# Economic Development Authority of Henrico County, Virginia

## Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2024

Prepared By:

Anthony Romanello, Executive Director
and
Ashley Kubat, Director of Administration

# Economic Development Authority of Henrico County, Virginia

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# June 30, 2024

## Board of Directors

Edward S. Whitlock, III, Chairman

Tuckahoe District

Term Expires November 13, 2025

Dennis J. Berman, Vice Chair

Three Chopt District

Term Expires November 13, 2024

Philip C. Strother, JD, LLM, Treasurer

Brookland District

Term Expires November 13, 2026

Sam Bagley, Secretary

Varina District

Term Expires November 13, 2027

Robert W. Brown, Jr.

Fairfield District

Term Expires November 13, 2024

Susan Warriner Custer

Tuckahoe District

Term Expires November 13, 2026

Tyee D. Mallory, MBA

Fairfield District

Term Expires November 13, 2025

S. Floyd Mays

Varina District

Term Expires November 13, 2026

Travis J. Pearson

Three Chopt District

Term Expires November 13, 2027

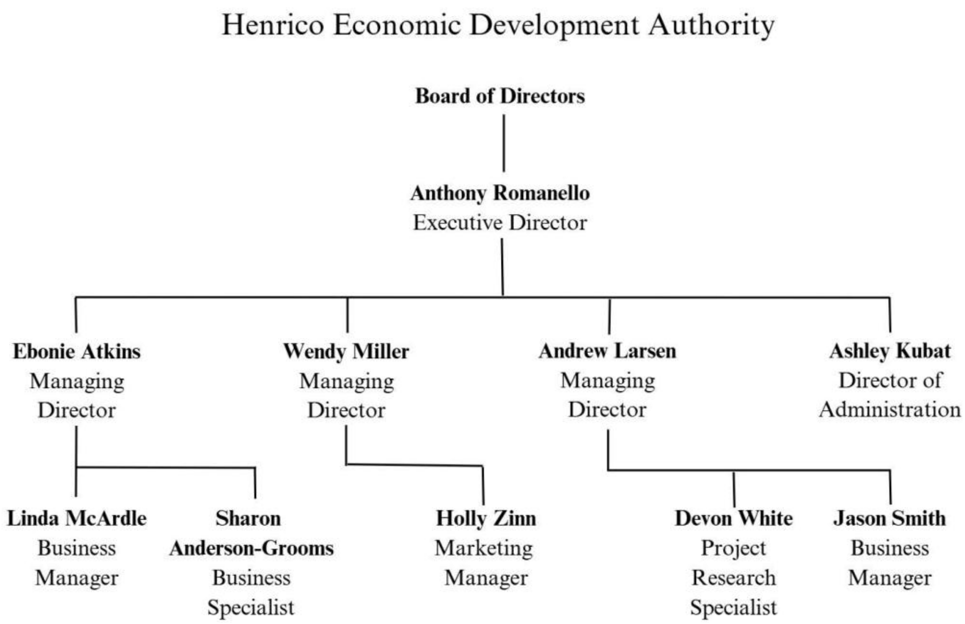
Suresh Soundararajan

Brookland District

Term Expires November 13, 2026

# Economic Development Authority of Henrico County, Virginia

## June 30, 2024



Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Henrico Economic Development Authority Virginia**

For its Annual Comprehensive Financial Report For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

October 30, 2024

The Board of Directors
Henrico Economic Development Authority

Dear Ladies and Gentlemen:

We are pleased to present the Henrico Economic Development Authority ("the Authority") Annual Comprehensive Financial Report ("the report") as of and for the fiscal year ending June 30, 2024. This report is intended to provide informative and relevant financial data for the residents of the County, Authority Board of Directors, businesses in Henrico or interested in locating in the County, 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 Authority's financial activities. The reader should pay particular attention to the required Management's Discussion and Analysis, a supplemental narrative overview and analysis of the financial statements included in this report. Any individual with comments or questions concerning the report is encouraged to contact the Authority at (804) 501-7654 or at anthony@henrico.com. This report may also be found online at the Authority's official website www.henrico.com.

The financial statements included in this report conform to the accounting principles accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). The Authority'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 Authority policies, safeguarding assets, and properly recording reliable financial information for the preparation of the Authority's financial statements and related notes thereto in accordance with GAAP. Because their cost should not outweigh their benefits, the Authority's comprehensive framework of internal controls is designed to provide reasonable assurance that the financial statements will be free from material misstatement rather than absolute assurance. The Authority's management is responsible for the accuracy and fairness of the presentation of the financial statements and other information as presented herein and, to the best of management's knowledge the financial information presented in this report is complete and accurate in all material respects.

Brown Edwards, L.L.P., a certified public accounting firm, audited the Authority'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 Authority are free from material misstatement. Brown Edwards, L.L.P. has expressed an unmodified opinion stating that, based on the audit evidence obtained, the Authority's basic financial statements, as of and for the fiscal year ended on June 30, 2024, are fairly presented, in all material respects, in conformity with GAAP.

## Profile of the Government

Henrico 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. Henrico'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, a major shipping channel. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area and Central Virginia. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Currently, based on the recent county population estimates, 334,760 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 Virginia's tobacco industry. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile appears on the Henrico County seal as a symbol of Henrico's place in our nation's history.

In 1634, Henrico became one of the original eight shires in the Virginia Colony. In 1934, Henrico County voters approved the County Manager form of government with five voter-elected members on the Board of Supervisors who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board is elected annual by the members of the Board, and the Board hires the County Manager, who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the Board, appointing the County's Department Directors, and managing the day-to-day operations of the County government, while also serving as the Director of Public Safety. The County government is responsible for providing a wide array of public services including public safety (fire and police protection, as well as building code enforcement), a full-service water and sewer system, the maintenance of the 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 Board of Supervisors of Henrico County (the "Board") created its industrial development authority, which it initially named the "Industrial Development Authority of the County of Henrico, Virginia" (the "Authority"), in November of 1968. The Board specifically created the Authority to finance the construction of a new clothing manufacturing plant for Friedman Marks, Inc. located off South Laburnum Road in the Varina Magisterial District. Because of the need to create the Authority quickly in order to issue bonds for the benefit of Friedman Marks, the Board adopted an emergency ordinance on November 13, 1968, and, after advertising the ordinance as required by law, re-adopted it on December 11, 1968, creating the Authority with a seven-member board of directors. The Tuckahoe, Brookland, and Fairfield Magisterial Districts each had one director, and the Varina Magisterial District had the remaining four. Because it initially met only quarterly, changed to semi-annually in 1973, and then to annually in 1974, and because its activities consisted solely of issuing bonds, the Authority had no staff for the first 15 years. The secretary to the County's Director of Finance took the minutes of each Authority meeting, physically kept the Authority's minute book and other records, and typed whatever correspondence the Authority might require. The County Attorney's office has represented the Henrico Economic Development Authority since inception.

The Authority did not have its own staff until 1982, when the number and size of bond financings increased, and when the Board of Supervisors and the board of directors of the Authority recognized the increasing importance of economic development to the County's financial well-being. The first two staff members consisted of a full-time secretary and an administrator assigned to do economic development work. By resolution adopted February 22, 1984, Agenda item No. 103-84, the Board of Supervisors designated the Authority "as the official Economical Development Organization for the County of Henrico" … and "authorized [the Authority] to act on behalf of the Board [of Supervisors] to establish an economic development program for the County." The resolution also directed the County administration "to provide reasonable staff support to the [Authority] for this purpose as ascertained by the Board of Supervisors."

Based on enabling Authority requested by the Board of Supervisors and enacted into law by the 1999 General Assembly, the Board of Supervisors adopted on July 13, 1999, an ordinance changing the name of the Authority to the "Economic Development Authority of Henrico County, Virginia" effective August 1, 1999. The name change was requested by the Authority's board of directors who were concerned that the "smokestack" image conjured up by the inclusion of the term "industrial" in the Authority's name did not accurately reflect the Authority's comprehensive role in Henrico County's economic development efforts. The following year, the General Assembly amended the Act to permit the Board of Supervisors to increase the number of directors of the Authority from seven to 10. By ordinance adopted November 14, 2000, the Board of Supervisors increased the number of directors from seven to 10 and appointed one new director. By ordinances adopted January 9, 2001, and November 12, 2002, the Board of Supervisors appointed the ninth and tenth directors to the Authority. Since 2002, the Authority board has been made up of two directors from each of the County's five magisterial districts.

