference between expected and actual experience	18,002,646	-	18,002,646
Contributions-employer	-	29,403,784	(29,403,784)
Contributions-employee	-	11,048,961	(11,048,961)
Net investment income	-	20,632,319	(20,632,319)
Benefit payments, including refunds of employee contributions	(65,005,434)	(65,005,434)	-
Administrative expense	-	(707,937)	707,937
Other changes	2,075,678	1,730,042	345,636
Net changes	<u>69,023,379</u>	<u>(2,898,265)</u>	<u>71,921,644</u>
Balances at June 30, 2021	<u>\$1,311,625,068</u>	<u>\$1,050,611,708</u>	<u>\$261,013,360</u>
 Business-type Activities			
Balances at June 30, 2020	\$87,931,143	\$74,555,389	\$13,375,754
Changes for the year:			
Service cost	1,921,651	-	1,921,651
Interest	5,433,428	-	5,433,428
Difference between expected and actual experience	1,162,004	-	1,162,004
Contributions-employer	-	1,897,905	(1,897,905)
Contributions-employee	-	713,169	(713,169)
Net investment income	-	1,331,739	(1,331,739)
Benefit payments, including refunds of employee contributions	(4,195,858)	(4,195,858)	-
Administrative expense	-	(45,695)	45,695
Other changes	(2,075,678)	(1,759,728)	(315,950)
Net changes	<u>2,245,547</u>	<u>(2,058,468)</u>	<u>4,304,015</u>
Balances at June 30, 2021	<u>\$90,176,690</u>	<u>\$72,496,921</u>	<u>\$17,679,769</u>

HENRICO COUNTY, VIRGINIA
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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, 2020	\$161,896,714	\$137,304,032	\$24,592,682
Changes for the year:			
Service cost	3,051,678	-	3,051,678
Difference between expected and actual experience	1,845,320	-	1,845,320
Interest	8,628,557	-	8,628,557
Contributions-employer	-	3,013,968	(3,013,968)
Contributions-employee	-	1,132,549	(1,132,549)
Net investment income	-	2,114,869	(2,114,869)
Benefit payments, including refunds of employee contributions	(6,663,233)	(6,663,233)	-
Administrative expense	-	(72,566)	72,566
Other changes	-	(2,858)	2,858
Net changes	<u>6,862,322</u>	<u>(477,271)</u>	<u>7,339,593</u>
Balances at June 30, 2021	<u>\$168,759,036</u>	<u>\$136,826,761</u>	<u>\$31,932,275</u>

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
School Board Non-Professional Group			
Balances at June 30, 2020	\$8,280,721	\$5,207,065	\$3,073,656
Changes for the year:			
Service cost	45,896	-	45,896
Difference between expected and actual experience	216,758	-	216,758
Interest	534,571	-	534,571
Contributions-employer	-	182,491	(182,491)
Contributions-employee	-	29,681	(29,681)
Net investment income	-	95,468	(95,468)
Benefit payments, including refunds of employee contributions	(722,303)	(722,303)	-
Administrative expense	-	(3,624)	3,624
Other changes	-	(108)	108
Net changes	<u>74,922</u>	<u>(418,395)</u>	<u>493,317</u>
Balances at June 30, 2021	<u>\$8,355,643</u>	<u>\$4,788,670</u>	<u>3,566,973</u>

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
James River Juvenile Detention Center			
Balances at June 30, 2020	\$18,904,459	\$16,015,516	\$2,888,943
Changes for the year:			
Service cost	418,389	-	418,389
Difference between expected and actual experience	252,996	-	252,996
Interest	1,182,989	-	1,182,989
Contributions-employer	-	413,219	(413,219)
Contributions-employee	-	155,274	(155,274)
Net investment income	-	289,952	(289,952)
Benefit payments, including refunds of employee contributions	(913,539)	(913,539)	-
Administrative expense	-	(9,949)	9,949
Other changes	-	(392)	392
Net changes	<u>940,835</u>	<u>(65,435)</u>	<u>1,006,270</u>
Balances at June 30, 2021	<u>\$19,845,294</u>	<u>\$15,950,081</u>	<u>3,895,213</u>

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D. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total pension liability, total fiduciary net position, net pension liability and annual pension expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The total pension liability at the June 30, 2020 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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 RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020. The mortality tables are adjusted forward and/or back depending on the plan and the group covered.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. The actuarial cost method used was the entry age method and the amortization method used was the level percent closed method. The remaining amortization period is 16-25 years and the asset valuation method used was the 5-year smoothed market.

E. Long-Term Expected Rate of Return

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

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

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<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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.39%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to mode future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 7.11%, including expected inflation of 2.50%.

F. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

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

G. Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the County's Governmental Activities, Business-type Activities, School Board C&M's proportionate share and the School Board Non-Professional Group's net pension liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

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	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Governmental Activities proportionate share of the net pension liability	\$430,883,384	\$261,013,360	\$128,653,380
Business-type Activities proportionate share of the net pension liability	\$27,811,915	\$17,679,769	\$8,304,096
School Board C&M proportionate share of the net pension liability	\$44,166,717	\$31,932,275	\$13,187,321
School Board Non-Professional Group	\$4,354,393	\$3,566,973	\$2,897,584
James River Juvenile Detention Center proportionate share of the net pension liability	\$6,055,321	\$3,895,213	\$1,808,001

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

At June 30, 2021, the County's Governmental Activities, Business-type Activities, School Board C&M and JRJDC employee allocation, reported a net pension liability of \$261,013,360, \$17,679,769, \$31,932,275 and \$3,895,212 respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of \$3,566,973. At June 30, 2021, the Governmental Activities, Business-type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 84.67 percent, 5.46 percent, 1.19 percent and 8.68 percent, respectively. The County's Governmental Activities, Business-type Activities, Schools C&M and JRJDC recognized pension expense of \$50,671,110, \$3,270,631, \$5,193,926, and \$712,095, respectively. The total pension expense for the County's Primary Government is \$53,941,741. The School Board Non-Professional Group recognized pension expense of \$492,779.

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:

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	Deferred Outflow of Resources	Deferred Inflow of Resources
<u>Primary Government</u>		
Governmental Activities		
Change in pension proportionate share allocation	\$ 969,136	\$ 207,563
Difference between expected and actual experience	13,302,217	3,423,614
Changes of assumptions	17,159,084	-
Difference between projected and actual earnings on pension plan investments	32,495,691	-
Pension contributions after the measurement date	32,190,445	-
Total	<u>\$ 96,116,573</u>	<u>\$ 3,631,177</u>
Business-Type Activities		
Change in pension proportionate share allocation	\$ -	\$ 186,458
Difference between expected and actual experience	858,608	225,215
Changes of assumptions	1,125,939	-
Difference between projected and actual earnings on pension plan investments	2,071,830	-
Pension contributions after the measurement date	1,994,710	-
Total	<u>\$ 6,051,087</u>	<u>\$ 411,673</u>
<u>Total Primary Government</u>		
Change in pension proportionate share allocation	\$ 969,136	\$ 394,021
Difference between expected and actual experience	14,160,825	3,648,829
Changes of assumptions	18,285,023	-
Difference between projected and actual earnings on pension plan investments	34,567,521	-
Pension contributions after the measurement date	34,185,155	-
Total	<u>\$ 102,167,660</u>	<u>\$ 4,042,850</u>
<u>Component Unit</u>		
Schools C&M		
Change in pension proportionate share allocation	\$ 156,720	\$ 642,257
Difference between expected and actual experience	1,363,513	358,531
Changes of assumptions	1,792,756	-
Difference between projected and actual earnings on pension plan investments	3,237,728	-
Pension contributions after the measurement date	3,250,640	-
Total	<u>\$ 9,801,357</u>	<u>\$ 1,000,788</u>
Schools Non-Professional Group		
Difference between projected and actual earnings on pension plan investments	\$ 145,812	\$ -
Pension contributions after the measurement date	185,918	-
Total	<u>\$ 331,730</u>	<u>\$ -</u>
James River Juvenile Detention Center		
Change in pension proportionate share allocation	\$ 45,910	\$ 135,488
Difference between expected and actual experience	186,940	50,545
Changes of assumptions	251,830	-
Difference between projected and actual earnings on pension plan investments	453,230	-
Pension contributions after the measurement date	462,661	-
Total	<u>\$ 1,400,571</u>	<u>\$ 186,033</u>

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

Year Ending June 30:	Governmental Activities	Business-Type Activities	Schools C&M	Schools Non- Professional Group	JRJDC
2022	\$ 13,122,909	\$ 705,206	\$ 804,619	\$ (3,212)	\$ 170,395
2023	21,776,989	1,351,296	2,235,138	48,547	254,494
2024	15,045,986	920,208	1,449,364	52,743	181,552
2025	10,349,067	667,994	1,060,808	47,734	145,436
	<u>\$ 60,294,951</u>	<u>\$ 3,644,704</u>	<u>\$ 5,549,929</u>	<u>\$ 145,812</u>	<u>\$ 751,877</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.

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

VRS issues a publicly available CAFR that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/publications/index.asp> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

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

In addition, the School Board Teachers are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia (1950) and approved by the VRS Board of Trustees. Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 15.68% 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, 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 2021, 2020, and 2019 were \$49,068,666, \$46,401,911 and \$44,057,330, respectively, and are equal to the required contributions for each year.

C. Net Pension Liabilities and Pension Expense

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

At June 30, 2021, the County's Component Unit, the School Board and JRJDC reported a net pension liability of \$520,851,160 and \$3,895,213, respectively. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net pension liability and pension expense related to the Teacher Retirement Plan was based on a projection of the School Board's long-term share of contributions to the Teacher Retirement Plan relative to the projected contributions of all participating employers. JRJDC's proportion of the net pension liability and pension expense related to the County's retirement plan was based on a projection of JRJDC's long-term share of contributions to the County's retirement plan relative to the projected contributions in the future.

The School Board net pension liability of \$520,851,160 is made up of three groups of employees. The Teachers' net pension liability of \$485,351,912, the School Board Non-Professional Group net pension liability of \$3,566,973 and the School C&M net pension liability of \$31,932,275. For the year ended June 30, 2021, the Teacher Retirement Plan, School Board Non-Professional Group and School's C&M Group reported pension expense of \$55,942,455, \$492,779, and \$5,193,926, respectively. The School Board's participation in the VRS cost-sharing plan was 3.34% as of June 30, 2021.

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As of June 30, 2021, the School Board's net pension liability for VRS plans is as follows:

<u>Teachers</u>	
Total pension liability	\$1,678,369,326
Fiduciary net position	<u>1,193,017,414</u>
Net pension liability	<u>\$ 485,351,912</u>
<u>Schools Non-Professional Group</u>	
Total pension liability	\$ 8,355,643
Fiduciary net position	<u>4,788,670</u>
Net pension liability	<u>\$ 3,566,973</u>
<u>Schools C&M</u>	
Total pension liability	\$ 168,759,036
Fiduciary net position	<u>136,826,761</u>
Net pension liability	<u>\$ 31,932,275</u>
<u>Total Schools</u>	
Total pension liability	\$1,855,484,005
Fiduciary net position	<u>1,334,632,845</u>
Net pension liability	<u>\$ 520,851,160</u>
Plan fiduciary net position as a percentage of the total pension liability	72%

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, 2019, 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, 2020:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Discount Rate	6.75%
Inflation	2.5%
Payroll Growth	2.0%
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

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.

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Mortality rates were based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020. Mortality rates for pre-retirement are RP-2014 white collar employee rates to age 80, white collar healthy annuitant rates at ages 81 and older projected with scale BB to 2020; 95% and 105% of rates for males and females, respectively. Mortality rates for post-retirement are RP-2014 white collar employee rates to age 49, white collar health annuitant rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. Mortality rates for post-disablement are RP-2014 disability mortality rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation, were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. The actuarial cost method used was the Entry Age 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 mortality table (RP-2014 projected to 2020), lowered retirement rates at older ages and change final retirement from 70 to 75, adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service, adjusted disability rates to better match experience and no changes to the salary scale.

E. Long-Term Expected Rate of Return

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

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

<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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.39%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		<u>7.14%</u>

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* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 7.14%, including expected inflation of 2.50%. 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.

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, 2020, 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, 2020 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the County's School Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following presents the School Board's proportionate share of the net pension liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75.0%)	Discount Rate (6.75%)	1% Increase (7.75%)
<u>School Board</u>			
Teachers' proportionate share of the net pension liability	\$ 712,120,259	\$ 485,351,912	\$ 297,785,821
School Board Non-Professional Group net pension liability	4,354,393	3,566,973	2,897,584
School Board C&M's proportionate share of the net pension liability	44,166,717	31,932,275	13,187,321
Total all Schools	\$ 760,641,369	\$ 520,851,160	\$ 313,870,726

H. Deferred Outflows and Inflows of Resources Related to Pensions

The School Board has recognized deferred outflows of resources of \$52,505,224 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, 2022. The School Board has recognized deferred outflows of resources of \$5,345,574 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2020. The School Board has recognized deferred outflows of resources of \$34,645,070 resulting from changes of assumptions. The School Board has recognized deferred

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outflows of resources of \$1,363,513 resulting from the difference between expected and actual experience. The School Board has recognized net deferred outflows of resources of \$40,327,319 resulting from the difference between projected and actual earnings on pension plan investments.

The School Board has recognized deferred inflows of resources of \$1,579,867 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2020. The School Board has recognized deferred inflows of resources of \$28,652,167 resulting from the difference between expected and actual experience.

As of June 30, 2021, the School Board's deferred outflows and inflows of resources is as follows:

<u>Deferred Outflows of Resources</u>	
Teachers – employer contributions	\$ 49,068,666
Teachers – proportionate share	5,188,854
Teachers – changes of assumptions	32,852,314
Teachers – difference in earnings	36,943,779
Schools Non-Professional Group – employer contributions	185,918
Schools Non-Professional Group – difference in earnings	145,812
Schools C&M – employer contributions	3,250,640
Schools C&M – proportionate share	156,720
Schools C&M – changes of assumptions	1,792,756
Schools C&M – difference in experience	1,363,513
Schools C&M – difference in earnings	<u>3,237,728</u>
Total Deferred Outflows of Resources	<u>\$134,186,700</u>
<u>Deferred Inflows of Resources</u>	
Teachers – proportionate share	\$ 937,610
Teachers – difference in experience	28,293,636
Schools C&M – proportionate share	642,257
Schools C&M – difference in experience	<u>358,531</u>
Total Deferred Inflows of Resources	<u>\$30,232,034</u>

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

School Board

Year Ending June 30:	School Board			
	Teachers	Non- Professional Group	School Board C&M	Total
2022	\$ 2,432,088	\$ (3,212)	\$ 804,619	\$ 3,233,495
2023	14,127,242	48,547	2,235,138	16,410,927
2024	17,215,681	52,743	1,449,364	18,717,788
2025	12,547,947	47,734	1,060,808	13,656,489
2026	<u>(569,257)</u>	<u>-</u>	<u>-</u>	<u>(569,257)</u>
	<u>\$ 45,753,701</u>	<u>\$ 145,812</u>	<u>\$ 5,549,929</u>	<u>\$ 51,449,442</u>

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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, 2020. The County's Teacher portion was \$45,845,418. Of this amount, \$1,527,241 was transferred to ICMA-RC as the employer cost of the defined contribution component for employees covered by the Hybrid Retirement Plan benefit structure and \$44,318,177 was retained by the defined benefit plan. The employer contributions of \$44,283,244 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 \$34,933 in other employer contribution adjustments that were not representative of future contribution efforts.

NOTE 11. HEALTHCARE OPEB PLAN – SINGLE EMPLOYER

A. Plan Description

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

As described in Note 2, the County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund postemployment healthcare benefits other than pensions.

Healthcare Benefits

The County provides health and dental care benefits during retirement for retirees and their dependents. Employees who wish to have County sponsored health and dental care coverage must enroll within 31 days of the date their employment coverage ends. Employees retiring with an immediate VRS monthly retirement payment may elect to be covered under the County sponsored medical and dental plan at the time they retire. Benefits are provided through a third-party insurer.

Eligible retirees under the age of 65 and their dependents, can remain in the County'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.

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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, 2021, membership for the postemployment healthcare benefits consisted of:

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

B. Funding Policy

The County currently contributes amounts to the Virginia Pooled OPEB Trust Fund for the postemployment healthcare benefits. The Board of the Trust Fund establishes rates based on an actuarially determined rate. Contributions are irrevocable and shall be dedicated to providing other postemployment benefits or to defray reasonable expenses of the Trust Fund. For the year ended June 30, 2021, the County's contribution to the OPEB Trust Fund was \$7,824,778 and the average contribution rate was 1.1 percent of covered employee payroll. The County's Governmental Activities, Business-type Activities, School Board and JRJDC's contributions to the OPEB Trust Fund were \$3,922,813, \$291,343, \$3,558,222, and \$52,400.

C. Net OPEB Liability and OPEB Expense

For purposes of measuring the net postemployment healthcare OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense and the additions to/deductions from net fiduciary position have been determined on the same basis as they were reported as of June 30, 2020. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2021, the County's Governmental Activities, Business-type Activities, School Board and JRJDC's employee allocation, reported a net postemployment healthcare OPEB liability of \$9,454,535, \$484,151, \$6,954,347 and \$105,390 respectively, for its proportionate share of the net pension liability. At June 30, 2021, the Governmental Activities, Business-type Activities, School Board and JRJDC proportion of the County of Henrico was 55.62 percent, 2.85 percent, 40.91 percent and .62 percent, respectively.

For the year ended June 30, 2021, the County's Governmental Activities, Business-type Activities, School Board and JRJDC recognized healthcare OPEB expense of \$847,187, \$156,556, \$1,396,252 and \$22,389, respectively. For the year ended June 30, 2020, the County's Governmental Activities recognized line of duty OPEB expense of \$2,636,743. The total OPEB expense for the County's Primary Government is \$3,483,930.