The annual budget serves as the foundation for the Authority's financial planning and control. The Executive Director submits his proposed budget request to the Board of Directors for approval after submitting the Authority's budget through the Henrico County's legislative and executive budget reviews. 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 Governmental Fund Financial Statements Section 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, 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 corporate services, information technology, retail, manufacturing, financial, insurance, logistics, health and life services. The local employment base in the County is substantial and diverse and represents approximately one-third of the Richmond metropolitan statistical area's (MSA) employment.

Local and regional economic indicators indicate a healthy and stable economy that has recovered from pandemic economic impacts. With a long history of prudent financial management – and the distinction of being one of only 48 triple-AAA rated counties in the country, Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, especially in the given climate, Henrico County has been positioned for maximum resiliency in difficult economic conditions, and County leadership expects to sustain an environment conducive to stability and positive economic growth.

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

Acknowledgements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area. Henrico County continues with a resilient local economy as evidenced by 200,000+ jobs that rank the county 3rd in Virginia and is home to 25,000+ businesses and seven Fortune 1000 headquarters, including the Altria Group, Genworth Financial, Markel Corporation, ASGN, Brink's, Arko Corp, and Owens & Minor. The County's diverse labor pool, low tax structure, and regional economy that supports low operating expenses and strategic location collectively are just some of the components that make Henrico a desirable location for business location and expansion.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. The County's unemployment rate sits at 3.2 percent, which is somewhat higher than the State's rate at 2.8%, and notably lower than that of the U.S. (3.8 percent). Continuing unemployment claims data for Virginia are indicating a downward trend promising stabilization for Henrico.

The presence of these businesses and corporate entities would not be possible were it not for the favorable business environment that Henrico County has fostered throughout the years. Since 1978, the Board has decreased the real estate tax rate seven times, including the most recent reduction for tax year 2022, reducing the real estate tax rate from $0.87 to $0.85 per $100 of assessed value. In addition to the reduced tax rate, in February of 2022 the Board approved a first-of-its-kind two cent per $100 assessed value tax credit payable directly to taxpayers. Along with these decreases, Henrico is also the lowest taxing locality among Virginia's ten largest localities.

In FY24, for application in FY25, the Henrico County Board of Supervisors approved an exemption for the first $1,000,000 in gross receipts from the BPOL (Business, Professional, and Occupational License) taxes. Now, over 60% of local Henrico businesses are relieved of paying the tax, leaving them with more money to invest back into the community. In 2017, Henrico decreased the data center personal property tax rate by 89%, lowering it from $3.50 to just $.40. The reduction has created an increase of over 500% in data center revenue. Recognizing the impact of the data center tax reduction, Henrico lowered the Research and Development (R&D) tax rate to $0.90 in 2022. The low tax burden combined with a record of prudent fiscal management and excellent services creates an enticing, pro-business environment in Henrico.

In FY24, Henrico's AAA bond rating was reaffirmed by all three rating agencies ensuring the lowest possible cost to taxpayers for infrastructure financing. The County also increased residential tax relief through introducing the Real Estate Cap Program (RECAP) and expanding the Real Estate Advantage Program (REAP). RECAP's purpose is to cap the real estate tax bills for older or disabled qualifying homeowners, insulating them against rising home values. REAP provides a real estate tax exemption of up to $3,200 for qualifying homeowners. Together, both programs have provided over $13.5 million in real estate tax relief for Henrico residents.

The Board of Supervisors also introduced the Affordable Housing Trust Fund in FY24, aimed to strengthen access to affordable homeownership for frontline workers who are critical to a community's success. The County also premiered the Employee Home Purchase Assistance Program, which was created to assist qualified County employees in buying their first home. Together, these initiatives work to create a community where people are able to live, work, and play, and most importantly, thrive.

## Financial Guidelines

The Authority has no general obligation debt. The Authority issues Industrial Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial/commercial, higher education, and nonprofit/charitable facilities or others deemed to be in the public interest. The Authority has no liability or financial obligation to the bond debt and merely acts as a conduit. A yearly administration fee is assessed for each bond.

The Authority maintains a set of by-laws and an investment policy which outline the procedures for the safeguarding and management of funds. The goal is to minimize risk and to ensure the availability of cash to meet the Authority's expenditures, while generating revenue from the use of funds, which might otherwise remain idle. The policy mandates that all investments must be in compliance with the Code of Virginia Sections §2.2-4400 et seq. and §2.2-4700 et seq., as amended.

The cash management and investment activities of the Authority, managed by Truist Wealth, are conducted in a manner which is consistent with prevailing prudent business practices which may be applied by other public organizations of similar size and financial resources. The primary object of the Authority's investment activities, in priority order, are: safety, liquidity, and yield. The Board of Directors, Finance Committee, Executive Director and Assistant Secretary of the Henrico EDA will be involved in the management and administration of the Henrico EDA assets. With an unassigned fund balance of $30.6 million, no general obligation debt, and modest long-term liabilities, the Authority's financial position is stronger than at any time in history.

## Major Initiatives and Accomplishments

Since 1990, the EDA has announced 489 projects totaling 43,616 jobs and $8.53 billion in capital investment. FY24 included nine economic development announcements, which represented both the recruitment of new businesses for the County, as well as expansions of existing Henrico companies. Combined, these announcements represent 396 new jobs, $767.8 million in capital investment, $45.2 million in annual wages, and 1.6 million square feet of commercial building space. These announcements included Berkley MidAtlantic, Rope Block, Sentara, QTS, Merritt, Tucker Door, RVA Hot Wheelz, DPR, and Owens & Minor. One method Henrico uses to incentivize companies to locate or expand in the County is through Economic Development Performance Agreements. The agreement outlines the terms and conditions and metrics that the company must meet in order to receive grant money. All money is awarded post-performance as a way of ensuring the safety of public funds. The agreements pay back dividends for the residents of the County. Over the course of eleven years, from 2013 – 2024, the Authority has committed to $56 million in grants. The potential private investment as a result of the performance agreement grants totals over $4.2 billion.

In the late 1990s, Henrico County worked to develop a 2,300-acre patch of woods in Eastern Henrico, by investing over $45 million in roads, water, and sewer infrastructure. Now, White Oak Technology Park exists as a premier development location for today's most advanced manufacturing facilities and data centers, with an unparalleled digital infrastructure, a strategic East Coast location, and Henrico's business-friendly low tax rates. In FY24, the Authority sold Sites 1, 3, 4 and 5 at White Oak Technology Park to QTS in a multimillion-dollar sale that worked to strengthen Henrico County's status as a leading global interconnection hub.

In FY24, the Henrico EDA was honored with eleven awards from five different organizations. Virginia Economic Developers Association (VEDA) awarded the EDA with 6th place in the "Top Projects" category, for the Regency project, and the Community Development Award for the PopUp Mentoring Program (PUMP). The National Association of Counties (NACo) gave the EDA a 2024 Achievement Award each for PUMP, Small Business Boost, and the Live Your Best campaign. The Greater Richmond Association for Commercial Real Estate (GRACRE) granted the EDA the 23rd Annual Real Estate Award for the "Large Scale Industrial Project," for the Amazon RIC4 expansion. The International Economic Development Council (IEDC) awarded the EDA with two silver "Excellence in Economic Development" awards, for the Look Book Brochure and for PUMP. IEDC gave the EDA gold "Excellence in Economic Development" awards for Regency Mall/NOVA Aquatics Center, for both the "Real Estate Development and Reuse" and "Public/Private Partnership" categories. The Regency Mall project was also nominated for the "Best in Show" award. Lastly, the EDA achieved the Government Finance Officers Association Certificate of Achievement in Financial Reporting for the first time, making it the first EDO in Virginia to have ever done so.

At the direction of the Board of Supervisors, the Authority implemented the Innsbrook Technology Zone incentive plan, providing an additional path for businesses to receive County support. Qualified businesses that choose to locate within the Technology Zone can qualify for building permit fee waivers, planning application fee waivers, and custom incentives developed between the company and the Authority. This incentive program helps ensure that Innsbrook remains a lively, sought-after community through fostering growth and innovation. The Innsbrook Technology Zone joins several other successful incentive programs in Henrico's arsenal, including the Henrico Investment Program (HIP), fast-track permitting, Enterprise Zones, form-based code, and the Commercial Tax Rehab Credit.

## Future Challenges

The Authority continues to keep a close eye on nationwide and local economic trends in order to navigate uncertainty strategically. In a modern world where skilled workers can live anywhere, Henrico faces skill gaps in certain labor markets such as tech and healthcare. The EDA prioritizes workforce development, and is working to attract and retain talent, as well as to create a training pipeline where students can be funneled into these lacking sectors fully equipped with the necessary skills. Economic inequality is another component to that complex issue, and the EDA, alongside Henrico County, is working diligently to create affordable housing in order to keep our community strong.

As business has grown in Henrico, the availability of large-scale industrial and commercial sites has dwindled. The EDA works alongside regional partners to brainstorm creative solutions that showcase Henrico's unique value proposition. As employers consider the changing nature of work, the County's office space inventory continues to pose a challenge. The Authority's Office Task Force delivered a comprehensive package of recommendations to the Board of Supervisors to position Henrico strongly for the future of work.

The Authority is developing our 2030 plan that will position Henrico's economy for a new focus and trajectory consistent with local and macroeconomic forces. Highlighting Henrico County's top tier infrastructure and business-friendly climate will be vital as the Authority works to win projects that will support the community with jobs and large investments. The Authority continues to strengthen its partnership with the Commonwealth of Virginia and site selection consultants nationwide to ensure Henrico is a global leader

## Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the audit team at Brown Edwards, L.L.P. We would like to express our particular appreciation to Harris, Hardy, and Johnstone, P.C., who contributed directly to the Authority's bookkeeping and accounting. We would also like to thank the Henrico County Board of Supervisors, County Manager, and the Henrico Economic Development Authority's Board of Directors for their interest, guidance, and support in their oversight of the financial operations of the Authority. None of this happens without the fine work of our team at the Henrico EDA who work every day to grow Henrico's economy for all.

Respectfully submitted,

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Anthony J. Romanello
Executive Director

______________________________

Ashley W. Kubat
Director of Administration

# Financial Section

BROWN EDWARDS
certified public accountants

# Independent Auditor's Report

To the Honorable Members of the Board of Directors of
Economic Development Authority of Henrico County, Virginia
Henrico, Virginia

## Report on the Audit of the Financial Statements

### *Opinions*

We have audited the accompanying financial statements of the governmental activities and the major fund of the Economic Development Authority of Henrico County, Virginia (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority, as of June 30, 2024, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

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

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

## *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

## *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management, and, although not a part of the basic financial statements, is required by the Government 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 this required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2024, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Brown, Edwards & Company, L. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
October 30, 2024

# Economic Development Authority of Henrico County, Virginia

## Management Discussion and Analysis
## June 30, 2024

The Management Discussion and Analysis ("MD&A") offers the readers of the Economic Development Authority of Henrico County, Virginia's (the "Authority") financial statements a narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2024.

### *Financial Highlights*

In Fiscal Year 2024 ("FY2024"), there were no Industrial Revenue and Refunding Bonds issued by the Authority.

### *Overview of the Financial Statements*

The MD&A is intended to serve as an introduction to the Authority's basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements, similar to those used by private-sector companies, report information about the Authority as a whole. One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the Authority's finances as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting 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 statements combine and consolidate short-term, spendable resources with capital assets and long-term obligations.

In the Statement of Net Position and the Statement of Activities, the Authority presents the following activity:

**Governmental Activities**

Economic development - operations, consists of expenses associated with salaries, other contractual services, payroll taxes, Henrico VCU Engineering School scholarships, health insurance, travel, and advertising. Charges for the issuance of the bonds and operating contributions through the County of Henrico, Virginia's (the "County") appropriations are used to finance these activities.

#### Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority are considered to be governmental funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same function reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long- term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities

The Authority maintains an individual governmental fund. Information is presented separately in the governmental fund financial statement for the General Fund which is considered a major fund.

The Authority adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 5 - 12 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 - 35 of this report.

## *Government-Wide Financial Analysis*

## Statement of Net Position

The following table reflects condensed information on the Authority's net position. As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred by inflows of resources by $49,916,627 at the close of the most recent fiscal year. 25% or $12,467,283 of the Authority's net position reflect its investment in capital assets, net of related debt (e.g., building, vehicles, furniture and fixtures, and equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The Authority's unrestricted net position (75% of total) may be used to meet the Authority's ongoing obligations to citizens.

| | Governmental Activities | |
|---|---|---|
| | **2024** | **2023** |
| Current and other assets | $ 54,837,459 | $ 32,706,335 |
| Capital assets | 17,792,788 | 12,671,508 |
| Total assets | 72,630,247 | 45,377,843 |
| Deferred outflows of resources | 339,711 | 97,874 |
| Current and other liabilities | 11,911,597 | 170,113 |
| Long-term liabilities | 11,048,876 | 5,899,790 |
| Total liabilities | 22,960,473 | 6,069,903 |
| Deferred inflows of resources | 92,858 | 168,691 |
| Net position: | | |
| Net investment in capital assets | 12,467,283 | 12,671,508 |
| Restricted for pensions | - | 100,122 |
| Unrestricted | 37,449,344 | 26,465,493 |
| Total net position | $ 49,916,627 | $ 39,237,123 |

Statement of Activities

Total revenues and expenses for Authority activities are reflected in the following table:

| | Governmental Activities | |
|---|---|---|
| | **2024** | **2023** |
| Program revenues: | | |
| Charges for services: | | |
| Bond administration fees | $ 226,633 | $ 234,342 |
| Operating contributions | 24,312,822 | 4,652,004 |
| Capital contributions | - | 4,840,000 |
| Total program revenues | 24,539,455 | 9,726,346 |
| General revenues: | | |
| Interest and investment income (loss) | 1,532,995 | 739,837 |
| Miscellaneous income | 11,643 | 12,912 |
| Gain on sale of capital assets | - | 6,203,256 |
| Total general revenues | 1,544,638 | 6,956,005 |
| Total revenues | 26,084,093 | 16,682,351 |
| Expenses: | | |
| Economic development - operations | 15,404,589 | 11,740,638 |
| Change in net position | 10,679,504 | 4,941,713 |
| Net position, beginning of year | 39,237,123 | 34,295,410 |
| Net position, end of year | **$ 49,916,627** | **$ 39,237,123** |

Revenues

Appropriations from the County are the source of operating contributions. Other sources of revenues consist of fees collected for the issuance of bonds and interest income received on the Authority's investments. Operating contributions significantly increased during FY2024 due to the County's $17M portion of the Scott Farm purchase, an increase in performance agreement pass-through payments of $2.3M from FY2023, and an overall increase in the annual apportionment from the County.

Expenses

Operating expenses for the Authority's activities were comprised primarily of salaries and related benefits, payments in accordance with economic development performance agreements, contractual services, and advertising and promotion. For government-wide financial reporting requirements, depreciation expense is allocated to Authority activities and retirement of principal on long-term debt is not shown as an expense. The primary driver of the increase from FY2023 is due to a $2.3M increase in performance agreement payments during the year, all of which was funded by the County.

Net Position

Overall, financial position has increased during FY2024 due primarily to the $11.4M sale of land held for economic development during the year.

### *Financial Analysis of the Government's Funds*

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements.

General Government Functions

The following schedule presents a summary of revenues of the General Fund, for the fiscal year ended June 30, 2024, and the amount and percentage of increases and decreases in relation to prior year.

| | 2024 Amount | Percent of Total | 2023 Amount | Increase (Decrease) from 2023 | Percent Increase (Decrease) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Bond administration fees | $ 226,633 | 0.40% | $ 234,342 | $ (7,709) | (3.29)% |
| Other revenues | 29,200,747 | 51.02% | 14,116,528 | 15,084,219 | 106.86% |
| Interest and investment revenues | 1,532,995 | 2.68% | 739,837 | 739,158 | 107.20% |
| Appropriation from the County of Henrico | 26,269,522 | 45.90% | 7,242,004 | 19,027,518 | 262.74% |
| Total revenues | **$ 57,229,897** | **$ 100.00%** | **$ 22,332,711** | **$ 34,897,186** | **$ 156.25%** |

# Economic Development Authority of Henrico County, Virginia

## Management Discussion and Analysis

## June 30, 2024

Appropriations from the County are the source of operating contributions, and the principal reason for the variance from FY2023 is the receipt of County funds toward economic development performance agreements and an additional appropriation to cover the yearly raises implemented by the County in FY2023. County appropriations also include $17M related to reimbursement for the purchase of land from Commonwealth Foundation of Cancer Research during the year that was immediately sold to Scott Farm. The principal reasons for the variance in other revenues from FY2023 are proceeds from the sale of a parcel at the White Oak Technology Park and $17M in proceeds from the sale to Scott Farm. Under a 2017 agreement with the Commonwealth of Virginia, the Authority and the Commonwealth share the proceeds of the sale of the land in the White Oak Technology Park, the current year portion of the land sold was $2M less than the land sold in the prior year. Improved market performance is the driving force behind the increase in interest and investment revenues from FY2023.