As of June 30, 2021, the County's Primary Government net Healthcare OPEB liability is as follows:

<u>Governmental Activities</u>	
Total Healthcare OPEB liability	\$ 59,793,901
Fiduciary net position	<u>50,339,366</u>
Net Healthcare OPEB liability	<u>\$ 9,454,535</u>
 <u>Business-type Activities</u>	
Total Healthcare OPEB liability	\$ 3,061,946
Fiduciary net position	<u>2,577,795</u>
Net Healthcare OPEB liability	<u>\$ 484,151</u>

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<u>Total Primary Government</u>	
Total Healthcare OPEB liability	\$ 62,855,847
Fiduciary net position	<u>52,917,161</u>
Net Healthcare OPEB liability	<u>\$ 9,938,686</u>
Plan fiduciary net position as a percentage of the total Healthcare OPEB liability	84.19%

As of June 30, 2021, the County's Component Unit Net Healthcare OPEB liability is as follows:

<u>Schools</u>	
Total Healthcare OPEB liability	\$ 43,981,801
Fiduciary net position	<u>37,027,454</u>
Net Healthcare OPEB liability	<u>\$ 6,954,347</u>
<u>JRJDC</u>	
Total Healthcare OPEB liability	\$ 666,522
Fiduciary net position	<u>561,132</u>
Net Healthcare OPEB liability	<u>\$ 105,390</u>
<u>Total Component Unit</u>	
Total Healthcare OPEB liability	\$ 44,648,323
Fiduciary net position	<u>37,588,586</u>
Net Healthcare OPEB liability	<u>\$ 7,059,737</u>
Plan fiduciary net position as a percentage of the total net Healthcare OPEB liability	84.19%

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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, 2020	\$57,115,886	\$39,217,929	\$17,897,957
Changes for the year:			
Service cost	2,079,053	-	2,079,053
Interest	3,911,751	-	3,911,751
Contributions-employer	-	3,922,813	(3,922,813)
Net investment income	-	10,511,695	(10,511,695)
Benefit payments, including refunds of employee contributions	(3,312,789)	(3,312,789)	-
Administrative expense	-	(282)	282
Net changes	<u>2,678,015</u>	<u>11,121,437</u>	<u>(8,443,422)</u>
Balances at June 30, 2021	<u>\$59,793,901</u>	<u>\$50,339,366</u>	<u>\$9,454,535</u>
Business-type Activities			
Balances at June 30, 2020	\$2,710,565	\$1,861,177	\$849,388
Changes for the year:			
Service cost	200,345	-	200,345
Interest	200,314	-	200,314
Contributions-employer	-	291,343	(291,343)
Net investment income	-	474,566	(474,566)
Benefit payments, including refunds of employee contributions	(49,278)	(49,278)	-
Administrative expense	-	(13)	13
Net changes	<u>351,381</u>	<u>716,618</u>	<u>(365,237)</u>
Balances at June 30, 2021	<u>\$3,061,946</u>	<u>\$2,577,795</u>	<u>\$484,151</u>
Total Primary Government			
Balances at June 30, 2020	\$59,826,451	\$41,079,106	\$18,747,345
Changes for the year:			
Service cost	2,279,398	-	2,279,398
Interest	4,112,065	-	4,112,065
Contributions-employer	-	4,214,156	(4,214,156)
Net investment income	-	10,986,261	(10,986,261)
Benefit payments, including refunds of employee contributions	(3,362,067)	(3,362,067)	-
Administrative expense	-	(295)	295
Net changes	<u>3,029,396</u>	<u>11,838,055</u>	<u>(8,808,659)</u>
Balances at June 30, 2021	<u>\$62,855,847</u>	<u>\$52,917,161</u>	<u>\$9,938,686</u>

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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, 2020	\$40,989,861	\$28,145,190	\$12,844,671
Changes for the year:			
Service cost	2,210,314	-	2,210,314
Interest	2,877,314	-	2,877,314
Contributions-employer	-	3,558,222	(3,558,222)
Net investment income	-	7,419,932	(7,419,932)
Benefit payments, including refunds of employee contributions	(2,095,688)	(2,095,688)	-
Administrative expense	-	(202)	202
Other changes	-	-	-
Net changes	<u>2,991,940</u>	<u>8,882,264</u>	<u>(5,890,324)</u>
Balances at June 30, 2021	<u>\$43,981,801</u>	<u>\$37,027,454</u>	<u>\$6,954,347</u>
James River Juvenile Detention Center			
Balances at June 30, 2020	\$598,664	\$411,065	\$187,599
Changes for the year:			
Service cost	32,699	-	32,699
Interest	43,604	-	43,604
Contributions-employer	-	52,400	(52,400)
Net investment income	-	106,115	(106,115)
Benefit payments, including refunds of employee contributions	(8,445)	(8,445)	-
Administrative expense	-	(3)	3
Other changes	-	-	-
Net changes	<u>67,858</u>	<u>150,067</u>	<u>(82,209)</u>
Balances at June 30, 2021	<u>\$666,522</u>	<u>\$561,132</u>	<u>\$105,390</u>
Total Component Unit			
Balances at June 30, 2020	\$41,588,525	\$28,556,255	\$13,032,270
Changes for the year:			
Service cost	2,243,013	-	2,243,013
Interest	2,920,918	-	2,920,918
Contributions-employer	-	3,610,622	(3,610,622)
Net investment income	-	7,526,047	(7,526,047)
Benefit payments, including refunds of employee contributions	(2,104,133)	(2,104,133)	-
Administrative expense	-	(205)	205
Other changes	-	-	-
Net changes	<u>3,059,798</u>	<u>9,032,331</u>	<u>(5,972,533)</u>
Balances at June 30, 2021	<u>\$44,648,323</u>	<u>\$37,588,586</u>	<u>\$7,059,737</u>

D. Actuarial Methods and Assumptions

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

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In the June 30, 2020 actuarial valuation, which was used for the June 30, 2021 measurement date for postemployment healthcare benefits, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7 percent discount rate of return, salary increases of 2.5 percent annually and an annual healthcare cost trend rate of 7.5 percent graded uniformly to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 4/04% in the year 2075. The remaining closed amortization period beginning July 1, 2017, for the calculation of contributions, was 20 years. Experience gains or losses are amortized over the average working lifetime of all participants, which is 8 years for the current period. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5-year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. The County plans to continue to fund the OPEB Trust annually and has no plans to currently pay any benefits out of the OPEB Trust.

Mortality Rates

Mortality rates for the postemployment healthcare benefits are as follows:

Mortality rates – pre-commencement

County:

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

Schools:

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

Mortality rates – post-commencement

County:

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

Schools:

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

Mortality rates – post – disablement

County:

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

Schools:

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

E. Long-Term Expected Rate of Return

Investment policy

The Board of the Trust Fund has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board monitors and evaluates the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective is to maximize total long-term rate of return with 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:

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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, 2021, the long-term expected rate of return on postemployment Healthcare plan investments was determined using the annual money-weighted rate of return on investments, net of investment expenses, which was 3.01 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The capital market assumptions use the building block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic and are used as inputs for the mode to arrive at the median returns for the portfolio, which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. The County's best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Long-Term Expected Real Rate of Return	Weighted Average Long-Term Expected Real Rate of Return
Domestic Equity	36.00%	7.78%	2.80%
Fixed Income	25.00%	2.86%	0.72%
Foreign Equity	18.00%	8.82%	1.59%
Long/Short equity	6.00%	5.46%	0.33%
Real Assets	10.00%	6.72%	0.67%
Private Equity	5.00%	10.44%	0.52%
Total	100.00%		6.63%
	Inflation		3.00%
	* Expected arithmetic nominal return		9.63%

F. Discount Rate

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

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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	\$ 15,950,577	\$ 9,454,535	\$ 3,858,733
Business-type Activities proportionate share of the net OPEB liability	\$ 793,024	\$ 484,151	\$ 215,195
School Board proportionate share of the net OPEB liability	\$ 12,441,370	\$ 6,954,347	\$ 2,319,729
James River Juvenile Detention Center proportionate share of the net OPEB liability	\$ 173,513	\$ 105,390	\$ 45,580

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

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

	1% Decrease 6.5% decreasing to 5.75% over 12 years	Current Rate 7.5% decreasing to 6.75% over 12 years	1% Increase 8.5% decreasing to 7.75% over 12 years
Healthcare OPEB			
Governmental Activities proportionate share of the net OPEB liability	\$ 4,429,501	\$ 9,454,535	\$ 15,382,970
Business-type Activities proportionate share of the net OPEB liability	\$ 235,000	\$ 484,151	\$ 774,401
School Board proportionate share of the net OPEB liability	\$ 3,515,240	\$ 6,954,347	\$ 11,284,641
James River Juvenile Detention Center proportionate share of the net OPEB liability	\$ 51,352	\$ 105,390	\$ 167,311

HENRICO COUNTY, VIRGINIA
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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	\$ 189,671	\$ 6,136,439
Changes of assumptions	-	1,235,734
Difference between projected and actual earnings on OPEB plan investments	1,366,536	-
Total	\$ 1,556,207	\$ 7,372,173
Business-type Activities		
Difference between expected and actual experience	\$ 9,002	\$ 320,473
Changes of assumptions	-	64,535
Difference between projected and actual earnings on OPEB plan investments	64,150	-
Total	\$ 73,152	\$ 385,008
<u>Total Primary Government</u>		
Difference between expected and actual experience	\$ 198,673	\$ 6,456,912
Changes of assumptions	-	1,300,269
Difference between projected and actual earnings on OPEB plan investments	1,430,686	-
Total	\$ 1,629,359	\$ 7,757,181
<u>Component Units</u>		
School Board		
Difference between expected and actual experience	\$ 136,120	\$ 5,569,323
Changes of assumptions	-	1,121,529
Difference between projected and actual earnings on OPEB plan investments	952,876	-
Total	\$ 1,088,996	\$ 6,690,852
JRJDC		
Difference between expected and actual experience	\$ 1,989	\$ 61,983
Changes of assumptions	-	12,481
Difference between projected and actual earnings on OPEB plan investments	14,376	-
Total	\$ 16,365	\$ 74,464
<u>Total Component Unit</u>		
Difference between expected and actual experience	\$ 138,109	\$ 5,631,306
Changes of assumptions	-	1,134,010
Difference between projected and actual earnings on OPEB plan investments	967,252	-
Total	\$ 1,105,361	\$ 6,765,316

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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
2022	\$ (2,067,990)	\$ (110,556)	\$ (1,978,668)	\$ (20,685)	\$ (4,177,899)
2023	(1,921,404)	(102,899)	(1,845,623)	(19,204)	(3,889,130)
2024	(1,921,404)	(102,899)	(1,845,625)	(19,204)	(3,889,132)
2025	31,613	1,500	22,687	331	56,131
2026	31,613	1,500	22,687	331	56,131
2025	<u>31,606</u>	<u>1,498</u>	<u>22,686</u>	<u>332</u>	<u>56,122</u>
	\$ <u>(5,815,966)</u>	\$ <u>(311,856)</u>	\$ <u>(5,601,856)</u>	\$ <u>(58,099)</u>	\$ <u>(11,787,777)</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, 2021, membership for the postemployment line of duty benefits consisted of:

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

B. Funding Policy

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

C. OPEB Liability and OPEB Expense

The County's Governmental Activities reported a total line of duty OPEB liability of \$33,439,256 and OPEB expense of \$2,636,743 at June 30, 2021.

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Change in the Net Line of Duty OPEB Liability

Governmental Activities	Total OPEB Liability
Balances at June 30, 2020	\$ 31,906,415
Changes for the year:	
Service cost	1,623,389
Interest	866,437
Contributions-employer	(956,985)
Experience losses	-
Net changes	<u>1,532,841</u>
Balances at June 30, 2021	<u><u>\$ 33,439,256</u></u>

D. Actuarial Assumptions

In the June 30, 2020 actuarial valuation for postemployment line of duty benefits, which was used for the June 30, 2021 measurement date, the Entry Age Normal Actuarial Cost Method was used with attribution to the event that caused the death or disability. The actuarial assumptions included an inflation rate of 3 percent, a 2.98 percent discount rate, and salary increases of 3 percent annually. The assumed trend rate for the medial claims was changed from 8% graded uniformly to an ultimate rate of 5% over 12 years to 7.5% graded uniformly to 6.75% over 3 years, and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in year 2075. Medical health care assumptions were based on a closed group and dental care assumptions were based on 5 percent per annum. No provision is made for future hires.

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

Mortality rates – pre-commencement

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

Mortality rates – post -commencement

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

Mortality rates – post - disablement

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

E. Discount Rate

The discount rate of 2.66% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2021.

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

The following presents the County’s Line of Duty OPEB liability calculated using the discount rate of 2.66 percent, as well as what the Line of Duty OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66 percent) or 1- percentage point higher (3.66 percent) than the current rate:

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	1% Decrease (1.66%)	Discount Rate (2.66%)	1% Increase (3.66%)
Line of Duty OPEB			
Governmental activities - OPEB liability	\$38,295,237	\$33,439,256	\$29,478,200

G. Sensitivity of the Line of Duty OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	1% Decrease 6.5% decreasing to 5.75% over 3 years	Current 7.5% decreasing to 6.75% over 3 years	1% Increase 8.5% decreasing to 7.75 % over 3 years
Line of Duty OPEB			
Governmental activities - OPEB liability	\$28,531,940	\$33,439,256	\$39,583,862

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Primary Government</u>		
Governmental Activities		
Difference between expected and actual experience	\$ 2,350,671	\$ -
Total	\$ 2,350,671	\$ -

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

	Governmental Activities
<u>Primary Government</u>	
Year ended June 30th	
2022	\$ 146,917
2023	146,917
2024	146,917
2025	146,917
2026	146,917
Thereafter	1,616,086
Total	\$ 2,350,671

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NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – VRS GLI PROGRAM

A. Plan Description

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

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

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

The benefits payable under the GLI Program have several components.

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

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,616 as of June 30, 2021.

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 CAFR. A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

The contribution requirements for the GLI Program are governed by Title 51.1 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for GLI Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% x 40%). Employers may elect to

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pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 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, 2021 and 2020 were \$1,807,124 and \$1,567,194, 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, 2021 and 2020 were \$72,763 and \$75,690 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, 2021 and 2020 were \$1,550,249 and \$1,452,146 for Teachers, \$146,399 and \$143,049 for School Board C&M and \$3,237 and \$3,335 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, 2021 and 2020 were \$16,715 and \$16,185 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, 2021, the County's Governmental Activities, Business-type Activities, School Board and JRJDC reported a net GLI OPEB liability of \$18,082,979, \$1,207,724, \$26,306,351, and \$257,727 respectively. The net GLI OPEB liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The County's Governmental Activities and Business-type Activities proportion of the net GLI OPEB liability and GLI OPEB expense related to the County's GLI plan was based on a projection of long-term share of contributions to the County's GLI plan relative to the projected contributions in the future.

As of June 30, 2021, the County's Primary Government Net GLI OPEB liability is as follows:

<u>Governmental Activities</u>	
Total GLI OPEB liability	\$ 38,467,430
Fiduciary net position	<u>20,384,451</u>
Net GLI OPEB liability	<u>\$ 18,082,979</u>
 <u>Business-type Activities</u>	
Total GLI OPEB liability	\$ 2,565,209
Fiduciary net position	<u>1,357,485</u>
Net GLI OPEB liability	<u>\$ 1,207,724</u>
 <u>Total Primary Government</u>	
Total GLI OPEB liability	\$ 41,032,639
Fiduciary net position	<u>21,741,936</u>
Net GLI OPEB liability	<u>\$ 19,290,703</u>
 Plan fiduciary net position as a percentage of the total GLI OPEB liability	
	53%

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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 \$26,306,351 is made up of three groups of employees. The Teacher's net GLI OPEB liability of \$23,883,217, the School Board Non-Professional Group net GLI OPEB liability of \$57,741 and the School C&M net GLI OPEB liability of \$2,365,393. 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 \$1,405,271 as of the measurement date of June 30, 2020. For the year ended June 30, 2021, the School Board C&M proportion share allocation was 10.55 percent. For the year ended June 30, 2021, the Teacher Plan, School Board Non-Professional Group and Schools C&M Group reported GLI OPEB expense of \$977,229, \$1,199, and \$90,589, respectively. 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 .0034%, respectively as of June 30, 2021.

As of June 30, 2021, the School Board's net GLI OPEB liability is as follows:

<u>Teachers</u>	
Total GLI OPEB liability	\$ 50,432,139
Fiduciary net position	<u>26,548,922</u>
Net GLI OPEB liability	<u>\$ 23,883,217</u>
<u>Schools Non-Professional Group</u>	
Total GLI OPEB liability	\$ 121,928
Fiduciary net position	<u>64,187</u>
Net GLI OPEB liability	<u>\$ 57,741</u>
<u>Schools C&M</u>	
Total GLI OPEB liability	\$ 5,026,470
Fiduciary net position	<u>2,661,077</u>
Net GLI OPEB liability	<u>\$ 2,365,393</u>
<u>Total Schools</u>	
Total GLI OPEB liability	\$ 55,580,537
Fiduciary net position	<u>29,274,186</u>
Net GLI OPEB liability	<u>\$ 26,306,351</u>
Plan fiduciary net position as a percentage of the total net GLI OPEB liability	53%

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 \$1,405,271 as of the measurement date of June 30, 2020. As of June 30, 2021, JRJDC's proportion share was 1.15 percent. For the year ended June 30, 2021, JRJDC reported GLI OPEB expense of \$9,888.

D. Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total OPEB liability,

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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, 2019, 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, 2020:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Discount Rate	6.75%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year – Teachers
Projected Salary Increases	3.50% to 5.35% per year – Locality – General Employees
Projected Salary Increases	3.50% to 4.75% per year – Locality – Hazardous Duty Employees
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year

Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately .06 percent of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75 percent. However, since the difference was minimal, and a more conservative 6.75 percent investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75 percent to simplify preparation of pension liabilities.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. The actuarial cost method used was the Entry Age Method and the amortization method used was the Level percent closed method. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an update to a more current mortality table (RP-2014 projected to 2020), lowered retirement rates at older ages and changed the final retirement from 70 to 75, adjusted withdrawal rates to better fit experience at each year of age and service through 9 years of service, adjusted disability rates to better match experience and no changes to the salary scale. The discount rate was decreased from 7.00% to 6.75%.

E. Long-Term Expected Rate of Return

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

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

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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%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
	Inflation		2.50%
	* Expected arithmetic nominal return		<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a medial return of 7.11%, including expected inflation of 2.50%. 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. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

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 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

G. Sensitivity of the County's Governmental Activities, Business-type Activities and Component Unit Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate.

The following presents the County's Governmental Activities, Business-type Activities, School Board and JRJDC's proportionate share of the net GLI OPEB liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

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	<u>1% Decrease</u> <u>(5.75%)</u>	<u>Discount Rate</u> <u>(6.75%)</u>	<u>1% Increase</u> <u>(7.75%)</u>
<u>Primary Government</u>			
Governmental Activities proportionate share of the net GLI OPEB liability	\$ 23,900,839	\$ 18,082,979	\$ 13,536,660
Business-type Activities proportionate share of the net GLI OPEB liability	<u>1,535,183</u>	<u>1,207,724</u>	<u>869,478</u>
Total Primary Government	<u>\$ 25,436,022</u>	<u>\$ 19,290,703</u>	<u>\$ 14,406,138</u>
<u>School Board</u>			
Teachers' proportionate share of the net GLI OPEB liability	\$ 31,396,322	\$ 23,883,217	\$ 17,781,871
School Board Non-Professional Group net GLI OPEB liability	75,905	57,741	42,990
School Board C&M's proportionate share of the net GLI OPEB liability	<u>3,039,588</u>	<u>2,365,393</u>	<u>1,721,524</u>
Total all Schools	<u>\$ 34,511,815</u>	<u>\$ 26,306,351</u>	<u>\$ 19,546,385</u>
<u>James River Juvenile Detention Center</u>			
James River Juvenile Detention Center proportionate share of the net GLI OPEB liability	\$ 331,785	\$ 257,727	\$ 187,912

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 \$1,807,124, \$72,763, \$1,699,885, and \$16,715, 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, 2022. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$156,000, \$10,079, \$270,638, and \$2,230 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 \$1,166,577, \$76,007, \$1,691,038, and \$17,201 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 \$914,355, \$59,284, \$1,308,795, and \$13,296 respectively, resulting from the changes in assumptions. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized net deferred outflows of resources of \$547,686, \$34,694, \$790,798, and \$7,496 respectively, resulting from the difference between projected and actual earnings on pension plan investments.

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$164,269, \$11,006, \$226,668, and \$2,338 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 \$298,275, \$19,982, \$535,967, and \$4,246 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 \$205,292, \$13,284, \$80,006, and \$2,938 respectively, resulting from changes in proportionate share.

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As of June 30, 2021, the County's Primary Government deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources

Governmental Activities – employer contributions	\$	1,807,124
Governmental Activities – proportionate share		156,000
Governmental Activities – difference in experience		1,166,577
Governmental Activities – change of assumptions		914,355
Governmental Activities – difference in earnings		547,686
Business-type Activities – employer contributions		72,763
Business-type Activities – proportionate share		10,079
Business-type Activities – difference in experience		76,007
Business-type Activities – change of assumptions		59,284
Business-type Activities – difference in earnings		34,694
Total Deferred Outflows of Resources		<u>\$4,844,569</u>

Deferred Inflows of Resources

Governmental Activities – difference in experience	\$	164,269
Governmental Activities – change of assumptions		298,275
Governmental Activities – proportionate share		205,292
Business-type Activities – difference in experience		11,006
Business-type Activities – change of assumptions		19,982
Business-type Activities – proportionate share		13,284
Total Deferred Inflows of Resources		<u>\$712,108</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
2022	\$ 287,939	\$ 17,884	\$ 305,823
2023	497,229	31,842	529,071
2024	578,634	37,363	615,997
2025	595,595	38,534	634,129
2026	147,048	9,507	156,555
Thereafter	10,337	662	10,999
	<u>\$ 2,116,782</u>	<u>\$ 135,792</u>	<u>\$ 2,252,574</u>

As of June 30, 2021, the School Board's deferred outflows and inflows of resources are as follows:

Deferred Outflows of Resources

Teachers – employer contributions	\$	1,550,249
Teachers – difference in experience		1,536,954
Teachers – proportionate share		248,285
Teachers – change of assumptions		1,188,944
Teachers – difference in earnings		720,256
Schools Non-Professional Group – employer contributions		3,237
Schools Non-Professional Group – difference in experience		3,900
Schools Non-Professional Group – change of assumptions		2,730
Schools Non-Professional Group – difference in earnings		1,594
Schools Non-Professional Group – proportionate share		2,427
Schools C&M – employer contributions		146,399
Schools C&M – difference in experience		150,184
Schools C&M – change of assumptions		117,121
Schools C&M – proportionate share		19,926

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Schools C&M – difference in earnings	<u>68,948</u>
Total Deferred Outflows of Resources	<u>\$5,761,154</u>

Deferred Inflows of Resources

Teachers – difference in experience	\$ 204,682
Teachers – change of assumptions	494,819
Teachers – proportionate share	47,118
Schools Non-Professional Group – difference in experience	451
Schools Non-Professional Group – change of assumptions	2,049
Schools Non-Professional Group – proportionate share	6,611
Schools C&M – difference in experience	21,535
Schools C&M – change of assumptions	39,099
Schools C&M – proportionate share	<u>26,277</u>
Total Deferred Inflows of Resources	<u>\$842,641</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
2022	\$ 452,382	\$ (1,214)	\$ 35,814	486,982
2023	676,382	(1,214)	63,191	738,359
2024	792,710	1,624	73,962	868,296
2025	768,776	1,862	76,189	846,827
2026	243,988	450	18,794	263,232
Thereafter	<u>13,582</u>	<u>32</u>	<u>1,318</u>	<u>14,932</u>
	<u>\$ 2,947,820</u>	<u>\$ 1,540</u>	<u>\$ 269,268</u>	<u>3,218,628</u>

Year Ending June 30:	James River Juvenile Detention Center
2022	\$ 4,217
2023	7,255
2024	8,420
2025	8,555
2026	2,109
Thereafter	<u>145</u>
	<u>\$ 30,701</u>

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

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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, 2020. This total was \$1,531,558, \$1,405,271 and \$3,699 for the Teachers, County and School Board Non-Professional Group, respectively. The employer contributions of \$1,534,896, \$1,408,334 and \$3,707 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 \$3,338, \$3063 and \$8 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 Virginia Retirement System (VRS) Teacher Employee HIC Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC (HIC) Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2020 CAFR. A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

<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>

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- **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
 - \$4.00 per month, multiplied by twice the amount of service credit, or
 - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes:

- The monthly HIC benefit cannot exceed the individual premium amount.
- 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 35 active members and no inactive members as of the valuation date of June 30, 2019 and measurement date of June 30, 2020.