The following schedule presents a summary of expenditures of the General Fund, for the fiscal year ended June 30, 2024, and the percentage of increases and decreases in relation to prior year amounts:

| | 2024 Amount | Percent of Total | 2023 Amount | Increase (Decrease) from 2023 | Percent Increase (Decrease) |
|---|---|---|---|---|---|
| Expenditures: | | | | | |
| Economic development operations | $ 50,690,318 | 89.46% | $ 5,969,880 | $ 44,720,438 | 749.10% |
| Capital outlay | 5,667,364 | 10.00% | 5,476,446 | 190,918 | 3.49% |
| Debt service | 306,407 | 0.54% | - | 306,407 | n/a |
| Total expenditures | **$ 56,664,089** | **$ 100.00%** | **$ 11,446,326** | **$ 45,217,763** | **$ 395.04%** |

Operating expenditures increased from FY2023 due to an increase in staff size, salary increases, payments made on behalf of Henrico County, and consulting services work related to White Oak Technology Park. During FY2024, the Authority made a $35M purchase of land that was subsequently sold to Scott Farm, a $4.7M purchase of land from the State, and $2.1M purchase of property from Steve Farang LLC, the latter two of which are both held for sale at year-end. Capital outlays during FY2024 consisted of primarily of the $5.6M acquisition of a leased property.

### *FY2024 General Fund Budgetary Highlights*

| | Original Budget | Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| Revenues: | | | | |
| Bond administration fees | $ 273,860 | $ 273,860 | $ 226,633 | $ (47,227) |
| Appropriation from the County of Henrico | 2,103,692 | 2,103,692 | 26,269,522 | 24,165,830 |
| Investment and interest income | 420,000 | 420,000 | 1,532,995 | 1,112,995 |
| Other income | (15,000) | (15,000) | 29,200,747 | 29,215,747 |
| Total revenues | **$ 2,782,552** | **$ 2,782,552** | **$ 57,229,897** | **$ 54,447,345** |
| Expenditures | **$ 2,670,077** | **$ 2,670,077** | **$ 56,664,089** | **$ (53,994,012)** |

The Authority does not budget for grant and other pass-through payments from the County which totaled $24.2M in FY2024. Additionally, other income includes $17M from the private investor for the Scott Farm sale as well as $500K in pass-through payments from Green City and $11.7M for the sale of land in the White Oak Technology Park – all of which are unbudgeted. As these transactions are all pass-through transactions, the related expenditures are also unbudgeted.

### *Capital Assets and Debt Administration*

Capital Assets

The Authority's investment in capital assets for the years ended June 30, 2024 and 2023, is reflected in the schedule below.

| | Balance at July 1, 2023 | Additions | Deletions/ Transfers | Balance at June 30, 2024 |
|---|---|---|---|---|
| Capital assets not subject to depreciation: | | | | |
| Land | $ 11,139,483 | $ - | $ - | $ 11,139,483 |
| Total capital assets not subject to depreciation | 11,139,483 | - | - | 11,139,483 |
| Capital assets subject to depreciation: | | | | |
| Buildings | 2,177,082 | - | - | 2,177,082 |
| Leasehold improvements | 11,170 | - | - | 11,170 |
| Furniture and equipment | 76,162 | - | - | 76,162 |
| Automobiles | 124,636 | 35,452 | (36,609) | 123,479 |
| Audio visual equipment | 8,500 | - | - | 8,500 |
| Leased land | - | 5,631,912 | - | 5,631,912 |
| Data processing equipment | 40,127 | - | - | 40,127 |
| Total capital assets subject to depreciation and amortization | 2,437,677 | 5,667,364 | (36,609) | 8,068,432 |
| Accumulated: | | | | |
| Depreciation | (1,100,452) | (69,688) | 36,609 | (1,133,531) |
| Amortization of leased asset | - | (281,596) | - | (281,596) |
| Total accumulated depreciation/amortization | (1,100,452) | (351,284) | 36,609 | (1,415,127) |
| Total capital assets being depreciated and amortized, net | 1,337,225 | 5,316,080 | - | 6,653,305 |
| Total capital assets subject to depreciation and amortization, net | **$ 12,476,708** | **$ 5,316,080** | **$ -** | **$ 17,792,788** |

Additional information on the Authority's capital asset activity can be found in Note 4.

Long-Term Liabilities

The activity of the Authority's long-term liabilities for the years ended June 30, 2024 and 2023, is reflected in the schedule below:

| | July 1, 2023 | Increases | Decreases | June 30, 2024 | One Year |
|---|---|---|---|---|---|
| Due to Henrico Co. | $ 5,721,400 | $ - | $ (500,000) | $ 5,221,400 | $ 5,221,400 |
| Lease liability | - | 5,631,912 | (306,407) | 5,325,505 | 419,666 |
| Compensated absences | 96,113 | 145,033 | (96,113) | 145,033 | 145,033 |
| Total | **$ 5,817,513** | **$ 5,776,945** | **$ (902,520)** | **$ 10,691,938** | **$ 5,786,099** |

During FY2023, the Authority sold property formerly known as the Best Products Site to Green City. The total sales price was $6,221,400. And, under a memorandum of understanding with Henrico County, all proceeds related to the sale of this property are to be reimbursed to the County. As such, the Authority has recorded a payable to the County concurrently with the receivable from Green City. Under the terms of financing the sale, $500K was repaid in FY2024 and FY2023 with the remaining balance due in FY2025. Additionally, during FY2024, the Authority entered into a long-term leasing arrangement for land intended for future development. See Notes 4 & 5 for additional information.

# Economic Development Authority of Henrico County, Virginia

## Management Discussion and Analysis
## June 30, 2024

### *Economic Factors and Next Year's Budgets*

During fiscal year 2024, the Henrico Economic Development Authority announced 9 projects, representing the recruitment of new businesses and expansions of existing Henrico companies. Together, these announcements represent 396 new jobs, $767.8 million in capital investment, $45.2 million in annual wages, and 1.6 million square feet of space. In FY2020, the Authority adopted a Strategic Plan that sets an ambitious agenda for the near- and long-term to grow Henrico's economy for all. The plan is available at www.Henrico.com and the EDA staff provides quarterly strategic plan progress reports to the Authority.

### *Requests for Information*

This financial report is designed to provide interested parties with a general overview of the Authority's finances. Should you have any questions about this report or need additional information, please contact:


Mr. Anthony J. Romanello, Executive Director

Economic Development Authority of Henrico County, Virginia

4300 E. Parham Road

Henrico, Virginia 23228-2752

# Basic Financial Statements

# Economic Development Authority of Henrico County, Virginia

## Statement of Net Position

**June 30, 2024**

| | Governmental Activities |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents (Note 3) | $ 16,602,388 |
| Investments (Note 3) | 25,736,855 |
| Due from County of Henrico, VA | 153,650 |
| Other receivables | 5,241,533 |
| Prepaid expenses | 3,575 |
| Land held for sale (Note 4) | 7,099,458 |
| Capital assets (Note 4): | |
| Capital assets not subject to depreciation | 11,139,483 |
| Capital assets subject to depreciation, net | 6,653,305 |
| Total assets | 72,630,247 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows related to pensions (Note 8) | 324,800 |
| Deferred outflows related to OPEB (Notes 9, 10 and 11) | 14,911 |
| Total deferred outflows of resources | 339,711 |
| Total assets and deferred outflows of resources | **$ 72,969,958** |
| **LIABILITIES** | |
| Accounts payable and accrued expenses | $ 61,115 |
| Accrued interest payable | 17,716 |
| Performance agreements received in advance (Note 14) | 11,832,766 |
| Long-term liabilities (Note 5): | |
| Amounts due within one year | 5,793,099 |
| Amounts due in more than one year | 5,255,777 |
| Total liabilities | 22,960,473 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows related to pensions (Note 8) | 49,880 |
| Deferred inflows related to OPEB (Notes 9, 10 and 11) | 42,978 |
| Total deferred inflows of resources | 92,858 |
| **NET POSITION** | |
| Net investment in capital assets | 12,467,283 |
| Unrestricted | 37,449,344 |
| Total net position | 49,916,627 |
| Total liabilities, deferred inflows of resources, and net position | **$ 72,969,958** |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Statement of Activities

**Year Ended June 30, 2024**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net Revenues (Expenses) and and Changes in Net Position — Primary Government: Governmental Activities |
|---|---|---|---|---|---|
| **GOVERNMENTAL ACTIVITIES** | | | | | |
| Economic development | $ 15,404,589 | $ 226,633 | $ 24,312,822 | $ - | $ 9,134,866 |
| | General revenues: | | | | |
| | Miscellaneous | | | | 11,643 |
| | Unrestricted interest and investment earnings | | | | 1,532,995 |
| | Total general revenues | | | | 1,544,638 |
| | Change in net position | | | | 10,679,504 |
| | NET POSITION | | | | |
| | Beginning of year | | | | 39,237,123 |
| | End of year | | | | **$ 49,916,627** |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Balance Sheet - Governmental Fund

**June 30, 2024**

| | | General Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents (Note 3) | $ | 16,602,388 |
| Investments (Note 3) | | 25,736,855 |
| Due from County of Henrico, VA | | 153,650 |
| Other receivables | | 5,241,533 |
| Prepaid items | | 60,275 |
| Total assets | **$** | **47,794,701** |
| **LIABILITIES** | | |
| Accounts payable and accrued expenses | $ | 61,115 |
| Unearned revenues, pass-through grants received in advance (Note 14) | | 11,832,766 |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Unavailable revenues, long-term receivable (Note 4) | | 5,221,400 |
| Total liabilities and deferred inflows of resources | | 17,115,281 |
| **FUND BALANCE** | | |
| Nonspendable, prepaids | | 60,275 |
| Unassigned | | 30,619,145 |
| Total fund balance | | 30,679,420 |
| Total liabilities, deferred inflows of resources, and fund balance | **$** | **47,794,701** |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position

**June 30, 2024**

| | |
|---|---|
| Total fund balance, governmental fund | $ 30,679,420 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets used in governmental activities and land held for sale are not financial resources and therefore are not reported in the fund, net of accumulated depreciation. | |
| Land held for sale | 7,099,458 |
| Capital assets, net | 17,792,788 |
| | 24,892,246 |
| Some receivables reported in the Statement of Net Position, such as notes receivable, do not provide current financial resources and therefore are not reported as revenue in the governmental fund. | 5,221,400 |
| Some assets and deferred outflows of resources reported in the Statement of Net Position do not provide current financial resources and therefore are not accrued as assets or deferred outflows in the governmental fund. | |
| Deferred pension outflows | 324,800 |
| Deferred OPEB outflows | 14,911 |
| | 339,711 |
| Some liabilities and deferred inflows of resources reported in the Statement of Net Position do not require the use of current financial resources and therefore are not accrued as liabilities or deferred inflows in the governmental fund. | |
| Prepaid payments on long-term liabilities | (56,700) |
| Due to the County of Henrico, Virginia | (5,221,400) |
| Accrued interest | (17,716) |
| Compensated absences | (145,033) |
| Lease liabilities | (5,325,505) |
| Net OPEB liabilities | (67,291) |
| Net pension liability | (289,647) |
| Deferred pension inflows | (49,880) |
| Deferred OPEB inflows | (42,978) |
| | (11,216,150) |
| Net position of governmental activities | **$ 49,916,627** |

# Economic Development Authority of Henrico County, Virginia

## Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund

**Year Ended June 30, 2024**

| | General Fund |
|---|---|
| **REVENUES** | |
| Charge for services, bond administration fees | $ 226,633 |
| Intergovernmental revenues, appropriations from the County of Henrico | 26,269,522 |
| Revenues from use of money and property | 1,532,995 |
| Miscellaneous income: | |
| Proceeds from sales of land held for sale | 28,689,104 |
| Principal payments received on long-term receivables | 500,000 |
| Other | 11,643 |
| Total miscellaneous income | 29,200,747 |
| Total revenues | 57,229,897 |
| **EXPENDITURES** | |
| Current: | |
| Economic development | 50,690,318 |
| Capital outlay | 5,667,364 |
| Debt service | 306,407 |
| Total expenditures | 56,664,089 |
| Deficiency of revenues under expenditures | 565,808 |
| **OTHER FINANCING SOURCES** | |
| Proceeds from sale of capital assets | 17,000 |
| Acquisition of lease | 5,631,912 |
| Total other financing sources | 5,648,912 |
| Excess of revenues and other financing sources over expenditures | 6,214,720 |
| **FUND BALANCE** | |
| Beginning of year | 24,464,700 |
| End of year | **$ 30,679,420** |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

**Year Ended June 30, 2024**

| | |
|---|---|
| Net change in fund balance, total governmental fund | $ 6,214,720 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Some revenues will not be collected for several months after the Authority's fiscal year-end. They are not considered "available" revenues and are deferred in the governmental fund until received. | |
| Inflows of resources related to deferred revenues | (2,250,000) |
| The issuance of long-term debt (e.g., long term payables to the County of Henrico) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. | |
| Principal payments | 249,707 |
| Interest accrued | (17,716) |
| Acquisition of long-term indebtedness | (5,631,912) |
| | (5,399,921) |
| Governmental funds report capital outlays and the acquiring of land held for sale as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. | |
| Net book value of assets disposed during the year | (35,471,822) |
| Capital outlay and purchase of land held for sale | 47,750,544 |
| Depreciation and amortization expense | (351,284) |
| | 11,927,438 |
| Some revenues reported in the Statement of Activities do not provide current current financial resources and therefore are not reported as revenues in the governmental funds. | |
| Contributed land held for sale | 293,300 |
| Some expenses and expense recoveries reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds: | |
| Change in compensated absences | (48,920) |
| Change in pension and pension-related deferred amounts | (57,802) |
| Change in OPEB and OPEB-related deferred amounts | 689 |
| | (106,033) |
| Change in net position of governmental activities | **$ 10,679,504** |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Statement of Revenues, Expenditures, and Changes in Fund Balance
## Budget and Actual - General Fund
**Year Ended June 30, 2024**