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, 2019. 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 \$3,513,433 and \$3,333,265 for the years ended June 30, 2021 and June 30, 2020, 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, 2020. This total was \$105,201,109. The employer contributions of \$3,513,433 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 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, 2020.

C. School Division HIC Program OPEB Liabilities and OPEB Expense

At June 30, 2021, the school division reported a net Teacher HIC OPEB liability of \$43,567,329 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, 2020 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, 2019. 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

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contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division’s proportion of the VRS Teacher Employee HIC Program was 3.33% as compared to 3.31% at June 30, 2020.

At June 30, 2021, the school division reported a net School Board Non-Professional Group net HIC OPEB liability of \$97,415 and \$97,415 OPEB expense as of the measurement date of June 30, 2020 and an actuarial valuation date of June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$3,657,975. Since there was a change in proportionate share between June 30, 2020 and June 30, 2021, 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, 2020, 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	\$ 1,448,676
Plan Fiduciary Net Position	<u>144,160</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

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 Board Non-Professional Group Net HIC OPEB liability is a new OPEB liability and has \$97,415 total OPEB liability and no plan fiduciary net position as of the measurement date, June 30, 2020. The total OPEB liability and plan fiduciary net position were both \$0 determined as of the actuarial valuation on June 30, 2019.

The School Division has a total net HIC OPEB liability of \$43,664,744 made up of the Teacher Employee net HIC OPEB liability of \$43,567,329 and the School Board net HIC OPEB liability of \$97,415.

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, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

- 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

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assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

- RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

- RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

- RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

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:

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Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.39%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
	Inflation		2.50%
	* Expected arithmetic nominal return		7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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, 2020, 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, 2020 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, 2021

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Teachers' proportionate share of the net HIC OPEB liability	\$48,769,083	\$43,567,329	\$39,146,216
School non-professional net HIC OPEB liability	\$104,656	\$97,415	\$91,030

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

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on OPEB plan investments	\$ 193,124	\$ -
Changes of assumptions	854,028	303,500
Changes in proportionate share	561,266	124,316
Difference between expected and actual experience	-	579,069
Employer contributions subsequent to the measurement date	3,528,058	-
Total	\$ 5,136,476	\$ 1,006,885

The Henrico Teacher Plan reported \$3,528,058 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ending June 30:		
2022	\$	204,075
2023		182,746
2024		55,357
2025		99,549
2026		67,674
Thereafter		(7,868)
	\$	601,533

The school division's non-professional group had \$0 deferred outflows and inflows as of the measurement date of June 30, 2020.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021, an expenditure of \$1,371 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, 2021.

Receivables and payables balances at June 30, 2021, were as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ -	\$ 981,504
Special Revenue Fund	-	209,973
Water and Sewer Fund	1,923,798	82,436
Capital Projects Fund	-	1,923,798
Central Automotive Maintenance	-	20,696
Health Care Fund	1,294,609	-
	\$ 3,218,407	\$ 3,218,407

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, 2021, were as follows:

	<u>Receivables</u>	<u>Payables</u>
Health Care Fund	\$ 18,811	\$ -
JRJDC	-	18,811
	\$ 18,811	\$ 18,811

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 were as follows:

	Transfers Out	Transfers In
Governmental Funds:		
General Fund	\$ 113,815,639	\$ -
Special Revenue Fund	-	25,936,906
Debt Service Fund	-	71,665,830
Capital Projects Fund	-	16,212,903
	<u>\$ 113,815,639</u>	<u>\$ 113,815,639</u>

NOTE 18. RELATED-PARTY TRANSACTIONS

During fiscal year 2021, the County contributed \$1,731,244 to the Economic Development Authority of Henrico County, Virginia to foster economic development within the County and the County received \$198,596 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 \$24,363,383 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, 2021 totaled \$12,936 in the County General Fund and \$2,961,151 and \$19,850,345 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, 2021. Unearned revenue at June 30, 2021, totaled \$206,037 in the County General Fund and \$1,066,096 in the School General Fund for monies received in advance of expenditures being made as of June 30, 2021. Unearned grant revenues for the Schools’ Special Revenue Fund totaled \$266,818 for USDA donated food inventory on hand at June 30, 2021.

Also, the Water and Sewer Revenue Fund recorded unearned revenues in the amount of \$12,143,612, which consists of an advance payment from a customer of \$5,851,616 for water capacity, amounts held for contractors of \$6,139,636 and \$152,360 in advance grant funding.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 20. SURETY BONDS

Surety bonds covered the following constitutional officers and County employees at June 30, 2021:

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
Meghan Coates – 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
John H. Neal – Director of Department of General Services	\$ 100,000
Monica Smith-Callahan – Deputy County Manager	\$ 100,000
W. Brandon Hinton – Deputy County Manager	\$ 100,000
Steve Yob – Deputy County Manager	\$ 100,000
Anthony E. McDowell – Deputy County Manager	\$ 100,000
Ty Parr – Director of Department of Social Services	\$ 100,000
Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Deborah N. Ward – School Board Clerk	\$ 10,000
Cathy Harris – School Board Deputy Clerk	\$ 10,000
Dr. Amy E. Cashwell – School Superintendent and Deputy Agent	\$ 10,000
John Wack – School Board Agent	\$ 10,000

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021.

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, 2021

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 \$8,562,971 for transient occupancy tax to the Convention Authority during the year ended June 30, 2021.

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 \$3,589,672 has been reported as landfill closure and postclosure care liability in the County's financial statements at June 30, 2021. 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 2021. 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 for the year ended June 30, 2021 was \$3,920,321.

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 \$335,000 for the year ended June 30, 2021.

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 \$3,053,629 to RMCVB for the year ended June 30, 2021.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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 \$209,501 for the year ended June 30, 2021.

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 40 commercial property owners have received \$1,330,954 in tax credits in 2021.

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 134 properties have been completed with a total tax credit of \$89,420 as of June 30, 2021.

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 2023. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2018, for the tax period January 1 through June 30, 2018. The grant payment date of March 30, 2020 is for the tax period July 1 through December 2019.

HENRICO COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

The Authority and Midtown Land Partners LLC (the “MLP Company”) entered into an agreement on June 18, 2018, to provide economic development incentives to assist in the Company in development of a portion of the property known as Libbie Mill – Midtown (the “Site”). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, as it wishes to stimulate investment in the County to provide economic growth and development opportunities. The development of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to build a parking facility in the construction of additional office and retail space. The MLP Company will invest approximately \$47 million into the development of the Site, including \$7.4 million to construct the parking facility. Tax revenues from the Site in the 10 years following the completion of the parking facility and office and retail space will be approximately \$5.9 million. The County expects the project to be completed in calendar year 2020. The Authority will pay grants to the MLP Company in the amount equal to the tax revenues up to an aggregate maximum of \$5 million, beginning September 30, 2020 through March 30, 2030. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2020, for the tax period January 1 through June 30, 2020. The grant payment date of March 30, 2021 is for the tax period July 1 through December 2020.

NOTE 25. SUBSEQUENT EVENTS

On 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.

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.

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, 2021

Exhibit 13
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	\$ 370,501,500	\$ 377,147,789	\$ 381,963,815	\$ 4,816,026
Current personal property taxes	87,168,217	87,168,217	84,259,532	(2,908,685)
Delinquent real property taxes	3,000,000	3,000,000	7,991,497	4,991,497
Delinquent personal property taxes	1,200,000	1,200,000	12,795,047	11,595,047
Interest	275,000	275,000	522,236	247,236
Total general property taxes	<u>462,144,717</u>	<u>468,791,006</u>	<u>487,532,127</u>	<u>18,741,121</u>
Other local taxes:				
County recordation taxes	4,000,000	4,000,000	6,972,035	2,972,035
Local sales and use taxes	55,000,000	63,883,621	75,612,539	11,728,918
Consumer utility taxes	2,750,000	2,750,000	2,708,888	(41,112)
Business and professional license taxes	34,000,000	36,000,200	38,591,364	2,591,164
Motor vehicle license taxes	7,000,000	7,035,554	7,113,387	77,833
Meals Tax	19,000,000	19,000,000	27,442,728	8,442,728
Hotel and motel taxes	8,000,000	8,000,000	8,889,696	889,696
Bank franchise taxes	7,500,000	15,000,000	18,148,370	3,148,370
Grantor's taxes	1,000,000	1,000,000	1,500,248	500,248
Daily and short term rental tax	60,000	60,000	116,466	56,466
Consumption tax	1,100,000	1,100,000	953,360	(146,640)
Total other local taxes	<u>139,410,000</u>	<u>157,829,375</u>	<u>188,049,081</u>	<u>30,219,706</u>
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	130,000	130,000	104,706	(25,294)
Transfer fees	7,000	7,000	9,983	2,983
Zoning application fees	150,000	150,000	214,465	64,465
Structure and equipment permits	4,000,000	4,000,000	7,602,467	3,602,467
Septic tank permits	4,000	4,000	5,400	1,400
Taxi cab certificates	10,000	10,000	3,245	(6,755)
Permits to purchase precious metal	8,000	8,000	8,670	670
Dog licenses	50,000	50,000	41,647	(8,353)
Other	494,500	494,500	620,472	125,972
Total permits, privilege fees and regulatory licenses	<u>4,853,500</u>	<u>4,853,500</u>	<u>8,611,055</u>	<u>3,757,555</u>
Fines and forfeitures:				
False alarm penalties	65,000	65,000	60,115	(4,885)
Traffic violations	2,000,000	2,000,000	1,605,430	(394,570)
Parking violations	20,000	20,000	13,121	(6,879)
Total fines and forfeitures	<u>2,085,000</u>	<u>2,085,000</u>	<u>1,678,666</u>	<u>(406,334)</u>
Revenue from use of money and property:				
Sale of equipment and publications	96,200	96,200	268,548	172,348
Rented county property	718,500	718,500	1,007,104	288,604
Use of money	2,170,000	2,170,000	1,554,992	(615,008)
Total revenue from use of money and property	<u>2,984,700</u>	<u>2,984,700</u>	<u>2,830,644</u>	<u>(154,056)</u>
Charges for services:				
Public works	190,000	190,000	199,320	9,320
Library	400,000	400,000	121,111	(278,889)
Sheriff fees	1,536,000	1,536,000	1,566,546	30,546
Commonwealth's Attorney fees	25,000	25,000	18,404	(6,596)
Public safety	27,000	27,000	35,266	8,266
Finance charges	255,000	255,000	144,350	(110,650)
Recreation	576,000	576,000	147,463	(428,537)
Information technology	800,000	800,000	806,500	6,500
Total charges for services	<u>3,809,000</u>	<u>3,809,000</u>	<u>3,038,960</u>	<u>(770,040)</u>

HENRICO COUNTY, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit 13
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	\$ 5,694,126	\$ 1,715,126
Total miscellaneous	<u>3,979,000</u>	<u>3,979,000</u>	<u>5,694,126</u>	<u>1,715,126</u>
Recovered costs:				
Finance	2,632,000	2,632,000	2,899,804	267,804
General services	1,205,000	1,205,000	1,785,006	580,006
Public works	150,000	150,000	43,716	(106,284)
Sheriff	1,000,000	1,000,000	1,453,285	453,285
Total recovered costs	<u>4,987,000</u>	<u>4,987,000</u>	<u>6,181,811</u>	<u>1,194,811</u>
Total revenue from local sources	<u>624,252,917</u>	<u>649,318,581</u>	<u>703,616,470</u>	<u>54,297,889</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	150,000	150,000	163,382	13,382
Recovery of central costs	600,000	600,000	662,507	62,507
Mobile home sales and use tax	-	-	7,834	7,834
Motor vehicle rental tax	2,400,000	2,400,000	3,242,229	842,229
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	10,000,000	10,000,000	9,680,608	(319,392)
Overweight truck citations	-	-	28,154	28,154
Game of skills	-	-	554,095	554,095
Total non-categorical aid	<u>50,151,783</u>	<u>50,151,783</u>	<u>51,340,592</u>	<u>1,188,809</u>
Shared expenses:				
Sheriff	12,050,000	12,550,000	12,990,954	440,954
Commonwealth's Attorney	2,100,000	2,200,000	2,293,876	93,876
Election commission	70,000	70,000	304,497	234,497
Finance	750,000	800,000	829,120	29,120
Circuit court	1,570,000	1,868,201	2,188,837	320,636
Total shared expenses	<u>16,540,000</u>	<u>17,488,201</u>	<u>18,607,284</u>	<u>1,119,083</u>
Categorical aid:				
Library	190,000	190,000	230,908	40,908
Public safety	13,235,000	13,735,000	14,516,486	781,486
Public works	47,000,000	50,036,714	50,043,538	6,824
Juvenile and domestic relations	603,000	603,000	665,357	62,357
Virginia Economic Development Partnership	-	-	675,000	675,000
Total categorical aid	<u>61,028,000</u>	<u>64,564,714</u>	<u>66,131,289</u>	<u>1,566,575</u>
Total revenue from the Commonwealth	<u>127,719,783</u>	<u>132,204,698</u>	<u>136,079,165</u>	<u>3,874,467</u>
Revenue from the Federal government:				
Public safety	-	-	17,345	17,345
Finance	-	25,781,546	25,620,515	(161,031)
Total revenue from the Federal government	<u>-</u>	<u>25,781,546</u>	<u>25,637,860</u>	<u>(143,686)</u>
Total intergovernmental	<u>127,719,783</u>	<u>157,986,244</u>	<u>161,717,025</u>	<u>3,730,781</u>
Total General Fund	<u>\$ 751,972,700</u>	<u>\$ 807,304,825</u>	<u>\$ 865,333,495</u>	<u>\$ 58,028,670</u>

HENRICO COUNTY, VIRGINIA
EXHIBIT OF REVENUES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit 13
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	\$ 175,000	\$ 175,000	\$ 213,080	\$ 38,080
Charges for services:				
Miscellaneous charges for services	12,443,774	12,801,141	11,320,426	(1,480,715)
Refuse collection billing	9,250,000	9,250,000	9,291,057	41,057
Recycle fees	2,510,000	2,510,000	396,155	(2,113,845)
Bulky waste collection fees	1,710,000	1,710,000	943,782	(766,218)
Leaf collection	1,278,457	2,492,245	2,492,245	-
Charges for street lights	85,706	85,706	98,091	12,385
Total charges for services	<u>27,277,937</u>	<u>28,849,092</u>	<u>24,541,756</u>	<u>(4,307,336)</u>
Miscellaneous revenues	<u>1,444,468</u>	<u>1,446,378</u>	<u>665,712</u>	<u>(780,666)</u>
Recovered costs:				
Recovered costs	618,008	671,636	1,885,385	1,213,749
Recoveries and rebates	55,280	55,280	161,259	105,979
Total recovered costs	<u>673,288</u>	<u>726,916</u>	<u>2,046,644</u>	<u>1,319,728</u>
Total revenue from local sources	<u>29,570,693</u>	<u>31,197,386</u>	<u>27,467,192</u>	<u>(3,730,194)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	40,000	40,000	39,862	(138)
Social services	6,622,876	10,822,217	16,976,230	6,154,013
Mental health and developmental services	9,920,261	10,610,770	9,990,729	(620,041)
Virginia department of corrections	1,603,927	1,605,886	1,605,988	102
Commonwealth's Attorney	289,492	289,492	306,556	17,064
Miscellaneous state grants	1,465,502	2,487,614	2,505,783	18,169
Total revenue from the Commonwealth	<u>19,942,058</u>	<u>25,855,979</u>	<u>31,425,148</u>	<u>5,569,169</u>
Revenue from the Federal government:				
Workforce investment	3,851,333	4,856,584	4,072,139	(784,445)
Social Services	12,443,402	12,952,784	11,375,088	(1,577,696)
Community development block grants	-	2,685,954	3,079,119	393,165
Public safety	-	585,404	445,779	(139,625)
Mental health and developmental services	1,881,017	2,811,227	2,826,320	15,093
Miscellaneous federal grants	682,938	867,645	1,540,102	672,457
Total revenue from the Federal government	<u>18,858,693</u>	<u>24,759,598</u>	<u>23,338,547</u>	<u>(1,421,051)</u>
Total intergovernmental	<u>38,800,748</u>	<u>50,615,577</u>	<u>54,763,695</u>	<u>4,148,118</u>
Total Special Revenue Fund	<u>\$ 68,371,441</u>	<u>\$ 81,812,963</u>	<u>\$ 82,230,887</u>	<u>\$ 417,924</u>
Grand Total Revenues - Primary Government	<u>\$ 820,344,141</u>	<u>\$ 889,117,788</u>	<u>\$ 947,564,382</u>	<u>\$ 58,446,594</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, 2021

Exhibit 14
Page 1 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund:				
General government:				
Legislative:				
Board of Supervisors	\$ 1,124,114	\$ 1,235,790	\$ 1,219,920	\$ 15,870
Total legislative	<u>1,124,114</u>	<u>1,235,790</u>	<u>1,219,920</u>	<u>15,870</u>
General and financial administration:				
County Manager	3,787,977	4,044,872	3,965,005	79,867
County Attorney	2,617,190	2,617,190	2,607,102	10,088
Human Resources	4,365,715	11,591,163	5,791,813	5,799,350
Finance	13,666,653	13,460,803	13,275,190	185,613
General Services	12,582,787	13,439,014	13,444,779	(5,765)
Internal Audit	566,535	566,535	516,298	50,237
Real Property Agent	466,344	673,344	659,819	13,525
Information Technology	15,351,821	17,774,997	15,944,625	1,830,372
Risk Management	10,983,299	16,036,689	12,951,717	3,084,972
Total general and financial administration	<u>64,388,322</u>	<u>80,204,608</u>	<u>69,156,348</u>	<u>11,048,260</u>
Board of Elections:				
Election Commission	1,915,103	2,621,042	2,576,534	44,508
Total Board of Elections	<u>1,915,103</u>	<u>2,621,042</u>	<u>2,576,534</u>	<u>44,508</u>
Total general government administration	<u>67,427,539</u>	<u>84,061,440</u>	<u>72,952,802</u>	<u>11,108,638</u>
Judicial administration:				
Courts:				
Circuit Court	3,273,561	3,870,518	3,560,548	309,970
General District Court	454,167	455,187	352,774	102,413
Juvenile and Domestic Relations Court	2,477,795	2,622,404	2,602,795	19,609
Total Courts	<u>6,205,523</u>	<u>6,948,108</u>	<u>6,516,117</u>	<u>431,991</u>
Commonwealth's Attorney:				
Commonwealth's Attorney	5,625,962	5,826,912	5,792,427	34,485
Total Commonwealth's Attorney	<u>5,625,962</u>	<u>5,826,912</u>	<u>5,792,427</u>	<u>34,485</u>
Total judicial administration	<u>11,831,485</u>	<u>12,775,021</u>	<u>12,308,544</u>	<u>466,477</u>
Public safety:				
Law enforcement:				
Police Department	78,380,795	82,190,934	80,508,981	1,681,953
Total law enforcement	<u>78,380,795</u>	<u>82,190,934</u>	<u>80,508,981</u>	<u>1,681,953</u>
Fire services:				
Fire Department	44,576,424	69,882,855	68,765,782	1,117,073
Total fire services	<u>44,576,424</u>	<u>69,882,855</u>	<u>68,765,782</u>	<u>1,117,073</u>
Correction and detention:				
Sheriff	40,841,296	46,205,371	45,599,042	606,329
Juvenile and Domestic Relations District Court	3,351,088	3,351,088	3,351,088	-
Total correction and detention	<u>44,192,384</u>	<u>49,556,459</u>	<u>48,950,130</u>	<u>606,329</u>
Inspections:				
Building	4,670,481	4,891,267	4,715,379	175,888
Total inspections	<u>4,670,481</u>	<u>4,891,267</u>	<u>4,715,379</u>	<u>175,888</u>
Other protection:				
Office of Emergency Services	151,255	5,811,508	5,350,936	460,572
Animal Protection	1,914,969	1,886,038	1,787,222	98,816
Building Security	1,472,752	1,217,584	1,214,536	3,048
Total other protection	<u>3,538,976</u>	<u>8,915,130</u>	<u>8,352,694</u>	<u>562,436</u>
Total public safety	<u>175,359,061</u>	<u>215,436,644</u>	<u>211,292,966</u>	<u>4,143,678</u>