| | Budgeted Amounts | | | Variance From Final Budget Increase |
|---|---|---|---|---|
| | Original | Final | Actual | (Decrease) |
| **REVENUES** | | | | |
| Bond administration fees | $ 273,860 | $ 273,860 | $ 226,633 | $ (47,227) |
| Appropriation from the County, operations | 2,103,692 | 2,103,692 | 2,097,402 | (6,290) |
| Appropriation from the County, pass-through | - | - | 24,172,120 | 24,172,120 |
| Investment and interest income | 420,000 | 420,000 | 1,532,995 | 1,112,995 |
| Miscellaneous income | (15,000) | (15,000) | 11,643 | 26,643 |
| Payments from other organizations | - | - | 17,000,000 | 17,000,000 |
| Pass-through payments from other organizations | - | - | 500,000 | 500,000 |
| Proceeds on sale of assets | - | - | 11,689,104 | 11,689,104 |
| Total revenues | 2,782,552 | 2,782,552 | 57,229,897 | 54,447,345 |
| **EXPENDITURES** | | | | |
| Personnel costs: | | | | |
| Salaries | 1,287,967 | 1,287,967 | 1,276,008 | 11,959 |
| Payroll taxes | 80,000 | 80,000 | 86,306 | (6,306) |
| Retirement and fringe benefits | 234,000 | 234,000 | 223,572 | 10,428 |
| Program expenses: | | | | |
| Advertising | 313,270 | 313,270 | 362,380 | (49,110) |
| Business First | 3,000 | 3,000 | 2,925 | 75 |
| Dues | 23,000 | 23,000 | 11,872 | 11,128 |
| Scholarships | 50,000 | 50,000 | 57,500 | (7,500) |
| Business development | 5,000 | 5,000 | 2,792 | 2,208 |
| White Oak Park expenses | 91,000 | 91,000 | 109,881 | (18,881) |
| Dominion Open sponsorship | 180,000 | 180,000 | 175,000 | 5,000 |
| Payments to other organizations | - | - | 4,940,907 | (4,940,907) |
| Pass-through payments to County | - | - | 500,000 | (500,000) |
| General and administrative: | | | | |
| Directors' fees | 30,000 | 30,000 | 22,000 | 8,000 |
| Accounting and auditing | 40,000 | 40,000 | 44,279 | (4,279) |
| Consulting | 100,000 | 100,000 | 385,841 | (285,841) |
| Books and subscriptions | 2,500 | 2,500 | 2,174 | 326 |
| Food supplies and service | 13,000 | 13,000 | 17,716 | (4,716) |
| Gasoline and auto | 5,000 | 5,000 | 3,854 | 1,146 |
| Office | 88,640 | 88,640 | 109,120 | (20,480) |
| Debt service, lease payments | - | - | 396,900 | (396,900) |
| Postal services | 1,000 | 1,000 | 1,307 | (307) |
| Miscellaneous | 26,200 | 26,200 | 23,543 | 2,657 |
| State of the County | - | - | 24,323 | (24,323) |
| Telecommunications | 12,500 | 12,500 | - | 12,500 |
| Tuition and seminars | 5,000 | 5,000 | 10,273 | (5,273) |
| Travel | 50,000 | 50,000 | 70,682 | (20,682) |
| Utilities | 29,000 | 29,000 | 52,390 | (23,390) |
| Purchase of economic development land | - | - | 42,083,180 | (42,083,180) |
| Capital outlay, purchase of lease | - | - | 5,631,912 | (5,631,912) |
| Capital outlay, purchase of vehicle | - | - | 35,452 | (35,452) |
| Total expenditures | 2,670,077 | 2,670,077 | 56,664,089 | (53,994,012) |
| Excess of revenues over expenditures | $ 112,475 | $ 112,475 | $ 565,808 | $ 453,333 |

*The Notes to Financial Statements are an integral part of this statement.*

# Economic Development Authority of Henrico County, Virginia

## Statement of Revenues, Expenditures, and Changes in Fund Balance
## Budget and Actual - General Fund
### Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance From Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | Increase (Decrease) |
| **OTHER FINANCING SOURCES** | | | | |
| Acquisition of lease | | | $ 5,631,912 | |
| Proceeds from sale of capital assets | | | 17,000 | |
| | | | 5,648,912 | |
| Change in fund balance | | | 6,214,720 | |
| **FUND BALANCE** | | | | |
| Beginning of year | | | 24,464,700 | |
| End of year | | | **$ 30,679,420** | |

*The Notes to Financial Statements are an integral part of this statement.*

## Note 1 – Summary of Significant Accounting Policies

### *Financial Reporting Entity*

The Economic Development Authority of Henrico County, Virginia (the “Authority”) was created by ordinance of the Board of Supervisors of Henrico County, Virginia (the “Board of Supervisors”) as a political subdivision of the Commonwealth of Virginia pursuant to the provisions of the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia (the “Act”) (then Chapter 33 of Title 15.1, now Chapter 49 of Title 15.2, of the *Code of Virginia* (1950), as amended). Ten directors appointed by the Board of Supervisors govern the Authority. It is authorized, among other things, to acquire, own, lease, and dispose of properties and to make loans to the end that the Authority may promote industry and develop trade by inducing manufacturing, industrial, governmental, nonprofit, and commercial enterprises, and institutions of higher learning to locate in and remain in Virginia. The Act empowers the Authority to issue bonds for the purpose of carrying out any of its powers. Bonds issued by the Authority, pursuant to the Act, are not deemed to constitute a debt or a pledge of the faith and credit of the Commonwealth of Virginia or any of its political subdivisions, including Henrico County, Virginia (the “County”) and the Authority, but are limited obligations of the Authority payable solely from the revenues and moneys pledged for that purpose by the entity for whose benefit the bonds were issued. Reference should be made to the Act for a more complete description of the Authority’s powers and duties, and of its liability for the bonds that it issues.

### *Basis of Presentation*

The basic financial statements have been presented in a combined format that presents both the government- wide financial statements and the fund financial statement as described below.

<u>Government-Wide Financial Statements</u>

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities, whether short-term or long-term, of the Authority. Governmental activities are supported by charges for services, which consist of industrial revenue bond filing fees, and operating contributions, which consist of support from the County of Henrico, Virginia (the “County”).

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers for filing fees associated with the issuance of industrial revenue bonds and 2) operating contributions that are received from the County based on an annual operating budget. Other items not properly included as program revenues are reported as general revenues.

<u>Fund Financial Statements</u>

The fund financial statements (i.e., Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance) of the Authority’s governmental fund reports the finances of the Authority and generally include only short-term information, the most readily available assets, and present due liabilities, and just the resources that flow into and out of the Authority during the year or shortly thereafter.

Whereas the government-wide financial statements provide an all-encompassing view of all the Authority's finances, the fund financial statements provide a narrower look at the Authority's current resources as noted above. In addition, a reconciliation is provided explaining the differences between the net change in fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the change in net position on the Statement of Activities. The differences noted on the reconciliations relate to the fact that the fund financial statement primarily report short-term financial information, whereas the government-wide statements report both short and long-term financial information. Major individual governmental funds are reported as separate columns in the fund financial statements. The Authority reports the following major governmental fund: The General Fund is the operating fund of the Authority and is used to account for all of the Authority's expendable financial resources and related liabilities.

### *Measurement Focus and Basis of Accounting*

The 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 related cash flows.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this basis, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available") to pay the liabilities of the current period. For this purpose, the Authority considers revenues to be "available" if they are collected within 45 days of the end of the current fiscal period. In addition, expenditures are recorded when the related fund liability is incurred, if measurable, except for un-accrued principal and interest on general long-term debt, which is recognized when due, and compensated absences, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

### *Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

### *Cash and Cash Equivalents*

Cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, the Authority considers investments with original maturities of three months or less to be cash equivalents.

### *Investments*

Investments with a maturity date of greater than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost, which approximates fair value, in accordance with U.S. GAAP. The Authority determines fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. This statement requires the use of valuation techniques which are appropriate under the circumstances and are either a market approach, a cost approach, or an income approach. The statement establishes a hierarchy of inputs used to measure fair value consisting of three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The Authority uses a market approach as the valuation technique for Level 2 inputs. Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. Statement No. 72 also contains note disclosure requirements regarding the hierarchy of valuation inputs and valuation techniques that were used for the fair value measurements.

### *Due from County of Henrico, Virginia*

At June 30, 2024, the amount reported as Due from County consists of the following:

| | |
|---|---|
| Economic development expense reimbursements | **$ 153,650** |

### *Other Receivables*

At June 30, 2024, the Authority's other receivables consist of the following:

| | |
|---|---|
| Bond fees | $ 20,133 |
| Financing arrangement (Note 4) | 5,221,400 |
| | $ 5,241,533 |

### *Capital Assets*

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements, and are recorded at cost where historical records are available and at an estimated historical cost where no historical cost records exist. Contributed capital assets are recorded at the acquisition value at the time of the receipt.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority capitalizes all equipment purchases exceeding $500.

The Authority depreciates capital assets using the straight-line method over their estimated useful lives as follows:

| | |
|---|---|
| Buildings | 50 years |
| Leasehold improvements | 7 – 10 years |
| Furniture and equipment | 7 years |
| Automobiles | 5 years |
| Audio visual equipment | 10 years |

### *Allowance for Uncollectible Fees Receivable*

An allowance for uncollectible fees receivable is generally established using historical collection data, consideration of economic conditions, specific account analysis, and subsequent cash receipts. At June 30, 2024, all amounts are considered collectible and, therefore, no allowance was deemed necessary.

### *Right-of-use lease asset and related lease liability*

The Authority is a lessee for a cancellable lease, in the event that the lessor starts a new lease with an agreed upon third party between the lessor and lessee, of 92.096 acres of land. The Authority recognizes an intangible right-to-use asset (lease asset) and a related lease liability on the government-wide financial statements. At the commencement of a lease, the Authority initially measures a lease liability at the present value of payments expected to be made during the lease period. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability. Subsequent to the initial measurement and recognition, the lease asset is amortized on a straight-line basis over its useful life. See Notes 4, 5, and 6 for additional information.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt in the statement of net position.

Key estimates and judgements include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts and/or payments to present value, (2) lease term, and (3) lease receipts and or payments.

- The Authority uses an estimated incremental borrowing rate as the discount rate for the lease.
- The lease term includes the noncancellable periods of the lease. Lease receipts and payments are included in the measurement of the lease receivable or liability, respectively, and are composed of fixed payments.
- The Authority monitors changes in circumstances that would require a remeasurement of its leases and will remeasure if certain changes occur that are expected to significantly affect the amount of the lease receivable or liability.

### *Deferred Outflows and Inflows of Resources*

In addition to assets and liabilities, the statement that presents net position reports a separate section for deferred outflows of resources and deferred inflows of resources. These items represent a consumption and acquisition, respectively, of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue), respectively, until then. The Authority has the following items that qualify for reporting in these categories:

- Revenues are reported as deferred inflows of resources in the governmental fund when asset recognition criteria have not yet been met.
- Contributions subsequent to the measurement date for pensions and OPEB are always a deferred outflow; this will be applied to the net pension liability in the next fiscal year.
- Differences between expected and actual experience for economic/demographic factors in the measurement of the total pension or OPEB liability. This difference will be recognized in pension or OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.
- Difference between projected and actual earnings on pension and OPEB plan investments. This difference will be recognized in pension or OPEB expense over the closed five-year period and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from changes in actuarial assumptions on pension plan or OPEB valuations. These differences will be recognized in pension or OPEB expense over the estimated remaining service life of employees subject to the plan and may be reported as a deferred outflow or inflow as appropriate.
- Differences resulting from a change in proportion of the collective net OPEB liabilities. This difference will be recognized in OPEB expense over the expected average remaining service life of all employees provided with benefits in the plan and may be reported as a deferred inflow or outflow as appropriate.

### *Compensated Absences*

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are reported as noncurrent liabilities.

### *Pensions*

For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Authority's Retirement Plan and the additions to/deductions from the Authority's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System ("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.

### *Other Postemployment Benefits Plan*

Group Life Insurance Program

The VRS Group Life Insurance (GLI) Program is 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 group life insurance 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 VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's fiduciary net 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.

Retiree Healthcare Program

The Authority participates in the County's Other Postemployment Benefits ("OPEB") plan. OPEB plan contributions are actuarially determined. For purposes of measuring OPEB plan net liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense are determined by an annual actuarial valuation.

### *Sources of Revenue*

Each entity applying for industrial revenue bonds must pay a filing fee. If bonds are subsequently issued, the entity must then pay an annual service fee until the bonds are retired.

The Authority is also designated as the official economic development organization for the County and, as such, is authorized to act on behalf of the County Board of Supervisors to accomplish an economic development program for the County. Although the Authority is independent of the County, it receives support from the County in the form of an annual operating budget. The expenditures, which are paid by the County and are subject to the same controls as departments within the County, are presented in the General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance. These expenditures are also reported in the County's annual comprehensive financial report on a fiscal year basis.

The Authority employs its own staff, manages its own day-to-day operations, and sets the fees charged and approves the expenditure of those fees.

*Net Position*

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

*Fund Balance*

In the governmental fund's financial statements, fund balance may be composed of restricted and unassigned balances classified dependent of constraints placed on how fund balance can be spent. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed by unassigned fund balance. Specifically:

<u>Nonspendable</u>

Fund balance is reported as nonspendable when it is either a) not in spendable form or b) legally or contractually required to be maintained intact.

<u>Restricted</u>

This classification includes amounts that are restricted to specific purposes by external parties, constitutional provisions, or imposed by creditors. The Authority had no restricted fund balances at June 30, 2024.

<u>Committed</u>

Fund balance is reported as committed when the use of amounts is constrained by limitations that the Authority imposes upon itself through formal action of the Board, the highest level of decision making authority, and remains legally binding unless removed in the same manner. Limitations of spending imposed by the annual operating budget lapse with the passage of time and thus do not remain binding indefinitely and therefore is not sufficient to commit fund balance. Committed fund balance also incorporates contractual obligations to the extent existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Authority had no committed fund balances at June 30, 2024.

<u>Assigned</u>

Fund balance is reported as assigned when amounts are intended to be used for specific purposes. Assigned fund balance does not meet the criteria to be classified as restricted or committed. In the general fund, intent is expressed by the Board or an official to whom the Board has delegated this authority through the annual budget. The Authority had no assigned fund balances at June 30, 2024.

<u>Unassigned</u>

The portion of the fund balance available for any purpose. Includes all spendable amounts not classified as restricted. The General Fund is the only fund that would report a positive amount in the unassigned fund balance.

## Note 2 –Stewardship, Compliance and Accountability

Annual budgets are adopted on a basis consistent with U.S. GAAP for all governmental funds. The Executive Director submits to the Authority's Finance Committee an annual operating budget for the Authority and in addition submits to the County Board of Supervisors an annual operating budget of Authority expenditures, which are funded through County appropriations for the fiscal year commencing the following July. The Authority's operating budget includes proposed expenditures and the means of financing them. Prior to June 30, the budgets are legally enacted through the passage of appropriations by the Authority's Board of Directors and the County Board of Supervisors. Annual appropriations place legal restrictions on expenditures and can be revised by only the Authority's Board of Directors if pertaining to the Authority's operating budget and the County Board of Supervisors if pertaining to the Authority's operating budget funded through County appropriations.

## Note 3 – Deposits and Investments

At June 30, 2024, the Authority's deposits and investments consist of the following:

| | | |
|---|---|---|
| Demand deposits | $ | 73,086 |
| Money market deposits | | 16,529,302 |
| LGIP - amortized cost | | 1,130,019 |
| U.S. Treasury securities | | 24,606,836 |
| | **$** | 42,339,243 |

### *Deposits*

The Authority's deposits with financial institutions are fully covered by federal depository insurance or collateralized in accordance with the Virginia Security of Public Deposits Act (the "Deposits Act"). Under the Deposits Act, banks or financial institutions holding public depositories in excess of the amounts insured by the Federal Deposit Insurance Corporation must pledge collateral in the amount of 50% of the 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 and savings and loans.

### *Investments*

The Authority follows a deposit and investment policy in accordance with the Commonwealth of Virginia statutes. Investment instruments include Commonwealth of Virginia Local Government Investment Pool (the "LGIP"), a 2a-7 like pool, U.S. Treasury securities, and money markets. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1 - 359 et seq. Securities are held in safekeeping by the respective financial institutions.

### *Investment Risk Disclosures*

The Authority's Investment Policy Statement ("IPS") addresses concentration of credit risk by setting a target allocation of resources between cash (30%) and fixed income investments (70%) using Barclays Aggregate Bonds as the benchmark. Additionally, the IPS sets certain minimum rating requirements and maximum maturity thresholds to address credit risk and interest risk. The Authority's IPS also stipulates guidelines to be used in the selection of brokers/dealers in order to mitigate exposure to custodial credit risk.

*Credit Risk*

State statutes allow the Authority to invest in, amongst other things, obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia, obligations of any city, county, or town, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and money market mutual funds. During the fiscal year, the Authority's LGIP carried a rating of AAAm.

*Fair Value*

The Authority's investments in U.S. Treasury securities of $24,606,836 are measured at fair value using Level 2 inputs in accordance with GASB 72, are carrying a cost basis of $22,423,002 at June 30, 2024, and all mature in less than one year as of June 30, 2024.