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit 14
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	\$ 1,611,165	\$ 1,860,140	\$ 1,817,892	\$ 42,248
Mass Transit	5,316,987	5,382,979	4,846,378	536,601
Design	1,916,455	1,995,623	1,732,243	263,380
Construction and Maintenance	32,823,231	39,074,284	27,838,162	11,236,122
Traffic Engineering	4,234,805	4,912,341	3,503,988	1,408,353
Miscellaneous	2,074,135	2,239,285	2,144,012	95,273
Total maintenance of highways and streets	<u>47,976,778</u>	<u>55,464,652</u>	<u>41,882,675</u>	<u>13,581,977</u>
Sanitation and waste removal:				
Leaf Collection	1,278,457	2,492,245	2,492,245	-
Total sanitation and waste removal	<u>1,278,457</u>	<u>2,492,245</u>	<u>2,492,245</u>	<u>-</u>
Total public works	<u>49,255,235</u>	<u>57,956,897</u>	<u>44,374,920</u>	<u>13,581,977</u>
Health:				
Public Health Department	2,433,102	2,484,119	2,484,119	-
Total health	<u>2,433,102</u>	<u>2,484,119</u>	<u>2,484,119</u>	<u>-</u>
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	18,166,427	18,889,966	18,089,862	800,104
Sandston Community House	14,000	14,250	14,311	(61)
Total parks and recreation	<u>18,180,427</u>	<u>18,904,216</u>	<u>18,104,173</u>	<u>800,043</u>
Library:				
Library Public Services	20,292,281	18,360,965	18,044,538	316,427
Total library	<u>20,292,281</u>	<u>18,360,965</u>	<u>18,044,538</u>	<u>316,427</u>
Total parks, recreation and cultural	<u>38,472,708</u>	<u>37,265,181</u>	<u>36,148,711</u>	<u>1,116,470</u>
Community development:				
Planning and community development:				
Economic Development	15,233,184	17,059,549	16,917,216	142,333
Planning and Rezoning	4,277,470	4,687,291	4,036,612	650,679
Total planning and community development	<u>19,510,654</u>	<u>21,746,840</u>	<u>20,953,828</u>	<u>793,012</u>
Cooperative extension program:				
Agriculture	396,174	396,174	379,049	17,125
Total cooperative extension program	<u>396,174</u>	<u>396,174</u>	<u>379,049</u>	<u>17,125</u>
Total community development	<u>19,906,828</u>	<u>22,143,014</u>	<u>21,332,877</u>	<u>810,137</u>
Education:				
School Board	207,841,132	207,841,132	207,841,132	-
Total education	<u>207,841,132</u>	<u>207,841,132</u>	<u>207,841,132</u>	<u>-</u>

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit 14
Page 3 of 4

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
General Fund, continued:				
Miscellaneous:				
Cooperative Projects	\$ 18,637,307	\$ 22,361,079	\$ 23,772,988	\$ (1,411,909)
Total miscellaneous	<u>18,637,307</u>	<u>22,361,079</u>	<u>23,772,988</u>	<u>(1,411,909)</u>
Debt service:				
Capital lease principal	575,058	575,058	575,058	-
Capital lease interest	67,758	67,758	67,758	-
Total debt service	<u>642,816</u>	<u>642,816</u>	<u>642,816</u>	<u>-</u>
Total General Fund	<u>\$ 591,807,212</u>	<u>\$ 662,967,343</u>	<u>\$ 633,151,875</u>	<u>\$ 29,815,468</u>
Special Revenue Fund:				
General government:				
General and financial administration:				
Workforce Investment	\$ 4,187,441	\$ 7,223,903	\$ 4,365,504	\$ 2,858,399
Total general government administration	<u>4,187,441</u>	<u>7,223,903</u>	<u>4,365,504</u>	<u>2,858,399</u>
Judicial administration:				
Courts:				
Circuit Court	-	20,302	-	20,302
Commonwealth's Attorney:				
Commonwealth's Attorney	1,368,310	1,760,015	1,392,308	367,707
Total judicial administration	<u>1,368,310</u>	<u>1,780,317</u>	<u>1,392,308</u>	<u>388,009</u>
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,707,502	6,381,770	1,911,751	4,470,019
Total law enforcement	<u>1,707,502</u>	<u>6,381,770</u>	<u>1,911,751</u>	<u>4,470,019</u>
Fire	-	572,895	183,860	389,035
Correction and detention:				
Community Diversion Program	2,126,069	2,338,412	2,210,200	128,212
Juvenile and Domestic Relations District Court	970,360	978,557	828,014	150,543
Sheriff	-	100,907	77,999	22,908
Total correction and detention	<u>3,096,429</u>	<u>3,417,876</u>	<u>3,116,213</u>	<u>301,663</u>
Total public safety	<u>4,803,931</u>	<u>10,372,540</u>	<u>5,211,824</u>	<u>5,160,716</u>
Public works:				
General Administration	897,000	973,938	30,207	943,731
Maintenance of Highways and Streets	83,100	83,100	63,868	19,232
Solid Waste Collection and Disposal	15,440,857	18,118,411	16,719,312	1,399,099
Total public works	<u>16,420,957</u>	<u>19,175,448</u>	<u>16,813,387</u>	<u>2,362,061</u>
Health and social services:				
Social Services	26,113,142	38,151,400	29,202,703	8,948,697
Mental health and developmental services:				
Related Services	6,465,833	8,216,991	5,930,221	2,286,770
Mental Health	12,797,590	14,864,502	11,995,073	2,869,429
Developmental Services	12,659,405	13,511,895	10,669,183	2,842,712
Substance Abuse	3,027,296	4,551,562	2,952,555	1,599,007
MH/DS Administration	5,463,632	5,862,608	5,475,885	386,723
Total mental health and developmental services	<u>40,413,756</u>	<u>47,007,558</u>	<u>37,022,917</u>	<u>9,984,641</u>
Total health and social services	<u>66,526,899</u>	<u>85,158,958</u>	<u>66,225,620</u>	<u>18,933,338</u>

HENRICO COUNTY, VIRGINIA
EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Exhibit 14
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	\$ -	\$ 29,195	\$ 627	\$ 28,568
Total parks, recreation and culture	-	29,195	627	28,568
Community development:				
Planning and Community Development	-	7,829,681	3,226,787	4,602,894
Economic Development	-	675,000	-	675,000
Total community development	-	8,504,681	3,226,787	5,277,894
Debt service:				
Capital lease principal	42,313	42,313	42,313	-
Capital lease interest	9,146	9,146	9,146	-
Total debt service	51,459	51,459	51,459	-
Total Special Revenue Fund	\$ 93,358,997	\$ 132,296,501	\$ 97,287,516	\$ 35,008,985
Grand Total Expenditures - Government Funds	\$ 685,166,210	\$ 795,263,844	\$ 730,439,391	\$ 64,824,453

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 SEVEN FISCAL YEARS*

Exhibit 15
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>
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
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
Change of assumptions	-	-	-	3,600,205	-	35,221,964	-
Difference between expected and actual experience	-	(15,888,024)	(3,762,008)	(13,129,434)	(2,495,542)	(5,237,540)	18,002,646
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)	-
Net change in total pension liability	46,087,238	29,911,388	42,427,504	37,391,292	44,607,044	78,089,516	131,953,135
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
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>\$ 1,374,554,823</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
Contributions - employee	9,281,980	9,452,120	9,798,397	10,254,955	10,318,099	10,537,974	11,048,961
Net investment income	113,606,404	38,115,473	15,148,200	107,128,844	72,308,202	68,371,688	20,632,319
Benefit payments	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)	(60,174,533)	-
Administrative expense	(612,154)	(522,704)	(541,959)	(622,456)	(628,498)	(681,327)	(707,937)
Other	5,986	(8,071)	(6,430)	(95,261)	(64,229)	(43,116)	(345,636)
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	60,031,491
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
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>\$ 1,113,541,463</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>
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.06%	80.11%	85.40%	86.49%	84.78%	81.01%
Covered payroll	\$ 188,575,531	\$ 191,276,453	\$ 199,857,968	\$ 202,991,663	\$ 209,182,401	\$ 217,281,758	\$ 228,391,980
Net pension liability as a percentage of covered payroll	92.43%	92.11%	107.75%	80.53%	75.19%	87.03%	114.28%
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
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
Change of assumptions	-	-	-	247,869	-	2,359,489	-
Difference between expected and actual experience	-	(1,119,823)	(261,050)	(903,943)	(168,002)	(350,858)	1,162,004
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)	-
Net change in total pension liability	3,321,802	2,108,219	2,944,094	2,574,338	3,002,984	5,231,148	8,517,083
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
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>\$ 96,448,226</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 SEVEN FISCAL YEARS*

Exhibit 15
Page 2 of 2

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
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
Contributions - employee	669,012	666,206	679,922	706,039	694,623	705,930	713,169
Net investment income	8,188,339	2,686,461	1,051,151	7,375,672	4,867,851	4,580,160	1,331,739
Benefit payments	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)	-
Administrative expense	(44,121)	(36,841)	(37,607)	(42,855)	(42,311)	(45,641)	(45,695)
Other	431	(569)	(446)	(6,559)	(4,324)	(2,888)	315,950
Net change in plan fiduciary net position	7,690,654	1,975,230	226,707	6,145,223	3,419,199	3,100,802	4,213,068
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
Plan fiduciary net position - ending (b)	<u>\$ 59,688,228</u>	<u>\$ 61,663,458</u>	<u>\$ 61,890,165</u>	<u>\$ 68,035,388</u>	<u>\$ 71,454,587</u>	<u>\$ 74,555,389</u>	<u>\$ 78,768,457</u>
Net pension liability - ending (a)-(b)	<u>\$ 12,382,132</u>	<u>\$ 12,515,121</u>	<u>\$ 15,232,508</u>	<u>\$ 11,661,623</u>	<u>\$ 11,245,408</u>	<u>\$ 13,375,754</u>	<u>\$ 17,679,769</u>
Plan fiduciary net position as a percentage of total pension liability	82.82%	83.13%	80.25%	85.37%	86.40%	84.79%	81.67%
Covered payroll	\$ 13,395,158	\$ 13,305,310	\$ 13,763,763	\$ 13,845,688	\$ 14,070,332	\$ 14,347,719	\$ 14,987,107
Net pension liability as a percentage of covered payroll	92.44%	94.06%	110.67%	84.23%	79.92%	93.23%	117.97%
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
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
Change of assumptions	-	-	-	3,848,074	-	37,581,453	-
Difference between expected and actual experience	-	(17,007,847)	(4,023,058)	(14,033,377)	(2,663,544)	(5,588,398)	19,164,650
Benefit payments, including refunds of employee contributions	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)	-
Net change in total pension liability	49,409,040	32,019,607	45,371,598	39,965,630	47,610,028	83,320,664	140,470,218
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
Total pension liability - ending (a)	<u>\$ 1,082,245,304</u>	<u>\$ 1,114,264,911</u>	<u>\$ 1,159,636,509</u>	<u>\$ 1,199,602,139</u>	<u>\$ 1,247,212,167</u>	<u>\$ 1,330,532,831</u>	<u>\$ 1,471,003,049</u>
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
Contributions - employee	9,950,992	10,118,326	10,478,319	10,960,994	11,012,722	11,243,904	11,762,130
Net investment income	121,794,743	40,801,934	16,199,351	114,504,516	77,176,053	72,951,848	21,964,058
Benefit payments	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)	-
Administrative expense	(656,275)	(559,545)	(579,566)	(665,311)	(670,809)	(726,968)	(753,632)
Other	6,417	(8,640)	(6,876)	(101,820)	(68,553)	(46,004)	(29,686)
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	64,244,559
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
Plan fiduciary net position - ending (b)	<u>\$ 895,571,809</u>	<u>\$ 925,571,600</u>	<u>\$ 929,065,382</u>	<u>\$ 1,024,467,648</u>	<u>\$ 1,078,676,443</u>	<u>\$ 1,128,065,361</u>	<u>\$ 1,192,309,920</u>
Net pension liability - ending (a)-(b)	<u>\$ 186,673,495</u>	<u>\$ 188,693,311</u>	<u>\$ 230,571,127</u>	<u>\$ 175,134,491</u>	<u>\$ 168,535,724</u>	<u>\$ 202,467,470</u>	<u>\$ 278,693,129</u>
Plan fiduciary net position as a percentage of total pension liability	82.75%	83.07%	80.12%	85.40%	86.49%	84.78%	81.05%
Covered payroll	\$ 201,970,689	\$ 204,581,763	\$ 213,621,731	\$ 216,837,351	\$ 223,252,733	\$ 231,629,477	\$ 243,379,087
Net pension liability as a percentage of covered payroll	92.43%	92.23%	107.93%	80.77%	75.49%	87.41%	114.51%

See accompanying independent auditor's report.

* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only seven 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 SEVEN FISCAL YEARS*

Exhibit 16

	2015	2016	2017	2018	2019	2020	2021
School Board Non-Professional Group							
Total pension liability							
Service cost	\$ 72,260	\$ 69,746	\$ 67,970	\$ 58,711	\$ 56,131	\$ 56,136	\$ 45,896
Interest on total pension liability	582,852	580,111	567,282	571,638	554,959	539,048	534,571
Change of assumptions	-	-	-	44,778	-	182,613	-
Difference between expected and actual experience	-	(139,895)	108,818	(226,614)	(134,067)	157,842	216,758
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)	-
Net change in total pension liability	(34,501)	(188,962)	56,540	(227,640)	(220,400)	224,423	797,225
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
Total pension liability - ending (a)	\$ 8,636,760	\$ 8,447,798	\$ 8,504,338	\$ 8,276,698	\$ 8,056,298	\$ 8,280,721	\$ 9,077,946
Total fiduciary net position							
Contributions - employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 209,478	\$ 165,901	\$ 182,491
Contributions - employee	31,303	31,253	30,289	30,785	31,431	26,749	29,681
Net investment income	804,061	251,841	85,861	614,333	387,642	334,328	95,468
Benefit payments	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)	-
Administrative expense	(4,544)	(3,822)	(3,655)	(3,892)	(3,645)	(3,782)	(3,624)
Other	43	(54)	(39)	(534)	(335)	(208)	(108)
Net change in plan fiduciary net position	513,391	(181,231)	(337,571)	163,837	(72,852)	(188,228)	303,908
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
Plan fiduciary net position - ending (b)	\$ 5,823,110	\$ 5,641,879	\$ 5,304,308	\$ 5,468,145	\$ 5,395,293	\$ 5,207,065	\$ 5,510,973
Net pension liability - ending (a)-(b)	\$ 2,813,650	\$ 2,805,919	\$ 3,200,030	\$ 2,808,553	\$ 2,661,005	\$ 3,073,656	\$ 3,566,973
Plan fiduciary net position as a percentage of total pension liability	67.42%	66.79%	62.37%	66.07%	66.97%	62.88%	60.71%
Covered payroll	\$ 627,880	\$ 602,637	\$ 632,258	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037
Net pension liability as a percentage of covered payroll	448.12%	465.61%	506.13%	426.22%	379.53%	429.02%	452.07%

See accompanying independent auditor's report.

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

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

Exhibit 17

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

See accompanying independent auditor's report.

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

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF CONTRIBUTIONS (VRS PLAN)
PENSION PLAN
LAST SEVEN 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>
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
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	191,276,453	199,857,968	202,991,663	209,182,401	217,281,758	228,391,980	223,646,574
Contributions as a percentage of covered payroll	14.38%	14.16%	14.47%	12.52%	13.11%	13.00%	13.15%
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
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	13,305,310	13,763,763	13,845,688	14,070,332	14,347,719	14,987,107	14,435,552
Contributions as a percentage of covered payroll	14.90%	14.49%	14.72%	12.81%	13.20%	12.95%	13.15%
School Board Non-Professional Group:							
Contractually determined contribution of employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 156,828	\$ 172,720	\$ 182,491
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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 602,637	\$ 632,258	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037	\$ 652,343
Contributions as a percentage of covered payroll	61.75%	37.72%	36.04%	28.43%	21.89%	21.89%	27.97%

See accompanying independent auditor's report.

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

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
TEACHERS' PENSION PLAN
LAST SEVEN 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>
Schools' proportion of the net pension liability	3.29%	3.28%	3.30%	3.28%	3.29%	3.31%	3.34%
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
Schools' covered payroll	\$ 268,691,850	\$ 273,853,673	\$ 281,366,433	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937
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%
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
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%

See accompanying independent auditor's report.

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

**COUNTY OF HENRICO, VIRGINIA
SCHEDULE OF SCHOOLS' CONTRIBUTIONS
TEACHERS' PENSION PLAN
LAST SEVEN 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>
Contractually required contribution	\$ 28,125,017	\$ 35,384,284	\$ 35,423,318	\$ 44,126,503	\$ 44,057,330	\$ 46,401,911	\$ 49,068,666
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
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
Contributions as a percentage of covered payroll	10.27%	12.58%	12.27%	14.94%	14.37%	14.39%	15.27%

See accompanying independent auditor's report.

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

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

Exhibit 21

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

See accompanying independent auditor's report.

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

COUNTY OF HENRICO, VIRGINIA

Notes to Required Supplementary Pension Information

For the Year Ended June 30, 2021

Defined Benefit Pension Plans

The following assumptions apply to both the VRS Plan and the Teacher Retirement Plan.

Changes of benefit terms - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2019 and the impact on the liabilities as of the measurement date of June 30, 2020 are minimal.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2017 based on the most recent experience study of the System for the four-year period ending June 30, 2016.

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10-LEOS:

- Update mortality table
- Decrease in male rates of disability

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

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

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

Exhibit 22

	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 4,146,771	\$ 3,781,739	\$ 4,627,235	\$ 4,858,597	\$ 4,522,411
Interest on total OPEB liability	7,708,898	7,990,226	6,187,930	6,605,248	7,032,983
Differences between expected and actual experience	-	(28,205,844)	-	449,044	-
Change of assumptions	-	(5,679,980)	-	-	-
Benefit payments, including refunds of employee contributions	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)	(5,466,200)
Net change in total OPEB liability	5,316,874	(26,260,827)	6,336,440	6,828,052	6,089,194
Total OPEB liability - beginning	109,194,437	114,511,311	88,250,484	94,586,924	101,414,976
Total OPEB liability - ending (a)	\$ 114,511,311	\$ 88,250,484	\$ 94,586,924	\$ 101,414,976	\$ 107,504,170
Total plan fiduciary net position					
Contributions - employer	\$ 7,765,131	\$ 6,846,584	\$ 7,303,945	\$ 5,823,822	\$ 7,824,778
Net investment income	7,296,432	5,272,202	4,390,670	346,106	18,512,308
Benefit payments	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)	(5,466,200)
Administrative expense	-	(500)	(500)	(500)	(500)
Net change in plan fiduciary net position	8,522,768	7,971,318	7,215,390	1,084,591	20,870,386
Plan fiduciary net position - beginning	44,841,294	53,364,062	61,335,380	68,550,770	69,635,361
Plan fiduciary net position - ending (b)	\$ 53,364,062	\$ 61,335,380	\$ 68,550,770	\$ 69,635,361	\$ 90,505,747
Net OPEB liability - ending (a)-(b)	\$ 61,147,249	\$ 26,915,104	\$ 26,036,154	\$ 31,779,615	\$ 16,998,423
Plan fiduciary net position as a percentage of total OPEB liability	46.60%	69.50%	72.47%	68.66%	84.19%
Covered-employee payroll	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495	\$ 566,666,632
Net OPEB liability as a percentage of covered-employee payroll	11.41%	5.11%	4.83%	5.75%	3.00%

See accompanying independent auditor's report.
* Fiscal year 2017 was the first year of GASB 74 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 23

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially determined contribution	\$ 10,161,876	\$ 9,491,736	\$ 7,303,945	\$ 7,527,997	\$ 8,120,688
Contributions in relation to the actuarially determined contribution	\$ 7,765,131	\$ 6,846,584	\$ 7,172,948	\$ 5,823,822	\$ 7,824,778
Contribution deficiency	2,396,745	2,645,152	130,997	1,704,175	295,910
Covered-employee payroll	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495	\$ 566,666,632
Contributions as a percentage of covered-employee payroll	1.45%	1.30%	1.33%	1.05%	1.38%

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

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 7 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in the actuarial assumptions are amortized over the average working lifetime of all participants.
Amortization period	20 years
Asset valuation method	Market value
Inflation	3 percent
Healthcare cost trend rates	8% initial, decreasing down to 5% over 12 years beginning July 1, 2018.
Salary increases	2.5 percent per annum
Retirement age	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table and the RP-2000 Healthy Annuitant Mortality Table.

See accompanying independent auditor's report.

* 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 FIVE FISCAL YEARS*

Exhibit 24

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

See accompanying independent auditor's report.

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

Exhibit 25

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities:				
Total OPEB liability				
Service cost	\$ 1,917,454	\$ 1,487,911	\$ 2,736,312	\$ 2,079,053
Interest on total pension liability	4,051,282	3,137,464	3,242,279	3,911,751
Change of assumptions	(2,879,919)	-	-	-
Difference between expected and actual experience	(14,301,201)	-	7,555,337	-
Benefit payments, including refunds of employee contributions	(2,102,636)	(1,313,667)	(3,081,664)	-
Other	-	-	59,447	-
Net change in total OPEB liability	<u>(13,315,020)</u>	<u>3,311,708</u>	<u>10,511,711</u>	<u>5,990,804</u>
Total OPEB liability - beginning	58,060,636	44,745,616	48,057,324	58,569,035
Total OPEB liability - ending (a)	<u>\$ 44,745,616</u>	<u>\$ 48,057,324</u>	<u>\$ 58,569,035</u>	<u>\$ 64,559,839</u>
Total fiduciary net position				
Contributions - employer	\$ 3,471,421	\$ 3,217,843	\$ 3,279,917	\$ 3,922,813
Net investment income	2,673,163	2,226,200	194,923	10,511,695
Benefit payments	(2,102,636)	(1,313,667)	(3,081,664)	-
Administrative expense	(254)	(254)	(282)	(282)
Other	-	-	5,049,203	-
Net change in plan fiduciary net position	<u>4,041,695</u>	<u>4,130,122</u>	<u>5,442,097</u>	<u>14,434,226</u>
Plan fiduciary net position - beginning	27,057,164	31,098,859	35,228,981	40,671,078
Plan fiduciary net position - ending (b)	<u>\$ 31,098,859</u>	<u>\$ 35,228,981</u>	<u>\$ 40,671,078</u>	<u>\$ 55,105,304</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 13,646,757</u>	<u>\$ 12,828,343</u>	<u>\$ 17,897,957</u>	<u>\$ 9,454,535</u>
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	73.31%	69.44%	85.36%
Covered-employee payroll	\$ 209,182,401	\$ 217,281,758	\$ 228,391,980	\$ 223,646,574
Net OPEB liability as a percentage of covered-employee payroll	6.52%	5.90%	7.84%	4.23%
Business-type Activities:				
Total OPEB liability				
Service cost	\$ 102,559	\$ 154,943	\$ 129,858	\$ 200,345
Interest on total pension liability	216,691	167,814	189,621	200,314
Change of assumptions	(154,039)	-	-	-
Difference between expected and actual experience	(764,929)	-	(247,379)	(291,343)
Benefit payments, including refunds of employee contributions	(112,464)	(205,678)	(45,840)	-
Net change in total OPEB liability	<u>(712,182)</u>	<u>117,079</u>	<u>26,260</u>	<u>109,316</u>
Total OPEB liability - beginning	3,105,497	2,393,315	2,510,394	2,536,654
Total OPEB liability - ending (a)	<u>\$ 2,393,315</u>	<u>\$ 2,510,394</u>	<u>\$ 2,536,654</u>	<u>\$ 2,645,970</u>
Total fiduciary net position				
Contributions - employer	\$ 185,676	\$ 194,738	\$ 155,656	\$ -
Net investment income	142,981	119,073	9,251	474,566
Benefit payments	(112,464)	(205,678)	(45,840)	-
Administrative expense	(14)	(13)	(13)	(13)
Other	-	-	(203,297)	-
Net change in plan fiduciary net position	<u>216,179</u>	<u>108,120</u>	<u>(84,243)</u>	<u>474,553</u>
Plan fiduciary net position - beginning	1,447,210	1,663,389	1,771,509	1,687,266
Plan fiduciary net position - ending (b)	<u>\$ 1,663,389</u>	<u>\$ 1,771,509</u>	<u>\$ 1,687,266</u>	<u>\$ 2,161,819</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 729,926</u>	<u>\$ 738,885</u>	<u>\$ 849,388</u>	<u>\$ 484,151</u>
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	70.57%	66.52%	81.70%
Covered-employee payroll	\$ 14,070,332	\$ 14,347,719	\$ 14,987,107	\$ 14,435,552
Net OPEB liability as a percentage of covered-employee payroll	5.19%	5.15%	5.67%	3.35%

See accompanying independent auditor's report.

* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only four 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
COMPONENT UNITS
LAST FOUR FISCAL YEARS*

Exhibit 26

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
School Board				
Total OPEB liability				
Service cost	\$ 1,742,334	\$ 2,954,189	\$ 1,963,746	\$ 2,210,314
Interest on total pension liability	3,681,281	2,850,922	3,136,097	2,877,314
Change of assumptions	(2,616,898)	-	-	-
Difference between expected and actual experience	(12,995,083)	-	(6,947,615)	-
Benefit payments, including refunds of employee contributions	(1,910,604)	(2,917,809)	(1,949,477)	-
Net change in total OPEB liability	(12,098,970)	2,887,302	(3,797,249)	5,087,628
Total OPEB liability - beginning	52,758,001	40,659,031	43,546,333	39,749,084
Total OPEB liability - ending (a)	<u>\$ 40,659,031</u>	<u>\$ 43,546,333</u>	<u>\$ 39,749,084</u>	<u>\$ 44,836,712</u>
Total fiduciary net position				
Contributions - employer	\$ 3,154,379	\$ 3,854,690	\$ 2,353,870	\$ 3,558,222
Net investment income	2,429,025	2,022,883	139,889	7,419,932
Benefit payments	(1,910,604)	(2,917,809)	(1,949,477)	-
Administrative expense	(230)	(230)	(202)	(202)
Other	-	-	(4,857,825)	-
Net change in plan fiduciary net position	3,672,570	2,959,534	(4,313,745)	10,977,952
Plan fiduciary net position - beginning	24,586,054	28,258,624	31,218,158	26,904,413
Plan fiduciary net position - ending (b)	<u>\$ 28,258,624</u>	<u>\$ 31,218,158</u>	<u>\$ 26,904,413</u>	<u>\$ 37,882,365</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 12,400,407</u>	<u>\$ 12,328,175</u>	<u>\$ 12,844,671</u>	<u>\$ 6,954,347</u>
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	71.69%	67.69%	84.49%
Covered-employee payroll	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886	\$ 356,201,760
Net OPEB liability as a percentage of covered-employee payroll	3.86%	3.59%	3.57%	1.95%
JRJDC				
Total OPEB liability				
Service cost	\$ 19,392	\$ 30,192	\$ 28,681	\$ 32,699
Interest on total pension liability	40,971	31,730	37,251	43,604
Change of assumptions	(29,125)	-	-	-
Difference between expected and actual experience	(144,631)	-	29,254	-
Benefit payments, including refunds of employee contributions	(21,264)	(41,571)	(7,856)	-
Net change in total OPEB liability	(134,657)	20,351	87,330	76,303
Total OPEB liability - beginning	587,177	452,520	472,871	560,201
Total OPEB liability - ending (a)	<u>\$ 452,520</u>	<u>\$ 472,871</u>	<u>\$ 560,201</u>	<u>\$ 636,504</u>
Total fiduciary net position				
Contributions - employer	\$ 35,107	\$ 36,672	\$ 34,379	\$ 52,400
Net investment income	27,034	22,514	2,043	106,115
Benefit payments	(21,264)	(41,571)	(7,856)	-
Administrative expense	(3)	(3)	(3)	(3)
Other	-	-	11,919	-
Net change in plan fiduciary net position	40,874	17,612	40,482	158,512
Plan fiduciary net position - beginning	273,634	314,508	332,120	372,602
Plan fiduciary net position - ending (b)	<u>\$ 314,508</u>	<u>\$ 332,120</u>	<u>\$ 372,602</u>	<u>\$ 531,114</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 138,012</u>	<u>\$ 140,751</u>	<u>\$ 187,599</u>	<u>\$ 105,390</u>
Plan fiduciary net position as a percentage of total OPEB liability	69.50%	70.23%	66.51%	83.44%
Covered-employee payroll	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604
Net OPEB liability as a percentage of covered-employee payroll	4.36%	4.52%	5.95%	3.29%
See accompanying independent auditor's report.				
* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only four 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 FOUR FISCAL YEARS***

Exhibit 27

	2018	2019	2020	2021
Governmental Activities:				
Actuarially determined contribution of employer	\$ 2,639,247	\$ 2,815,552	\$ 3,922,813	\$ 4,034,941
Contributions in relation to the actuarially determined contributions	2,639,247	2,815,552	3,497,853	3,922,813
Contribution deficiency (excess)	\$ -	\$ -	\$ 424,960	\$ 112,128
Covered-employee payroll	209,182,401	217,281,758	228,391,980	223,646,574
Contributions as a percentage of covered-employee payroll	1.26%	1.30%	1.53%	1.75%
Business-type Activities:				
Actuarially determined contribution of employer	\$ 214,237	\$ 228,548	\$ 291,343	\$ 310,287
Contributions in relation to the actuarially determined contributions	214,237	228,548	65,591	291,343
Contribution deficiency (excess)	\$ -	\$ -	\$ 225,752	\$ 18,944
Covered-employee payroll	14,070,332	14,347,719	14,987,107	14,435,552
Contributions as a percentage of covered-employee payroll	1.52%	1.59%	0.44%	2.02%
School Board:				
Actuarially determined contribution of employer	\$ 3,951,724	\$ 4,215,705	\$ 3,558,222	\$ 3,719,966
Contributions in relation to the actuarially determined contributions	3,951,724	4,215,705	2,248,160	3,558,222
Contribution deficiency (excess)	\$ -	\$ -	\$ 1,310,062	\$ 161,744
Covered-employee payroll	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886	\$ 356,201,760
Contributions as a percentage of covered-employee payroll	1.23%	1.23%	0.62%	1.00%
JRJDC:				
Actuarially determined contribution of employer	\$ 41,376	\$ 44,140	\$ 52,400	\$ 55,494
Contributions in relation to the actuarially determined contributions	41,376	44,140	12,218	52,400
Contribution deficiency (excess)	\$ -	\$ -	\$ 40,182	\$ 3,094
Covered-employee payroll	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604
Contributions as a percentage of covered-employee payroll	1.31%	1.42%	0.39%	1.64%

See accompanying independent auditor's report.

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

Exhibit 28

	2018	2019	2020	2021
Governmental Activities:				
Total OPEB liability				
Service cost	\$ 1,292,690	\$ 1,357,325	\$ 1,425,191	\$ 1,623,389
Interest on total pension liability	769,784	809,350	758,199	866,437
Difference between expected and actual experience	-	-	2,644,505	-
Benefit payments, including refunds of employee contributions	(740,191)	(799,406)	(890,219)	(956,985)
Net change in total OPEB liability	1,322,283	1,367,269	3,937,676	1,532,841
Total OPEB liability - beginning	25,279,187	26,601,470	27,968,739	31,906,415
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>
Covered-employee payroll	\$ 83,876,238	\$ 87,761,787	\$ 91,192,626	\$ 92,984,632
Total OPEB liability as a percentage of covered-employee payroll	31.72%	31.87%	34.99%	35.96%

See accompanying independent auditor's report.

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

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

Exhibit 29

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Governmental Activities:				
Actuarially determined contribution of employer	\$ 2,983,108	\$ 3,204,246	\$ 3,446,814	\$ 3,871,611
Contributions in relation to the actuarially determined contributions	<u>740,191</u>	<u>799,406</u>	<u>890,219</u>	<u>956,985</u>
Contribution deficiency	<u>\$ 2,242,917</u>	<u>\$ 2,404,840</u>	<u>\$ 2,556,595</u>	<u>\$ 2,914,626</u>
Covered-employee payroll	83,876,238	87,761,787	91,192,626	92,984,632
Contributions as a percentage of covered-employee payroll	0.88%	0.91%	0.98%	1.03%

See accompanying independent auditor's report.

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

Exhibit 30

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

See accompanying independent auditor's report.

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

**For fiscal year ending June 30 2021, the school non-professional group had a new OPEB HIC plan with a measurement date of June 2020. No employer contributions were made in the current year, thus there is no fiduciary net position.

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

Exhibit 31

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265	\$ 3,513,433
Contributions in relation to the contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265	\$ 3,513,433
Contribution deficiency (excess)	-	-	-	-
School's covered payroll	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155
Contributions as a percentage of covered payroll	0.97%	1.09%	1.03%	1.09%

See accompanying independent auditor's report.

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

**For fiscal year ending June 30 2021, the school non-professional group had a new OPEB HIC plan with a measurement date of June 2020. No employer contributions were made in the current year, thus there is no fiduciary net position.

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

Exhibit 32

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

See accompanying independent auditor's report.

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

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

Exhibit 33

	2018	2019	2020	2021
Governmental Activities:				
Contractually determined contribution of employer	\$ 1,049,923	\$ 1,504,688	\$ 1,567,194	\$ 1,807,124
Contribution in relation to the determined contributions	1,049,923	1,504,688	1,567,194	1,807,124
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	202,991,663	209,182,401	217,281,758	228,391,980
Contributions as a percentage of covered payroll	0.52%	0.72%	0.72%	0.79%
Business-type Activities:				
Contractually determined contribution of employer	\$ 71,917	\$ 71,947	\$ 75,690	\$ 72,763
Contribution in relation to the determined contributions	71,917	71,947	75,690	72,763
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	14,070,332	14,347,719	14,987,107	14,435,552
Contributions as a percentage of covered payroll	0.51%	0.50%	0.51%	0.50%
School's C&M:				
Contractually determined contribution of employer	\$ 137,829	\$ 139,114	\$ 143,049	\$ 146,399
Contribution in relation to the determined contributions	137,829	139,114	143,049	146,399
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 25,445,827	\$ 35,671,866	\$ 36,750,912	\$ 34,217,262
Contributions as a percentage of covered payroll	0.54%	0.39%	0.39%	0.43%

See accompanying independent auditor's report.

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

Exhibit 34

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

See accompanying independent auditor's report.

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

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

Exhibit 35

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

See accompanying independent auditor's report.

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

Exhibit 36

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

See accompanying independent auditor's report.

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

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

Exhibit 37

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

See accompanying independent auditor's report.

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

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

Exhibit 38

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

See accompanying independent auditor's report.

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

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

Exhibit 39

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

See accompanying independent auditor's report.

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

COUNTY OF HENRICO, VIRGINIA

Notes to Required Supplementary OPEB Information

For the Year Ended June 30, 2021

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, 2021 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	718
Active plan members	8,870
	<u>9,588</u>

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, 2021, 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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Bonds	7%
Core Plus	14%
Liquid Absolute Return	4%
U.S. Large Cap Equity	26%
U.S. Small Cap Equity	10%
International Developed Equity	13%
Emerging Market Equity	5%
Long/Short Equity	6%
Private Equity	5%
Core Real Estate	10%
Total	<u>100%</u>

Rate of return. For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 30.02 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, 2021, were as follows:

Total OPEB liability	\$ 107,504,170
Plan fiduciary net position	(76,949,051)
County's net OPEB liability	<u>\$ 30,555,119</u>

Plan fiduciary net position as a percentage of the total OPEB liability	71.58%
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Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3 percent
Salary increases	2.5 percent
Investment rate of return	7 percent
Healthcare cost trend rates	7.5 percent for 2020, graded to 6.75% over 3 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB to 2020.

The capital market assumptions use the building-block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. Best

estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 (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	2.86
Liquid Absolute Return	3.26
U.S. Large Cap Equity	7.15
U.S. Small Cap Equity	8.44
International Developed Equity	7.94
Emerging Market Equity	9.09
Long/Short Equity	5.72
Private Equity	10.40
Core Real Estate	6.66

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	\$ 42,915,180	\$ 30,555,119	\$ 19,995,933

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 6.5% decreasing to 5.75% over 3 years and following the Getzen mode after	Healthcare Cost Current Rate 7.5% decreasing to 6.75% over 3 years and following the Getzen mode after	1% Increase 8.5% decreasing to 7.75% over 3 years and following the Getzen mode after
Net OPEB liability	\$ 21,587,789	\$ 30,555,119	\$ 41,166,019

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, 2021

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, 2021

Schedule 2

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Primary Government:				
Debt Service Fund:				
Miscellaneous	\$ 50,000	\$ 350,000	\$ 267,788	\$ 82,212
Debt Service:				
Principal payments	49,095,000	49,595,000	47,585,000	2,010,000
Interest payments	22,520,830	22,520,830	24,395,333	(1,874,503)
Total Debt Service	<u>71,615,830</u>	<u>72,115,830</u>	<u>71,980,333</u>	<u>135,497</u>
Total Debt Service Fund	<u>\$ 71,665,830</u>	<u>\$ 72,465,830</u>	<u>\$ 72,248,121</u>	<u>\$ 217,709</u>

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA

INTERNAL SERVICE FUNDS

Financial Statements

Central Automotive Maintenance Fund - To account for the operating activities of the Central Motor Pool and Central Automotive Maintenance of County vehicles.

Technology Replacement Fund - To centralize the purchasing of computer equipment for participating County Agencies.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2021

Schedule 3

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Assets:				
Cash and cash equivalents	\$ 388,784	\$ 3,681,897	\$ 41,270,517	\$ 45,341,198
Receivables, net	14,740	-	1,854,698	1,869,438
Due from other funds	-	-	1,294,609	1,294,609
Due from component unit	-	-	18,811	18,811
Inventories	669,379	-	-	669,379
Total current assets	<u>1,072,903</u>	<u>3,681,897</u>	<u>44,438,635</u>	<u>49,193,435</u>
Capital Assets:				
Other capital assets, net	14,680,960	-	-	14,680,960
Capital assets, net	<u>14,680,960</u>	<u>-</u>	<u>-</u>	<u>14,680,960</u>
Total assets	<u>15,753,863</u>	<u>3,681,897</u>	<u>44,438,635</u>	<u>63,874,395</u>
Deferred Outflows of Resources:				
Change in proportionate share allocation	18,503	-	-	18,503
Difference between projected and actual earnings	455,503	-	-	455,503
Change of assumptions	251,208	-	-	251,208
Difference between actual and expected experience	198,613	-	-	198,613
Contributions after measurement date	434,495	-	-	434,495
Total deferred outflows of resources	<u>1,358,322</u>	<u>-</u>	<u>-</u>	<u>1,358,322</u>
Total assets and deferred outflows of resources	<u>17,112,185</u>	<u>3,681,897</u>	<u>44,438,635</u>	<u>65,232,717</u>
Liabilities:				
Current liabilities:				
Accounts payable	532,716	3,430	735	536,881
Accrued liabilities	131,812	-	12,182,807	12,314,619
Due to other funds	20,696	-	-	20,696
Long-term liabilities due within one year	224,478	-	-	224,478
Total current liabilities	<u>909,702</u>	<u>3,430</u>	<u>12,183,542</u>	<u>13,096,674</u>
Noncurrent liabilities:				
Net pension liability	3,799,035	-	-	3,799,035
Net OPEB liability	332,855	-	-	332,855
Long-term liabilities due in more than one year	46,972	-	-	46,972
Total non-current liabilities	<u>4,178,862</u>	<u>-</u>	<u>-</u>	<u>4,178,862</u>
Total liabilities	<u>5,088,564</u>	<u>3,430</u>	<u>12,183,542</u>	<u>17,275,536</u>
Deferred Inflows of Resources:				
Change in proportionate share allocation	40,293	-	-	40,293
Difference between actual and expected experience	306,860	-	-	306,860
Change of assumptions	55,843	-	-	55,843
Total deferred inflows of resources	<u>402,996</u>	<u>-</u>	<u>-</u>	<u>402,996</u>
Total liabilities and deferred inflows of resources	<u>5,491,560</u>	<u>3,430</u>	<u>12,183,542</u>	<u>17,678,532</u>
Net Position:				
Net investment in capital assets	14,674,917	-	-	14,674,917
Unrestricted (deficit)	(3,054,292)	3,678,467	32,255,093	32,879,268
Total net position	<u>\$ 11,620,625</u>	<u>\$ 3,678,467</u>	<u>\$ 32,255,093</u>	<u>\$ 47,554,185</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, 2021

Schedule 4

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Operating Revenues:				
Charges for services:				
Interdepartmental charges	\$ 16,509,134	\$ -	\$ -	\$ 16,509,134
Contributions:				
Employer	-	-	104,826,925	104,826,925
Employee	-	-	27,690,128	27,690,128
Retiree	-	-	4,829	4,829
Other	7,450	3,250,000	498,660	3,756,110
Total operating revenues	16,516,584	3,250,000	133,020,542	152,787,126
Operating Expenses:				
Utility charges	152,540	-	-	152,540
Personnel services and benefits	4,650,866	-	123,382,132	128,032,998
Professional services	4,550	-	80,583	85,133
Materials and supplies	6,764,219	2,421,875	-	9,186,094
Maintenance and repairs	3,407,869	-	-	3,407,869
Other expenses	107,748	-	1,184,531	1,292,279
Depreciation	2,516,267	-	-	2,516,267
Total operating expenses	17,604,059	2,421,875	124,647,246	144,673,180
Operating (loss) income	(1,087,475)	828,125	8,373,296	8,113,946
Nonoperating Revenues:				
Gain on sale of equipment	53,817	-	-	53,817
Investment income	-	-	99,185	99,185
Total nonoperating revenues	53,817	-	99,185	153,002
Income (loss) before capital contributions	(1,033,658)	828,125	8,472,481	8,266,948
Change in net position	(1,033,658)	828,125	8,472,481	8,266,948
Total net position - June 30, 2020	12,654,283	2,850,342	23,782,612	39,287,237
Total net position - June 30, 2021	\$ 11,620,625	\$ 3,678,467	\$ 32,255,093	\$ 47,554,185

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Schedule 5

	Governmental Activities - Internal Service Funds			
	Central Automotive Maintenance	Technology Replacement Fund	Healthcare Fund	Total
Cash Flows From Operating Activities:				
Receipts from customers	\$ 16,516,421	\$ 3,250,000	\$ 133,328,938	\$ 153,095,359
Payments to suppliers	(10,857,557)	(2,485,795)	(121,785,904)	(135,129,256)
Payments to employees	(4,032,326)	-	-	(4,032,326)
Net cash provided by operating activities	<u>1,626,538</u>	<u>764,205</u>	<u>11,543,034</u>	<u>13,933,777</u>
Cash Flows From Capital and Related Financing Activities:				
Purchase of capital assets	(2,056,736)	-	-	(2,056,736)
Proceeds from sale of capital assets	57,140	-	-	57,140
Net cash used in capital and related financing activities	<u>(1,999,596)</u>	<u>-</u>	<u>-</u>	<u>(1,999,596)</u>
Cash Flows From Investing Activities:				
Investment income received	-	-	99,185	99,185
Net (decrease) increase in Cash and cash equivalents	<u>(373,058)</u>	<u>764,205</u>	<u>11,642,219</u>	<u>12,033,366</u>
Cash and cash equivalents - June 30, 2020	<u>761,842</u>	<u>2,917,692</u>	<u>29,628,298</u>	<u>33,307,832</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>
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities:				
Operating (loss) income	\$ (1,087,475)	\$ 828,125	\$ 8,373,296	\$ 8,113,946
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:				
Depreciation	2,516,267	-	-	2,516,267
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(163)	-	516,086	515,923
Decrease in inventories	81,974	-	-	81,974
Increase in due from other funds	-	-	(203,520)	(203,520)
increase in due from component unit	-	-	(4,170)	(4,170)
Increase in deferred outflows of resources	(490,327)	-	-	(490,327)
Increase (decrease) in accounts payable	25,845	3,430	(5,682)	23,593
Increase (decrease) in accrued liabilities	(50,649)	(67,350)	2,867,024	2,749,025
Increase in due to other funds	1,927	-	-	1,927
Increase in net pension liability	974,437	-	-	974,437
Decrease in net opeb liability	(59,763)	-	-	(59,763)
Decrease in deferred inflows of resources	(285,535)	-	-	(285,535)
Net cash provided by operating activities	<u>\$ 1,626,538</u>	<u>\$ 764,205</u>	<u>\$ 11,543,034</u>	<u>\$ 13,933,777</u>

Supplemental disclosure of noncash investing and financing activities:

Central Automotive Maintenance entered into a capital equipment leases for \$6,495.

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
COMBINING STATEMENT OF ASSETS AND LIABILITIES
CUSTODIAL FUNDS
JUNE 30, 2021

Schedule 6

	Jail Inmate Fund	Special Welfare	Mental Health and Developmental Services	Non-Judicial Tax Sales	Code RVA	Total
Assets:						
Cash and cash equivalents	\$ 403,734	\$ 22,691	\$ 139,764	\$ 104,324	\$ 522,759	\$ 1,193,272
Accounts receivable	-	84	-	-	-	84
Prepaid	-	-	-	-	459	459
Due from other Governments	-	-	-	-	394,104	394,104
Deferred outflows	-	-	-	-	638,919	638,919
Equipment	-	-	-	-	16,769	16,769
Total Assets	<u>\$ 403,734</u>	<u>\$ 22,775</u>	<u>\$ 139,764</u>	<u>\$ 104,324</u>	<u>\$ 1,573,010</u>	<u>\$ 2,243,607</u>
Liabilities:						
Accounts payable	-	-	-	-	3,612	3,612
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,612</u>	<u>\$ 3,612</u>
Fiduciary Net Position:						
Funds restricted for others	\$ 403,734	\$ 22,775	\$ 139,764	\$ 104,324	\$ 1,569,398	\$ 2,239,995
Total Net Position	<u>\$ 403,734</u>	<u>\$ 22,775</u>	<u>\$ 139,764</u>	<u>\$ 104,324</u>	<u>\$ 1,569,398</u>	<u>\$ 2,239,995</u>

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA
STATEMENT OF CHANGES IN CUSTODIAL NET POSITION
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 2,389,350	\$ -	\$ -	\$ -	\$ -	\$ 2,389,350
Total contributions	<u>2,389,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,389,350</u>
Tuition income	-	-	-	-	3,385,500	3,385,500
State and federal grants	-	-	-	-	1,999,801	1,999,801
Pass-through funds	-	226,842	352,499	-	-	579,341
Miscellaneous	-	-	-	104,276	-	104,276
Investment income	-	-	-	5	-	5
Total additions	<u>\$ 2,389,350</u>	<u>\$ 226,842</u>	<u>\$ 352,499</u>	<u>\$ 104,281</u>	<u>\$ 5,385,301</u>	<u>\$ 8,458,273</u>
Deductions:						
Benefit payments/refunds	\$ 2,425,100	\$ 246,615	\$ 291,030	\$ 21,813	\$ -	\$ 2,984,558
School operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,800,488</u>	<u>4,800,488</u>
Total deductions	<u>2,425,100</u>	<u>246,615</u>	<u>291,030</u>	<u>21,813</u>	<u>4,800,488</u>	<u>7,785,046</u>
Net (decrease) increase in fiduciary net position	(35,750)	(19,773)	61,469	82,468	584,813	673,227
Net fiduciary net position restricted for the benefit of others:						
Total Net Position (deficit) at June 30, 2020, as restated	<u>439,484</u>	<u>42,548</u>	<u>78,295</u>	<u>21,856</u>	<u>984,585</u>	<u>1,566,768</u>
Total Fiduciary Net Position at June 30, 2021	<u>\$ 403,734</u>	<u>\$ 22,775</u>	<u>\$ 139,764</u>	<u>\$ 104,324</u>	<u>\$ 1,569,398</u>	<u>\$ 2,239,995</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

CUSTODIAL FUND

Financial Statements

School Activity Fund - To account for the receipt of funds received from various School activities.

**HENRICO COUNTY, VIRGINIA
COMBINING BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD
JUNE 30, 2021**

Schedule 8

	Governmental Funds			Totals
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Assets:				
Cash and cash equivalents	\$ 27,667,159	\$ 2,874,702	\$ 34,896,567	\$ 65,438,428
Inventories	-	266,818	-	266,818
Receivables, net	-	17,948	-	17,948
Due from other governmental units	5,403,992	21,118,544	-	26,522,536
Total Assets	<u>\$ 33,071,151</u>	<u>\$ 24,278,012</u>	<u>\$ 34,896,567</u>	<u>\$ 92,245,730</u>
Liabilities:				
Accounts payable	\$ 1,622,493	\$ 632,166	\$ 36,385	\$ 2,291,044
Accrued liabilities	388,502	225,404	-	613,906
Amounts held for others	83,866	-	-	83,866
Unearned revenues	1,066,096	20,117,163	-	21,183,259
Total liabilities	<u>3,160,957</u>	<u>20,974,733</u>	<u>36,385</u>	<u>24,172,075</u>
Fund balances:				
Restricted	-	3,303,279	-	3,303,279
Committed	-	-	34,860,182	34,860,182
Assigned	27,697,060	-	-	27,697,060
Unassigned	2,213,134	-	-	2,213,134
Total fund balances	<u>29,910,194</u>	<u>3,303,279</u>	<u>34,860,182</u>	<u>68,073,655</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 33,071,151</u>	<u>\$ 24,278,012</u>	<u>\$ 34,896,567</u>	<u>\$ 92,245,730</u>

Adjustments for the Statement of Net Position:

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	\$ (4,158,285)
Capital assets used in School Board activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	292,213,401
Deferred outflows - contributions after measurement date are not current financial resources and, therefore, are not reported as assets in the governmental funds.	57,733,167
Deferred outflows - differences between projected and actual earnings are not current financial resources and, therefore, are not reported as assets in the governmental funds.	42,264,114
Deferred outflows - changes of assumptions are not current financial resources and, therefore, are not reported as assets in the governmental funds.	36,807,893
Deferred outflows - differences between expected and actual experience are not current financial resources and, therefore, are not reported as assets in the governmental funds.	3,190,671
Pension liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(520,851,160)
OPEB liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(76,925,442)
Deferred outflows - change in proportionate share allocation	4,393,289
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.	(35,027,224)
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.	(1,960,993)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	<u>(24,601,610)</u>
Net Position of Discretely Presented Component Unit - School Board	<u>\$ (158,848,524)</u>

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, 2021**

Schedule 9

	Governmental Funds			Total
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
Revenues:				
Permits, privilege fees and regulatory licenses	\$ 6,669	\$ -	\$ -	\$ 6,669
Charges for services	31,760	125,736	-	157,496
Miscellaneous	3,004,947	591,276	11,200	3,607,423
Recovered costs	134,667	-	-	134,667
Intergovernmental:				
Federal	-	73,225,678	-	73,225,678
State	299,907,165	15,943,426	-	315,850,591
Total revenues	<u>303,085,208</u>	<u>89,886,116</u>	<u>11,200</u>	<u>392,982,524</u>
Expenditures:				
Education	482,197,637	102,266,998	-	584,464,635
Capital projects	-	-	7,583,801	7,583,801
Debt service:				
Principal retirement	9,710,710	-	-	9,710,710
Interest	449,038	-	-	449,038
Total expenditures	<u>492,357,385</u>	<u>102,266,998</u>	<u>7,583,801</u>	<u>602,208,184</u>
Deficiency of revenues under expenditures	<u>(189,272,177)</u>	<u>(12,380,882)</u>	<u>(7,572,601)</u>	<u>(209,225,660)</u>
Other Financing Sources (Uses):				
Capital lease obligations incurred	6,057	-	-	6,057
Payment from Primary Government	202,958,625	4,882,507	-	207,841,132
Total other financing sources, net	<u>202,964,682</u>	<u>4,882,507</u>	<u>-</u>	<u>207,847,189</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	13,692,505	(7,498,375)	(7,572,601)	(1,378,471)
Total Fund Balances - June 30, 2020, restated	<u>16,217,689</u>	<u>10,801,654</u>	<u>42,432,783</u>	<u>69,452,126</u>
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>

Adjustments for the Statement of Activities:

Excess of revenues and other sources over expenditures and other uses	\$ (1,378,471)
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	9,710,710
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(23,577,209)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	9,032,488
Capital lease proceeds are recorded as other financing source in governmental funds, but are not reported as revenues in the Statement of Activities.	(6,057)
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.	(70,236)
Pension/OPEB expense is recorded as an expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(2,595,026)
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>(4,513,575)</u>
Change in Net Position of Discretely Presented Component Unit - School Board	<u>\$ (13,397,376)</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, 2021

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	\$ 6,669	\$ (93,331)
Facilities rental	300,000	300,000	-	(300,000)
Total permits, privilege fees and regulatory licenses	<u>400,000</u>	<u>400,000</u>	<u>6,669</u>	<u>(393,331)</u>
Charges for services:				
School fees and tuitions	15,000	15,000	31,760	16,760
Total charges for services	<u>15,000</u>	<u>15,000</u>	<u>31,760</u>	<u>16,760</u>
Recovered cost:				
Sale of vehicles, textbooks and equipment	100,000	100,000	92,775	(7,225)
Recovered cost - student activities	236,000	236,000	41,892	(194,108)
Total recovered cost	<u>336,000</u>	<u>336,000</u>	<u>134,667</u>	<u>(201,333)</u>
Miscellaneous revenues	<u>3,004,947</u>	<u>3,004,947</u>	<u>3,004,947</u>	<u>-</u>
Total revenue from local sources	<u>3,755,947</u>	<u>3,419,947</u>	<u>3,178,043</u>	<u>(241,904)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,420,000	1,420,000	1,449,405	29,405
English as a second language	2,250,000	2,250,000	2,614,239	364,239
General appropriation - basic aid	136,594,941	136,594,941	147,515,821	10,920,880
Foster child reimbursement	300,000	300,000	279,950	(20,050)
Textbooks	2,925,000	2,925,000	2,995,531	70,531
Social security reimbursement	8,125,000	8,125,000	8,306,208	181,208
Retirement reimbursement	17,925,000	17,925,000	19,371,861	1,446,861
Life insurance reimbursement	550,000	550,000	585,337	35,337
Remedial education	4,325,000	4,325,000	4,710,568	385,568
Share of State sales tax - schools	48,000,000	48,000,000	66,106,822	18,106,822
SOQ - basic special education	16,000,000	16,000,000	17,643,724	1,643,724
Special education - homebound	190,000	190,000	115,852	(74,148)
Vocational education - local administrative and supervisory	725,000	725,000	796,606	71,606
Vocational education - SOQ occupational	2,000,000	2,000,000	2,006,869	6,869
Handicapped - foster home	400,000	400,000	482,270	82,270
Salary incentive K-3	5,600,000	5,600,000	6,073,594	473,594
R.O.T.C.	360,000	360,000	408,059	48,059
At risk	3,475,000	3,475,000	6,796,927	3,321,927
Other categorical aid	125,000	125,000	13,344	(111,656)
State lottery proceeds	10,500,000	10,500,000	11,623,630	1,123,630
Total categorical aid	<u>261,789,941</u>	<u>261,789,941</u>	<u>299,896,617</u>	<u>38,106,676</u>
Non-categorical aid:				
Miscellaneous	<u>-</u>	<u>-</u>	<u>10,548</u>	<u>10,548</u>
Total revenue from the Commonwealth	<u>261,789,941</u>	<u>261,789,941</u>	<u>299,907,165</u>	<u>38,117,224</u>
Total Component Unit - General Fund	<u>\$ 265,545,888</u>	<u>\$ 265,209,888</u>	<u>\$ 303,085,208</u>	<u>\$ 37,875,320</u>

HENRICO COUNTY, VIRGINIA
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
COMPONENT UNIT - SCHOOL BOARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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	\$ 7,479,684	\$ 7,479,684	\$ 22,460	\$ (7,457,224)
School fees and tuitions	-	-	103,276	103,276
Total charges for services	<u>7,479,684</u>	<u>7,479,684</u>	<u>125,736</u>	<u>(7,353,948)</u>
Miscellaneous:				
Miscellaneous	478,905	478,905	100,093	(378,812)
Recoveries and rebates	7,073,019	7,073,019	491,183	(6,581,836)
Total miscellaneous	<u>7,551,924</u>	<u>7,551,924</u>	<u>591,276</u>	<u>(6,960,648)</u>
Total revenue from local sources	<u>15,031,608</u>	<u>15,031,608</u>	<u>717,012</u>	<u>(14,314,596)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,612,919	1,612,919	1,460,776	(152,143)
Technology	1,826,000	1,826,000	2,628,827	802,827
Summer school	2,045,839	2,045,839	246,615	(1,799,224)
General adult education	104,802	104,802	808,354	703,552
Other state educational grants	17,478,875	17,478,875	10,798,854	(6,680,021)
Total revenue from the Commonwealth	<u>23,068,435</u>	<u>23,068,435</u>	<u>15,943,426</u>	<u>(7,125,009)</u>
Revenue from the Federal Government:				
Title I	11,082,983	11,082,983	11,718,506	635,523
Title VI-B	10,870,151	10,870,151	9,726,221	(1,143,930)
Vocational federal act	-	-	471,955	471,955
Head start	1,396,964	1,396,964	1,782,668	385,704
Pre-school	333,444	333,444	159,863	(173,581)
School lunch program	14,864,000	14,864,000	9,649,241	(5,214,759)
School breakfast program	50,000	50,000	4,909,183	4,859,183
Other Federal educational grants	4,723,243	19,823,243	34,808,041	14,984,798
Total revenue from the Federal government	<u>43,320,785</u>	<u>58,420,785</u>	<u>73,225,678</u>	<u>14,804,893</u>
Total intergovernmental	<u>66,389,220</u>	<u>81,489,220</u>	<u>89,169,104</u>	<u>7,679,884</u>
Total Component Unit - Special Revenue Fund	<u>\$ 81,420,828</u>	<u>\$ 96,520,828</u>	<u>\$ 89,886,116</u>	<u>\$ (6,634,712)</u>
Grand Total Revenues - Component Unit - School Board	<u>\$ 346,966,716</u>	<u>\$ 361,730,716</u>	<u>\$ 392,971,324</u>	<u>\$ 31,240,608</u>

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, 2021

Schedule 11

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
Component Unit - School Board:				
General Fund:				
Education:				
Administration of schools:				
Administration	\$ 59,817,288	\$ 75,614,090	\$ 55,387,288	\$ 20,226,802
Instructional	367,500,564	362,650,910	367,464,217	(4,813,307)
Transportation	27,292,813	27,288,581	23,407,252	3,881,329
Operation and maintenance	48,146,349	47,521,703	35,938,879	11,582,824
Total administration of schools	<u>502,757,014</u>	<u>513,075,284</u>	<u>482,197,637</u>	<u>30,877,647</u>
Debt Service:				
Principal retirement	9,710,710	9,710,710	9,710,710	-
Interest	449,038	449,038	449,038	-
Total debt service	<u>10,159,748</u>	<u>10,159,748</u>	<u>10,159,748</u>	<u>-</u>
Total education	<u>512,916,762</u>	<u>523,235,032</u>	<u>492,357,385</u>	<u>30,877,647</u>
Total Component Unit - General Fund	<u>\$ 512,916,762</u>	<u>\$ 523,235,032</u>	<u>\$ 492,357,385</u>	<u>\$ 30,877,647</u>
Special Revenue Fund:				
Education:				
Instruction	\$ 50,440,269	\$ 124,105,769	\$ 63,589,890	\$ 60,515,879
Other educational programs	7,085,130	20,932,932	3,265,854	17,667,078
Transportation	-	7,512,275	119,540	7,392,735
Operation and maintenance	10,339,567	25,952,729	20,100,800	5,851,929
Total education	<u>67,864,966</u>	<u>178,503,705</u>	<u>87,076,084</u>	<u>91,427,621</u>
School food service	23,869,429	25,790,859	15,190,914	10,599,945
Total Component Unit - Special Revenue Fund	<u>\$ 91,734,395</u>	<u>\$ 204,294,564</u>	<u>\$ 102,266,998</u>	<u>\$ 102,027,566</u>
Grand Total Expenditures - Component Unit - School Board	<u>\$ 604,651,157</u>	<u>\$ 727,529,595</u>	<u>\$ 594,624,383</u>	<u>\$ 132,905,212</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

	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 1,009,019	\$ 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
Restricted For:										
Highways, Streets and Buildings	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048	76,830	107,047
Debt Service	37,787	34,667	35,187	35,729	35,283	33,318	38,889	42,912	771	320
Grants	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044	50,673	61,632
Unrestricted	129,229	107,902	125,687	(75,487)	(99,933)	(76,034)	(78,587)	(66,470)	23,622	116,735
Total Governmental Activities Net Position	\$ 1,297,501	\$ 1,308,669	\$ 1,333,340	\$ 1,156,141	\$ 1,154,306	\$ 1,239,263	\$ 1,248,609	\$ 1,353,908	\$ 1,397,148	\$ 1,570,692
Business-type Activities:										
Net Investment in Capital Assets	\$ 946,577	\$ 969,304	\$ 1,015,261	\$ 1,006,550	\$ 1,045,556	\$ 1,049,633	\$ 1,040,062	\$ 1,059,884	\$ 1,026,920	\$ 1,030,014
Debt Service	16,516	15,070	17,005	17,002	21,532	21,532	27,247	30,421	30,376	30,353
Unrestricted	64,471	63,384	31,682	47,360	27,843	58,476	89,177	94,644	167,398	209,377
Total Business-type Activities Net Position	\$ 1,027,564	\$ 1,047,758	\$ 1,063,948	\$ 1,070,912	\$ 1,094,931	\$ 1,129,641	\$ 1,156,486	\$ 1,184,949	\$ 1,224,694	\$ 1,269,744
Primary Government:										
Net Investment in Capital Assets	\$ 1,955,596	\$ 1,998,567	\$ 2,065,180	\$ 2,089,383	\$ 2,139,042	\$ 2,152,048	\$ 2,208,923	\$ 2,268,258	\$ 2,272,173	\$ 2,314,972
Restricted For:										
Highways, Streets, and Buildings	80,728	93,239	75,283	65,924	74,460	128,255	75,065	120,048	76,830	107,047
Debt Service	54,303	49,737	52,192	52,731	56,815	54,850	66,136	73,333	31,147	30,673
Grants	40,738	43,598	47,264	47,142	51,010	51,309	44,380	49,044	50,673	61,632
Unrestricted	193,700	171,286	157,369	(28,127)	(72,091)	(17,558)	10,590	28,174	191,020	326,112
Total Primary Government Net Position	\$ 2,325,065	\$ 2,356,427	\$ 2,397,288	\$ 2,227,053	\$ 2,249,236	\$ 2,368,904	\$ 2,405,094	\$ 2,538,857	\$ 2,621,842	\$ 2,840,436

Note: Table may not foot due to rounding

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 1

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.
- (3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

See accompanying independent auditors' report.

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

Table II

	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020	2021
Expenses										
Governmental Activities:										
General Government	\$ 96,745	\$ 96,108	\$ 86,769	\$ 101,642	\$ 129,491	\$ 97,783	\$ 91,002	\$ 94,497	\$ 157,135	\$ 137,237
Judicial Administration	11,158	10,908	10,916	11,215	11,298	11,889	12,267	12,845	13,143	13,671
Public Safety	172,498	173,219	179,030	181,590	186,839	198,047	198,269	205,319	212,937	218,442
Public Works	75,272	70,303	77,624	82,583	80,918	89,386	87,221	91,603	87,460	78,804
Health and Welfare	60,572	57,700	58,681	61,796	66,956	70,840	74,941	79,862	82,090	68,770
Education	205,558	188,025	200,483	217,148	251,840	249,223	235,170	239,957	269,087	215,144
Parks, Recreation and Culture	34,987	34,781	34,159	35,058	37,434	40,309	42,123	43,429	45,451	44,371
Community Development	27,903	28,869	27,681	31,813	29,868	28,640	30,396	28,681	28,518	24,735
Interest on Long-term Debt	19,177	21,289	15,854	17,195	11,941	12,302	12,069	13,623	12,496	15,075
Total Governmental Activities Expenses	703,870	681,202	691,197	740,040	806,585	798,419	783,458	809,815	908,317	816,249
Business-type Activities:										
Water and Sewer	90,830	89,813	96,918	102,977	107,950	105,919	108,696	112,548	113,127	115,833
Belmont Park Golf Course	1,241	1,166	1,150	965	1,082	1,001	926	896	552	-
Total Business-type Activities Expenses	92,071	90,979	98,068	103,942	109,032	106,920	109,622	113,444	113,678	115,833
Total Primary Government Expenses	\$ 795,941	\$ 772,181	\$ 789,265	\$ 843,982	\$ 915,617	\$ 905,339	\$ 893,080	\$ 923,259	\$ 1,021,995	\$ 932,082
Program Revenues										
Governmental Activities:										
Charges for services:										
General Government	\$ 12,212	\$ 11,094	\$ 11,118	\$ 13,164	\$ 11,969	\$ 13,659	\$ 16,613	\$ 14,225	\$ 16,202	\$ 15,703
Judicial Administration	90	106	124	185	957	982	972	1,015	955	913
Public Safety	3,190	3,464	2,951	3,197	2,878	5,029	3,142	3,791	3,434	4,980
Public Works	13,667	15,077	14,851	3,392	3,464	3,085	2,572	2,693	2,487	1,836
Health and Welfare	10,225	10,234	11,255	10,764	11,317	11,096	11,223	12,231	11,741	11,311
Education	-	-	-	-	-	-	-	-	-	-
Parks, Recreation and Culture	1,497	1,494	1,446	1,360	1,250	1,249	1,208	1,237	761	382
Community Development	5,749	6,328	6,479	7,561	7,843	8,615	9,853	9,872	8,945	6,747
Operating grants and contributions	-	109,426	117,403	137,434	152,903	155,163	148,000	157,835	178,550	185,025
Total Governmental Activities Revenues	46,630	157,223	165,627	177,057	192,581	198,878	193,583	202,899	223,076	226,898
Business-type Activities:										
Water and Sewer	104,221	108,790	108,725	121,201	128,219	133,724	134,199	123,057	131,878	133,294
Belmont Park Golf Course	979	844	797	853	823	694	697	782	459	-
Total Business-type Activities Revenues	105,200	109,634	109,522	122,054	129,042	134,418	134,896	123,839	132,336	133,294
Total Primary Government Revenues	\$ 151,830	\$ 266,857	\$ 275,149	\$ 299,111	\$ 321,623	\$ 333,296	\$ 328,479	\$ 326,738	\$ 355,412	\$ 360,192

Note: Table may not foot due to rounding

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

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.
- (3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

See accompanying independent auditors' report.

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

Table II (Cont'd)

	2012	2013 (1)	2014	2015 (2)	2016	2017	2018 (3)	2019	2020	2021
Net (Expense) Revenue										
Governmental Activities										
General Government	\$ (83,065)	\$ (86,689)	\$ (74,645)	\$ (86,565)	\$ (115,290)	\$ (82,401)	\$ (71,887)	\$ (76,100)	\$ (139,463)	\$ (120,048)
Judicial Administrator	(5,869)	(5,498)	(5,505)	(5,454)	(4,694)	(4,906)	(5,297)	(5,776)	(6,271)	(7,770)
Public Safety	(139,818)	(142,236)	(146,844)	(150,739)	(155,208)	(163,389)	(166,276)	(172,147)	(164,262)	(159,316)
Public Works	(20,548)	(13,665)	(15,234)	(14,734)	(3,916)	(12,399)	(20,316)	(22,168)	(11,734)	(7,495)
Health and Welfare	(21,047)	(21,664)	(20,749)	(16,612)	(21,119)	(24,174)	(25,558)	(26,640)	(25,637)	(11,145)
Education	(205,558)	(188,025)	(200,483)	(217,148)	(251,840)	(249,223)	(235,170)	(239,957)	(269,087)	(215,144)
Parks, Recreation and Culture	(33,296)	(33,103)	(32,502)	(33,359)	(35,984)	(38,845)	(40,701)	(39,077)	(43,503)	(43,757)
Community Development	(15,847)	(14,613)	(13,754)	(21,178)	(14,010)	(11,901)	(12,600)	(11,427)	(12,788)	(9,600)
Interest on Long-term Debt	(19,177)	(21,289)	(15,854)	(17,195)	(11,941)	(12,302)	(12,069)	(13,623)	(12,496)	(15,075)
Total Governmental Activities Net Expense	(544,225)	(526,782)	(525,570)	(562,984)	(614,002)	(599,540)	(589,874)	(606,916)	(685,241)	(589,351)
Business-type Activities										
Water and Sewer	13,392	17,885	11,806	18,224	20,270	27,805	25,503	10,509	18,751	17,462
Belmont Park Golf Course	(262)	(323)	(353)	(112)	(259)	(307)	(229)	(114)	(93)	-
Total Business-type Activities Net Revenue	13,130	17,562	11,453	18,112	20,011	27,498	25,274	10,395	18,658	17,462
Total Primary Government Net Expense	\$ (531,095)	\$ (509,220)	\$ (514,117)	\$ (544,872)	\$ (593,991)	\$ (572,042)	\$ (564,600)	\$ (596,521)	\$ (666,583)	\$ (571,890)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Taxes										
Property	\$ 355,138	\$ 355,171	\$ 367,971	\$ 377,406	\$ 387,744	\$ 403,164	\$ 420,886	\$ 446,944	\$ 468,650	\$ 489,264
Local Sales and Use	55,913	55,852	55,825	58,095	62,286	64,666	68,256	68,775	69,908	75,613
Business License	28,487	29,641	29,828	32,086	33,521	35,432	35,618	38,308	39,627	38,591
Hotel and Motel	10,627	10,851	11,008	12,193	13,169	13,448	13,898	14,045	11,275	8,890
Bank Franchise	17,440	11,740	9,138	11,482	12,133	17,318	17,775	18,241	16,508	18,148
Other	18,075	20,158	21,250	46,344	48,614	49,828	52,026	50,229	51,465	51,465
Interest and Investment Earnings	2,225	1,519	1,946	2,271	2,945	2,045	5,305	18,052	15,303	2,127
Grants and Contributions	54,053	51,426	51,143	50,727	50,633	55,243	50,576	50,983	51,918	77,944
Miscellaneous/Donated Assets	908	1,592	2,131	2,591	1,121	4,976	1,685	4,840	5,063	1,148
Total Governmental Activities	542,866	537,950	550,240	593,195	612,166	646,120	664,947	712,215	728,481	763,190
Business-type Activities										
Interest and Investment Earnings	1,051	1,024	2,075	799	1,020	975	1,122	1,037	3,684	339
Grants and Contributions	492	436	1,611	1,608	1,650	1,608	1,609	15,336	16,548	24,961
Miscellaneous/Donated Asset	(1,026)	1,172	1,051	1,214	1,340	1,923	1,712	1,695	855	1,184
Total Business-type Activities	517	2,632	4,737	3,621	4,010	4,506	4,443	18,069	21,087	26,484
Total Primary Government	\$ 543,383	\$ 540,582	\$ 554,977	\$ 596,816	\$ 616,176	\$ 650,626	\$ 669,390	\$ 730,283	\$ 749,568	\$ 789,675
Change in Net Position										
Governmental Activities:	\$ (1,359)	\$ 11,168	\$ 24,670	\$ 30,211	\$ (1,836)	\$ 46,580	\$ 75,073	\$ 105,299	\$ 43,240	\$ 173,839
Business-type Activities:	13,647	20,194	16,190	21,733	24,021	32,004	29,717	28,464	39,745	43,946
Total Primary Government Net Position	\$ 12,288	\$ 31,362	\$ 40,860	\$ 51,944	\$ 22,185	\$ 78,584	\$ 104,790	\$ 133,763	\$ 82,985	\$ 217,785

Note: Table may not foot due to rounding

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

- (1) As restated for the adoption of GASB Statement No. 65 retrospectively in fiscal year 2014. For purposes of the Statistical Section, fiscal years prior to the year ended June 30, 2013 have not been restated for the effects of GASB Statement No. 65.
- (2) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.
- (3) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ -
Restricted	4,532	5,026	6,812	7,321	5,277	6,886	3,966	1,692	3,308	7,192
Committed	10,000	2,920	18,842	28,204	33,206	35,454	65,937	56,630	8,579	28,201
Assigned	89,409	72,184	61,822	61,511	62,420	77,076	69,467	75,745	115,498	213,844
Unassigned	109,597	114,170	115,034	117,489	119,346	123,934	127,744	133,163	138,252	134,164
Total General Fund	213,651	194,413	202,623	214,638	220,362	243,463	267,227	267,342	265,750	383,401
All Other Governmental Funds:										
Restricted	28,532	28,448	30,253	28,973	29,018	26,844	20,853	25,137	28,482	43,441
Committed	212,618	191,275	148,380	119,743	140,570	242,931	211,810	280,751	355,128	338,363
Assigned	14,964	15,907	17,768	19,298	23,139	24,668	24,705	24,150	22,961	18,511
Total All Other Governmental Funds	256,114	235,630	196,401	168,014	192,727	294,443	257,368	330,037	406,572	400,315
Total Fund Balances	\$ 469,765	\$ 430,043	\$ 399,024	\$ 382,652	\$ 413,089	\$ 537,906	\$ 524,595	\$ 597,380	\$ 672,322	\$ 783,717

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

Source: County of Henrico, Virginia Comprehensive Annual Financial Reports Exhibit 3

See accompanying independent auditors' report.

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

Table IV

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
General Property Taxes	\$ 351,142	\$ 352,275	\$ 367,120	\$ 375,685	\$ 387,388	\$ 402,026	\$ 420,786	\$ 447,469	\$ 466,198	\$ 487,532
Other Local Taxes	129,354	125,872	125,113	158,824	165,920	176,154	182,032	186,844	183,291	188,049
Licenses and Permits	3,486	3,177	3,732	6,052	4,744	5,385	9,811	7,368	8,221	8,611
Fines and Forfeitures	2,958	3,415	2,649	2,523	1,945	2,110	2,161	2,147	1,885	1,679
Use of Money and Property	3,117	2,746	3,335	3,534	4,194	3,295	6,286	19,023	15,739	3,523
Charges for Services	26,279	27,446	28,783	28,383	29,317	31,325	29,196	30,451	29,885	27,581
Miscellaneous	6,861	8,639	8,807	9,360	10,681	12,628	12,306	16,549	13,617	6,753
Recovered Costs	6,908	6,231	5,635	5,821	5,599	7,617	6,313	6,090	7,444	8,228
Intergovernmental Revenue	160,862	155,590	167,242	172,485	180,066	188,030	184,786	189,626	209,132	247,742
Total Government Revenues	690,967	685,391	712,416	762,667	789,854	828,570	853,677	906,146	935,412	979,699
Expenditures:										
General Government	67,384	70,513	69,093	71,123	71,692	82,816	77,501	76,033	76,231	77,318
Judicial Administration	11,055	10,811	10,918	11,125	11,212	11,801	12,182	12,755	13,255	13,701
Public Safety	168,379	170,502	170,382	175,250	178,206	187,857	192,828	201,996	211,279	216,505
Public Works	54,071	51,344	59,730	63,621	61,463	66,543	69,029	70,318	70,176	61,188
Health and Welfare	60,342	57,369	58,616	61,614	66,583	70,532	74,643	79,599	82,336	68,710
Parks, Recreation and Culture	30,826	30,508	30,024	30,520	32,431	35,962	36,546	37,094	37,788	36,149
Community Development	27,711	28,687	27,548	31,497	29,648	28,412	30,185	28,517	28,406	24,560
Education	195,626	177,967	188,849	205,157	211,399	223,786	223,845	228,648	266,525	207,841
Miscellaneous	17,821	14,964	15,494	16,987	18,373	8,146	20,141	24,991	22,691	25,225
Debt Service - Principal	32,542	38,869	37,999	38,670	38,935	41,963	40,305	44,493	49,642	48,202
Debt Service - Interest	22,610	22,162	21,168	19,077	17,488	16,765	17,167	19,728	21,143	24,472
Capital Outlay	80,574	51,801	53,716	54,864	56,145	45,478	75,029	117,730	165,577	184,370
Total Government Expenditures	768,941	725,497	743,537	779,505	793,575	820,061	869,401	941,902	1,045,049	988,243
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(77,974)	(40,106)	(31,121)	(16,838)	(3,721)	8,509	(15,724)	(35,755)	(109,636)	(8,544)
Other Financing Sources (Uses):										
Transfers-in	84,029	109,077	87,589	107,121	123,971	109,542	123,601	161,744	146,589	113,816
Transfers-out	(84,029)	(109,077)	(87,589)	(107,121)	(123,971)	(109,542)	(123,601)	(161,744)	(146,589)	(113,816)
Issuance of Bonds	66,075	37,500	-	50,485	-	156,010	-	99,395	195,690	135,085
Issuance of Bond Premiums	7,885	7,566	-	9,645	-	20,766	-	9,065	22,558	17,903
Loan Financing	-	-	-	-	34,000	-	-	-	-	-
Capital Lease Obligations Incurred	1,222	126	101	95	158	913	2,415	80	535	322
Payments to Escrow Agent	-	(44,809)	-	(59,758)	-	(61,386)	-	-	(34,204)	(32,414)
Total Other Financing Sources, Net	75,182	383	101	467	34,158	116,303	2,415	108,540	184,579	120,896
Net Change in Fund Balances	\$ (2,792)	\$ (39,723)	\$ (31,020)	\$ (16,371)	\$ 30,437	\$ 124,812	\$ (13,309)	\$ 72,785	\$ 74,943	\$ 112,352
Debt service as a percentage of noncapital expenditures	8.17%	9.26%	8.64%	8.07%	7.37%	7.54%	7.36%	7.86%	7.84%	9.13%

Note: Table may not foot due to rounding

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

See accompanying independent auditors' report.

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

Table V

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

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
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
2012	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 2021			Calendar Year 2020			Calendar Year 2012		
		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	\$ 952,254,226	1	1.88%	\$ 576,373,062	2	1.19%	\$ -	N/A	-
Virginia Power Company	Utility	789,838,041	2	1.56%	797,899,180	1	1.65%	480,779,926	1	1.37%
Short Pump Town Centers LLC (Queensland) (1)	Retail and Offices	382,464,000	3	0.75%	448,089,400	4	0.92%	-	N/A	-
Verizon	Utility	181,869,462	4	0.36%	196,886,915	10	0.41%	275,747,131	3	0.79%
Highwoods Properties	Offices and Warehouses	169,721,700	5	0.33%	250,289,100	6	0.52%	239,462,800	4	0.68%
Liberty Property, LP	Offices and Warehouses	149,277,100	6	0.29%	-	N/A	-	-	N/A	-
HCA Health Services of VA	Hospital	137,628,926	7	0.27%	205,171,557	7	0.42%	169,321,052	7	0.48%
PFI VPN Portfolio	Offices	127,764,500	8	0.25%	-	N/A	-	-	N/A	-
Bank of America	Data Center & Bank	113,217,000	9	0.22%	-	N/A	-	-	N/A	-
IBM Credit LLC	Personal Property Leasing	108,139,417	10	0.21%	-	N/A	-	-	N/A	-
General Services Corporation	Apartments	-	N/A	-	454,716,500	3	0.94%	225,270,600	5	0.64%
Weinstein Family	Apartments	-	N/A	-	294,305,400	5	0.61%	159,713,700	8	0.46%
The Wilton Companies	Offices, Retail and Warehouses	-	N/A	-	199,008,100	8	0.41%	217,046,500	6	0.62%
Gumenick	Apartments and Retail	-	N/A	-	198,151,100	9	0.41%	-	N/A	-
United Dominion Realty Trust	Apartments	-	N/A	-	-	N/A	-	120,251,000	9	0.34%
Totals		<u>\$ 3,112,174,372</u>		<u>6.14%</u>	<u>\$ 3,620,890,314</u>		<u>7.47%</u>	<u>\$ 1,887,592,709</u>		<u>5.38%</u>
Total Assessed Values		<u>\$ 50,678,863,331</u>			<u>\$ 48,446,132,862</u>			<u>\$ 35,083,231,701</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
2012	\$ 347,803,213	\$ 341,709,567	98.2%	\$ 5,359,194	\$ 347,068,761	99.8%
2013	357,613,295	351,926,258	98.4%	5,368,128	357,294,386	99.9%
2014	361,689,033	358,676,284	99.2%	2,067,461	360,743,745	99.7%
2015	373,457,423	357,897,136	95.8%	14,263,496	372,160,632	99.7%
2016	376,051,530	370,592,134	98.5%	5,220,897	375,813,031	99.9%
2017	389,341,072	384,815,669	98.8%	4,288,915	389,104,584	99.9%
2018	409,079,914	404,970,529	99.0%	3,002,249	407,972,778	99.7%
2019	433,549,534	429,914,099	99.2%	1,516,567	431,430,666	99.5%
2020	455,725,784	433,994,901	95.2%	19,385,830	453,380,731	99.5%
2021	479,221,598	463,357,848	96.7%	N/A	(1) 463,357,848	96.7%

Notes:

(1) Fiscal year 2021 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 Debt	Percentage of Personal Income (3)	Estimated Actual Value of Taxable Property	Per Capita Debt	Capital Leases	School Board	JRJDC		
	Obligation Bonds (2)	Designated for Principal Payments						Capital Leases	Facility Bond	Capital Leases	
2012	\$ 533,781,559	\$ 2,757,410	\$ 531,024,149	3.2%	1.5%	\$ 1,684.95	\$ 35,011,636	\$ 11,606,052	\$ 2,425,000	\$ 3,906	
2013	498,120,008	757,411	497,362,597	2.9%	1.4%	1,563.26	31,648,127	7,246,929	1,860,000	1,397	
2014	459,391,297	757,411	458,633,886	2.5%	1.3%	1,427.10	27,654,285	42,682,213	1,270,000	-	
2015	424,098,966	1,129,065	422,969,901	2.2%	1.1%	1,300.31	23,515,198	31,573,304	650,000	8,244	
2016	384,048,359	1,148,179	382,900,180	1.9%	1.0%	1,163.03	53,336,713	25,965,793	-	6,508	
2017	461,714,254	202,833	461,511,421	2.2%	1.1%	1,388.56	46,420,396	26,086,650	-	4,333	
2018	421,919,118	1,178,658	420,740,460	1.9%	1.0%	1,254.88	41,643,906	14,835,498	-	1,610	
2019	485,511,538	242,103	485,269,435	2.1%	1.1%	1,430.67	34,939,140	26,976,897	-	-	
2020	558,035,689	770,870	557,264,819	2.4%	1.2%	1,623.46	88,116,739	16,651,291	-	-	
2021	632,990,481	319,820	632,670,661	2.6%	1.2%	1,892.02	61,844,395	6,946,638	-	10,411	

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 Obligation Bonds (2)	Capital Leases	Water & Sewer Revenue Bonds (2)	Capital Leases				
2012	\$ 533,781,559	\$ 35,011,636	\$ 172,866,644	\$ 20,562	\$ 741,680,401	4.4%	2.1%	\$ 2,353.37
2013	498,120,008	31,648,127	164,219,306	21,719	694,009,160	4.0%	2.0%	2,181.33
2014	459,391,297	27,654,285	239,236,344	28,148	726,310,074	3.9%	2.0%	2,260.02
2015	424,098,966	23,515,198	231,360,899	35,173	679,010,236	3.5%	1.8%	2,087.44
2016	384,048,359	53,336,713	321,833,554	20,769	759,239,395	3.8%	1.9%	2,306.13
2017	461,714,254	46,420,396	310,040,991	25,885	818,201,526	3.9%	2.0%	2,461.73
2018	421,919,118	41,643,906	404,656,626	13,303	868,232,953	4.0%	2.0%	2,589.55
2019	485,511,538	34,939,140	463,978,992	15,285	984,444,955	4.3%	2.1%	2,902.33
2020	558,035,689	88,116,739	448,256,027	13,155	1,094,421,610	4.6%	2.3%	3,188.34
2021	632,990,481	61,844,395	474,903,035	15,140	1,169,753,051	4.7%	2.3%	3,498.18

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
PLEGDED 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
2012	\$ 91,838,857	\$ 55,519,463	\$ 36,319,394	\$ 8,070,000	\$ 8,582,853	\$ 16,652,853	2.18
2013	93,653,734	55,270,283	38,383,451	8,280,000	7,085,027	15,365,027	2.50
2014	97,868,671	61,678,495	36,190,176	8,025,000	7,044,891	15,069,891	2.40
2015	104,597,706	60,062,988	44,534,718	7,230,000	9,767,118	16,997,118	2.62
2016	107,480,177	66,069,889	41,410,288	7,705,000	9,300,077	17,005,077	2.44
2017	112,157,060	62,813,358	49,343,702	9,740,000	11,578,096	21,318,096	2.31
2018	115,946,048	64,393,573	51,552,475	9,460,000	12,069,272	21,529,272	2.39
2019	119,911,922	65,281,033	54,630,889	11,630,000	15,616,588	27,246,588	2.01
2020	127,586,484	67,089,381	60,497,103	13,385,000	17,035,992	30,420,992	1.99
2021	128,450,586	69,202,142	59,248,444	15,610,000	14,311,305	29,921,305	1.98

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)
2012	315,157	\$ 16,755,223	\$ 53,165	48,981	6.3%
2013	318,158	17,145,206	53,889	49,343	5.9%
2014	321,374	18,455,479	57,427	49,812	5.3%
2015	325,283	19,393,001	59,619	50,370	4.5%
2016	329,227	20,076,617	60,981	50,173	3.7%
2017	332,368	21,142,161	63,611	50,330	3.7%
2018	335,283	21,969,225	65,524	50,182	3.2%
2019	339,191	22,707,121	66,945	50,406	2.9%
2020	343,258	23,669,133 (5)	68,954	50,486	8.7%
2021	334,389 (6)	24,671,902 (5)	73,782	50,486 (7)	4.6%

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 6/30/2021)
- (5) Based on a trend average 2015 - 2019
- (6) 2020 Census data used instead of Henrico County 3-C report.
- (7) 2021 data not available due to Covid-19.

See accompanying independent auditors' report.

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

Table XII

Employer	2021 (1)			2020			2019			2018			2017		
	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	4.0%	5,000-9,999	1	3.7%	5,000-9,999	1	3.7%	5,000-9,999	1	3.6%	5,000-9,999	1	3.4%
County of Henrico	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%	1,000-4,999	2	2.0%
Bon Secours Richmond Health System (2)	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%	1,000-4,999	3	1.5%
Henrico Doctors' Hospital (HCA)	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%	1,000-4,999	5	1.5%
Capital One Bank	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%	1,000-4,999	6	1.5%
Anthem (Blue Cross & Blue Shield)	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%	1,000-4,999	4	1.5%
Walmart	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%	1,000-4,999	7	1.5%
United States Postal Service	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%	1,000-4,999	8	1.5%
Wells Fargo Bank NA	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%	1,000-4,999	9	1.5%
Bank of America	1,000-4,999	10	1.7%	500-999	11	0.4%	1,000-4,999	11	1.6%	500-999	12	0.4%	500-999	11	0.4%
Ppd Development	500-999	11	0.4%	500-999	12	0.4%	500-999	14	0.4%	500-999	20	0.4%	500-999	20	0.4%
Ensemble Rcm, LLC	500-999	12	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
Kroger	500-999	13	0.4%	500-999	13	0.4%	500-999	12	0.4%	500-999	11	0.4%	1,000-4,999	10	1.5%
Publix Nc Employee Services, LLC	500-999	14	0.4%	500-999	14	0.4%	500-999	19	0.4%	500-999	18	0.4%	-	N/A	-
Apex Systems, Inc.	500-999	15	0.4%	1,000-4,999	10	1.6%	1,000-4,999	10	1.6%	500-999	10	0.4%	500-999	12	0.4%
Abacus Corporation	500-999	16	0.4%	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-
GNA Corporation	500-999	17	0.4%	500-999	16	0.4%	500-999	13	0.4%	500-999	13	0.4%	500-999	13	0.4%
Markel Service, Inc	500-999	18	0.4%	500-999	17	0.4%	500-999	15	0.4%	500-999	15	0.4%	500-999	14	0.4%
Truist Financial (BB&T & SunTrust Banks)	500-999	19	0.4%	500-999	15	0.4%	500-999	17	0.4%	-	N/A	-	-	N/A	-
T Mobile USA, Inc.	500-999	20	0.4%	500-999	18	0.4%	500-999	16	0.4%	500-999	16	0.4%	500-999	17	0.4%
Virginia Department of Social Services	-	N/A	-	500-999	19	0.4%	500-999	18	0.4%	500-999	17	0.4%	500-999	16	0.4%
Access America	-	N/A	-	500-999	20	0.4%	500-999	20	0.4%	-	N/A	-	-	N/A	-
Patient First Corporation	-	N/A	-	-	N/A	-	-	N/A	-	500-999	14	0.4%	-	N/A	-
General Medical Corporation	-	N/A	-	-	N/A	-	-	N/A	-	500-999	19	0.4%	500-999	19	0.4%
Source4Teachers	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	15	0.4%
Dominion Resources	-	N/A	-	-	N/A	-	-	N/A	-	-	N/A	-	500-999	18	0.4%
Totals			23.8%			22.3%			23.5%			21.2%			20.8%
Total County Employment (3)	180,323			192,305			190,968			189,571			203,480		

Source: Virginia Employment Commission

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

(1) 2021 Data as of 1st Qtr 2021

(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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Agriculture & Home Extension	2	2	2	2	2	2	2	2	2	2
Belmont Golf Course	9	9	9	8	8	8	8	8	-	-
Board of Supervisors	5	5	4	4	4	4	4	4	4	4
Building Inspections	56	54	53	52	53	55	55	58	58	58
Central Automotive Maintenance	67	67	67	67	67	67	70	71	71	71
Circuit Court Services	8	8	8	8	8	8	8	10	48	50
Commonwealth's Attorney	56	56	56	56	56	56	57	57	62	61
Community Corrections	2	2	2	2	2	2	2	2	2	4
Community Revitalization	17	17	16	16	17	18	18	19	19	19
County Attorney	18	19	19	19	20	20	20	21	21	21
County Manager	13	13	13	13	14	13	13	12	12	12
Electoral Board	8	8	8	8	8	8	9	9	10	10
Emergency Management (3)	-	-	-	-	-	-	-	-	-	8
Finance	157	153	169	168	168	163	163	163	170	163
Fire	539	539	548	548	548	562	589	596	606	621
General Services	155	147	120	119	119	118	118	118	118	118
Human Resources	52	48	58	56	57	57	58	58	47	48
Hold Complement (2)	19	43	36	22	6	3	7	1	7	2
Information Technology	85	89	88	90	90	97	97	98	99	107
Internal Audit	4	4	4	4	4	4	4	4	6	6
Juvenile Detention & VJCCCA	33	33	33	33	33	33	33	34	34	34
Library	168	164	161	171	197	206	206	210	228	228
Mental Health	220	218	219	219	219	219	219	222	222	222
Permit Centers	17	17	16	16	16	16	16	16	16	16
Planning	46	43	44	44	45	45	45	45	45	45
Police	798	798	807	817	827	842	852	855	864	864
Public Relations & Media Services	19	19	19	19	19	19	19	20	20	20
Public Utilities	307	306	306	306	307	307	309	312	314	309
Public Works	254	254	254	257	259	259	262	263	269	269
Real Property	7	7	7	7	7	7	7	7	7	7
Recreation & Parks	178	177	173	172	170	170	177	177	186	183
Risk Management (4)	-	-	-	-	-	-	-	-	-	7
Sheriff	371	371	371	373	390	390	394	394	396	396
Social Services	168	168	168	172	177	185	192	201	213	213
Solid Waste	69	69	69	69	69	69	67	66	69	69
Sub-total General Government	3,927	3,927	3,927	3,937	3,986	4,032	4,100	4,133	4,245	4,267
Education	6,564	6,564	6,643	6,686	6,762	6,832	6,868	6,972	7,116	7,146
Total Government Employees	10,491	10,491	10,570	10,623	10,748	10,864	10,968	11,105	11,361	11,413

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 (306 as of February 1, 2021) 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.

See accompanying independent auditors' report.

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

Table XIV

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (1)
General Government										
Finance:										
Standard & Poor's G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	112,490	112,986	113,641	114,370	114,840	115,532	116,482	117,845	118,300	119,000
Vehicles Assessed	354,721	354,419	351,318	363,776	364,000	389,491	383,083	398,815	405,798	392,567
GFOA Award Budget - # of Years	23	24	25	26	27	28	29	30	31	32
GFOA Award CAFR - # of Years (2)	30	31	32	33	34	36	37	38	39	40
GFOA Award PAFR - # of Years (9)	-	-	-	-	-	-	-	-	1	2
General Services:										
Fleet Annual Miles Driven	24,553,438	24,588,773	23,708,593	25,119,814	24,262,178	25,273,320	17,956,232	24,805,401	22,527,054	21,750,000
Gallons of Fuel Consumed	2,940,537	2,909,914	2,809,075	2,901,549	2,974,784	3,045,532	2,982,165	3,029,706	2,612,758	2,600,000
Total Work Orders Completed	24,550	23,000	20,048	21,253	20,676	20,782	21,995	22,729	26,500	24,500
Information Technology (4)										
Support Desk - Tickets	-	-	-	4,589	5,035	7,419	8,859	10,402	10,823	13,729
Support Desk - Call Queue	-	-	-	-	-	-	6,322	6,127	5,286	6,227
Systems - Virtual Servers	-	-	-	273	310	375	354	348	331	486
Systems - Physical Servers	-	-	-	96	99	104	77	78	78	60
Systems - Onsite Storage in TB	-	-	-	224	310	451	318	322	550	1,182
Systems - Cloud Storage in TB	-	-	-	5	6	6	7	8	16	17
Judicial Administration										
Clerk of Circuit Court:										
Deed Book Entries	48,972	48,926	51,257	36,443	43,000	42,752	43,000	40,194	42,750	57,027
Civil Cases	3,113	3,135	3,237	3,475	4,000	4,659	4,100	5,493	2,467	2,350
Criminal Cases	5,616	5,833	5,375	5,073	5,650	6,650	5,600	5,554	5,551	4,652
General District Courts:										
New Criminal Cases Filed	13,057	13,267	13,158	14,289	14,574	15,573	15,402	16,962	16,851	15,670
New Civil Cases Filed	40,011	39,300	36,025	34,114	34,411	36,935	36,223	38,862	38,497	35,305
New Traffic Cases Filed	71,329	70,555	64,844	62,844	54,325	53,817	54,784	56,173	54,785	63,570
Commonwealth's Attorney:										
Criminal Cases	34,227	35,617	35,687	40,597	41,890	45,037	45,284	46,175	50,108	50,125
Traffic Cases	99,262	97,580	90,598	88,907	79,778	76,134	77,622	77,022	92,375	92,400
Public Safety										
Police:										
Calls for Service	198,373	194,029	197,502	203,330	211,832	212,154	217,971	208,950	194,591	194,905
Criminal Arrests	19,989	20,690	27,671	20,059	20,111	22,689	20,969	21,519	21,188	21,813
Traffic Arrests	59,062	58,269	40,935	49,195	43,149	44,613	40,931	47,191	41,786	46,925
Fire Protection:										
Calls For Service	40,963	43,348	43,143	46,233	47,948	49,235	50,287	48,004	46,006	45,521
EMS and Rescue Calls	30,189	36,176	35,662	38,408	39,660	41,216	41,688	39,965	38,296	37,955
Fire Incidents	983	817	777	809	764	768	774	637	806	817
Sheriff:										
Civil Papers Served	115,948	100,626	105,120	112,078	117,462	122,337	123,896	120,566	121,907	130,000
Annual Commitments to Jail	12,157	16,134	14,094	16,143	15,613	15,049	14,516	14,741	13,368	15,500
Average Daily Inmate Population	1,138	1,183	1,175	1,221	1,177	1,350	1,436	1,403	1,337	1,250
Building Inspections:										
Total Permits Issued	13,771	14,274	13,972	13,577	13,700	15,773	16,322	15,998	15,724	16,624
Total Inspections	56,236	67,036	70,990	68,861	69,931	81,983	92,685	96,611	87,157	87,600
Public Works										
Public Works:										
Lane Miles Maintained	3,433	3,452	3,454	3,468	3,498	3,516	3,524	3,533	3,547	3,553
Traffic Signals Maintained	144	149	150	150	150	154	155	156	161	159
Development Plans Reviewed	691	880	875	1,568	1,828	1,922	2,315	1,929	1,606	2,050
Health and Social Services										
Public Health:										
Nursing Home Screening (5)	479	570	645	666	707	729	703	663	700	700
WIC Average Monthly Participation (6)	N/A	N/A	N/A	N/A	5,099	4,776	4,671	4,583	4,800	4,800
Patient Visits	27,153	27,584	28,090	15,258	13,787	15,117	14,259	14,472	14,100	13,100
Social Services:										
Clients Entering Employment	632	650	675	694	436	511	527	414	292	161
Foster Child Initial Placement in Family Homes (10)	N/A	69%	77%	73%	70%	76%	66%	67%	77%	80%
Family Foster Child Home Recruitment (11)	N/A	14	30	13	10	8	12	21	31	30
Education										
Schools:										
Cost Per Student	\$ 9,041	\$ 9,110	\$ 8,978	\$ 9,305	\$ 9,644	\$ 9,790	\$ 10,051	\$ 10,586	\$ 10,848	\$ 11,074
Teaching Positions	3,737	3,719	3,741	3,780	3,833	3,906	3,917	3,993	4,056	4,076
Student/Teacher Ratio	13.0	13.4	13.3	13.3	13.1	12.9	12.8	12.6	12.4	12.4

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

Table XIV

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (1)
Parks, Recreation and Cultural:										
Recreation:										
Park Visitation	3,829,590	3,787,758	3,333,223	3,295,348	3,334,908	3,570,480	3,492,505	3,756,148	4,091,180	4,400,000
Program Participants	397,000	397,000	23,223	30,404	40,350	25,804	97,487	97,726	84,530	31,510
Recreation Programs	16,400	16,400	1,197	2,762	1,199	1,147	1,322	1,311	1,215	480
Library:										
Customer Visits	2,040,073	2,063,468	2,032,388	1,986,263	1,958,700	2,137,664	2,145,850	2,055,948	1,386,023	750,000
Annual Circulation of Materials	3,860,738	3,881,526	3,935,828	3,936,061	4,051,024	4,201,479	4,164,126	4,147,567	3,394,797	2,500,000
Community Development										
Economic Development (3):										
Square Footage of New Businesses	-	-	-	89,409	208,544	81,897	1,145,045	1,564,114	248,150	500,000
Jobs Created - New	392	1,173	1,212	36	163	173	433	320	978	400
Square Footage of Existing Businesses	-	-	-	398,865	787,968	337,324	180,653	377,563	505,300	275,000
Jobs Created - Expansions and Retentions	824	559	164	1,416	1,690	438	239	770	2,596	300
Planning:										
Reviews Completed	260	232	284	322	342	314	360	288	323	300
Petitions and Permits Processed	87	86	126	118	92	123	103	121	103	120
Maps Prepared	1,048	1,048	1,191	1,364	1,154	1,296	979	1,274	1,207	1,200
Community Development (con't)										
Community Revitalization:										
Community Maintenance Cases	10,421	10,766	10,609	11,170	12,496	13,040	11,170	12,793	10,581	7,580
Inspections Completed	26,626	27,406	27,273	30,451	32,532	35,600	30,451	37,117	30,929	21,868
Volunteers Hours Worked (8)	4,076	2,708	3,478	2,256	4,638	4,336	2,256	3,099	475	-
Permit Center:										
Permit Applications Received	4,734	5,123	5,085	4,437	5,519	5,214	4,004	5,616	5,248	4,453
Permit Applications Reviewed	7,191	6,558	10,930	9,136	10,283	9,178	8,724	6,509	7,550	10,333
Permits Issued	4,646	5,076	5,472	5,058	5,375	4,718	5,201	4,264	4,911	4,444
Inquires	12,793	12,581	15,278	17,917	16,345	15,556	17,935	11,916	14,056	16,259
Public Utilities										
Solid Waste:										
Number of Customers	41,121	42,578	43,728	45,167	46,586	47,955	49,088	50,127	50,730	51,300
Tons of Waste Collected (7)	90,495	93,860	95,748	44,624	47,511	52,774	50,340	55,384	55,235	53,000
Tons Deposited in Public Use Areas	29,888	29,091	29,942	23,946	23,903	27,836	25,504	26,791	29,075	29,000
Water and Sewer:										
Number of Water Customers	92,946	94,006	95,097	95,994	96,811	97,546	98,527	99,435	100,259	101,100
Number of Sewer Customers	90,068	91,110	92,125	93,087	93,939	94,538	95,493	96,383	97,208	98,100
Fire Hydrants in Service	12,167	12,321	12,464	12,611	12,880	13,011	13,236	13,388	13,513	13,600

Source: Approved County Budget

- (1) FY2021 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.
- (11) 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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 (1)
General Government										
Vehicles	559	534	920	567	482	602	598	611	493	594
Building Square Footage	2,669,214	2,691,018	2,672,574	2,680,779	2,810,500	2,810,500	2,821,706	2,914,383	2,930,423	2,944,374
Food Service Facilities	1	1	1	1	1	1	1	1	1	1
Public Safety										
Police:										
Vehicles	734	808	1,064	825	778	803	820	830	865	829
Police Stations	2	2	3	3	3	3	3	3	3	3
Police Field Offices	3	3	2	2	2	2	2	2	2	1
Sheriff:										
Vehicles	61	61	61	67	71	75	75	76	68	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	177	175	179	192	226	205	210	209	205	210
Stations	20	20	20	20	20	20	21	21	21	21
Public Works:										
Vehicles	333	333	335	336	357	347	346	349	343	361
Miles of Maintained Roads	1,349	1,354	1,357	1,360	1,370	1,376	1,379	1,382	1,390	1,391
Miles of Storm Drainage	1,116	959	1,547	2,096	1,553	1,600	1,636	1,639	1,666	1,686
Education										
Schools:										
Vehicles	1,173	1,183	1,184	1,186	1,203	1,220	1,184	1,179	1,186	1,184
School Facilities	73	73	74	72	72	72	72	72	72	74
Recreation and Cultural										
Recreation:										
Recreation/Community Centers	20	20	14	21	21	21	21	20	20	20
Developed Park Acreage	2,505	2,515	2,539	2,584	2,584	2,584	2,792	3,346	3,355	3,364
Athletic Fields/Courts	410	187	227	199	200	200	210	225	235	248
County Golf Courses (4)	1	1	1	1	1	1	1	1	-	-
Library:										
Number of Libraries (3)	11	11	11	11	11	10	10	10	10	10
Titles in Collection	314,907	321,108	338,485	328,918	329,139	328,026	276,482	315,711	335,919	341,035
Volumes in Collection	863,149	899,266	903,125	839,037	833,141	741,877	754,993	809,032	873,939	913,188
Public Utilities										
Water and Sewer:										
Vehicles	358	358	380	373	393	370	376	380	343	390
Miles of Water Mains	1,558	1,572	1,582	1,595	1,607	1,622	1,634	1,641	1,647	1,657
Miles of Sewer Mains	1,456	1,463	1,470	1,481	1,491	1,504	1,514	1,522	1,528	1,532
Landfills (2)	1	1	1	-	-	-	-	-	-	-

Source: Approved County Budget

(1) FY2021 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.