## Note 4 – Capital Assets and Land Held for Sale

Capital assets at June 30, 2024, were composed of the following amounts:

| | Balance at July 1, 2023 | Additions | Deletions/ Transfers | Balance at June 30, 2024 |
|---|---|---|---|---|
| Capital assets not subject to depreciation: | | | | |
| Land | $ 11,139,483 | $ - | $ - | $ 11,139,483 |
| Total capital assets not subject to depreciation | 11,139,483 | - | - | 11,139,483 |
| Capital assets subject to depreciation: | | | | |
| Buildings | 2,177,082 | - | - | 2,177,082 |
| Leasehold improvements | 11,170 | - | - | 11,170 |
| Furniture and equipment | 76,162 | - | - | 76,162 |
| Automobiles | 124,636 | 35,452 | (36,609) | 123,479 |
| Audio visual equipment | 8,500 | - | - | 8,500 |
| Leased land | - | 5,631,912 | - | 5,631,912 |
| Data processing equipment | 40,127 | - | - | 40,127 |
| Total capital assets subject to depreciation and amortization | 2,437,677 | 5,667,364 | (36,609) | 8,068,432 |
| Accumulated: | | | | |
| Depreciation | (1,100,452) | (69,688) | 36,609 | (1,133,531) |
| Amortization of leased land | - | (281,596) | - | (281,596) |
| Total accumulated depreciation/amortization | (1,100,452) | (351,284) | 36,609 | (1,415,127) |
| Total capital assets being depreciated/amortized, net | 1,337,225 | 5,316,080 | - | 6,653,305 |
| Total capital assets subject to depreciation and amortization, net | **$ 12,476,708** | **$ 5,316,080** | **$ -** | **$ 17,792,788** |

*Other Economic Development Real Estate Transactions and Land Held for Sale*

During fiscal year 2024, the Authority sold land with no carrying value, per an established agreement with the Commonwealth of Virginia, to a third party for $11,407,184.

During fiscal year 2021, the County conveyed land with a tax-assessed value of $9.1 million to the Authority with the intent the land would be sold to a prospective business in the near future. During fiscal year 2023, that land was sold for $6.2 million under a financing arrangement to the prospective business. The amounts received under the terms of this financing arrangement by the Authority are passed through to the County. The balance of this financing arrangement outstanding on June 30, 2024, was $5,221,400 which is reported as both a receivable and Due to County on the Statement of Net Position. Additionally, because the receivable does not meet the Authority's definition of "available" for purposes of reporting in the governmental fund financial statements, this balance is reported as both a receivable and unavailable revenues in the governmental fund balance sheet. See also Note 5 for further details.

During fiscal year 2024, the Authority purchased property for $35 million that was immediately sold to Scott Farm for $17 million. The purchase was funded in part by $17 million from the County and $17 million from Scott Farm.

Additionally, during fiscal year 2024, the Authority purchased 8.6 acres of land to be held for sale for $2.1 million. The County purchased 1.1 acres of this land to construct a road for $281,920. The Authority also purchased land adjoining two of the White Oak Technology Park sites for $4.7 million and was conveyed 1.1 acres of land with a tax-assessed value of $293,300 on Eastridge Road from the County.

At June 30, 2024, the Authority's land held for sale as reported on the Statement of Net Position consists of the following:

| | |
|---|---|
| Staples Mill Road, tax-assessed value | $ 194,800 |
| Park Central, cost | 1,848,337 |
| Elko Road, cost | 4,763,021 |
| Eastridge Road, tax-assessed value | 293,300 |
| | **$ 7,099,458** |

## Note 5 – Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2024, were as follows:

| Heading | Balance at July 1, 2023 | Increase | Decrease | Balance at June 30, 2024 | One Year |
|---|---|---|---|---|---|
| Due to County | $ 5,721,400 | $ - | $ (500,000) | $ 5,221,400 | $ 5,221,400 |
| Net OPEB liabilities | 82,277 | - | (14,986) | 67,291 | 7,000 |
| Net pension liability | - | 289,647 | - | 289,647 | - |
| Lease liability | - | 5,631,912 | (306,407) | 5,325,505 | 419,666 |
| Compensated absences | 96,113 | 145,033 | (96,113) | 145,033 | 145,033 |
| | **$ 5,899,790** | **$ 6,066,592** | **$ (917,506)** | **$ 11,048,876** | **$ 5,793,099** |

The Authority had outstanding accrued leave totaling $145,033 at June 30, 2024.

During fiscal year 2023, the Authority sold land under a financing arrangement to a prospective business. The Authority has a memorandum of agreement with the County whereby all proceeds received by the Authority under this financing arrangement are promptly remitted to the County. As such, the Authority has recorded a liability concurrently with the financing arrangement receivable. Under the terms of the arrangement, the entire remaining balance is due in fiscal year 2025. The financing is interest-free, and the Authority has a repurchase option if the buyer is unable to make its payments.

## Note 6 – Lease Liability

During 2024, the Authority, as a lessee, entered into a cancellable lease agreement for the land at 1955 & 2551 Portugee Road in Sandston, Virginia, and, as a result, recognized an intangible right-to-use lease asset and related lease liability. Payments of $56,700 are due monthly through December 2033 and are discounted at 3.95%. Additionally, the Authority has made a commitment under the terms of this lease to make certain utility infrastructure improvements to the property, the amounts for which have yet to be determined, as well as to market the property for future sale. The land is leased for improvement in anticipation of sale for future economic development prospects.

Future maturities are as follows:

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 419,666 | $ 204,034 | $ 623,700 |
| 2026 | 495,527 | 184,873 | 680,400 |
| 2027 | 515,458 | 164,942 | 680,400 |
| 2028 | 536,191 | 144,209 | 680,400 |
| 2029 | 557,759 | 122,641 | 680,400 |
| Thereafter | 2,800,904 | 260,896 | 3,061,800 |
| | **$ 5,325,505** | **$ 1,081,595** | **$ 6,407,100** |

Related lease assets totaling $5,631,912, offset by accumulated amortization of $281,596, is included in capital assets, net on the statement of net position as of June 30, 2024 (see Note 4).

## Note 7 – Conduit Debt - Revenue Bonds and Notes Issued

The Authority is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds ("IRBs") on behalf of qualified businesses wanting to promote industry and develop trade within the County. Principal and interest on the IRBs are paid entirely by the businesses. The terms of the IRBs stipulate that neither the Authority nor the County guarantees the repayment of principal and interest to the bondholders. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2024, the Authority had outstanding IRBs with original principal amounts of approximately $470 million and outstanding principal amounts of approximately $360 million maturing between fiscal years 2027 and 2052. During the year ended June 30, 2024, one bond was issued for $41.22 million on behalf of the County.

## Note 8 – Defined Benefit Pension Plan

### *Plan Description*

All full-time, salaried permanent employees of the Authority, (the "Political Subdivision") are automatically covered by the VRS Retirement Plan upon employment. This multi-employer agent plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are available at:

- https://www.varetire.org/members/benefits/defined-benefit/plan1.asp,
- https://www.varetire.org/members/benefits/defined-benefit/plan2.asp,
- https://www.varetirement.org/hybrid.html.

### *Employees Covered by Benefit Terms*

As of the June 30, 2022, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

| | Number |
|---|---|
| Inactive members or their beneficiaries currently receiving benefits | 6 |
| Inactive members: | |
| Vested | 4 |
| Non-vested | 2 |
| Active elsewhere in VRS | 5 |
| Total inactive members | 11 |
| Active members | 10 |
| | **27** |

### *Contributions*

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required contribution rate for the year ended June 30, 2024, was 7.98% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, 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 to the pension plan from the Authority were $79,282 and $62,518 for the years ended June 30, 2024 and 2023, respectively.

### *Net Pension Liability (Asset)*

The net pension liability (asset) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For political subdivisions, the net pension liability (asset) was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

### *Actuarial Assumptions*

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 5.35% |
| Investment rate of return | 6.75%, net of pension plan investment expenses, including inflation |

Mortality Rates: General employees - 15 to 20% of deaths are assumed to be service related. Mortality is projected using the applicable Pub-2010 Mortality Table with various set-backs or set-forwards for both males and females.

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

General Employees - Largest 10 - Non-Hazardous Duty and All Others (Non 10 Largest): Updated mortality table; adjusted retirement rates to better fit experience; adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service; no change to disability rates; no change to salary scale; and no change to discount rate.

### *Long-Term Expected Rate of Return*

The long-term expected rate of return on pension 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 pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

| **Asset Class (Strategy)** | **Target Allocation** | **Arithmetic Long-Term Expected Rate of Return** | **Weighted Average Long-Term Expected Rate of Return** |
|---|---|---|---|
| Public Equity | 34.00% | 6.14% | 2.09% |
| Fixed Income | 15.00 | 2.56 | 0.38 |
| Credit Strategies | 14.00 | 5.60 | 0.78 |
| Real Assets | 14.00 | 5.02 | 0.70 |
| Private Equity | 16.00 | 9.17 | 1.47 |
| MAPS – Multi-Asset Public Strategies | 4.00 | 4.50 | 0.18 |
| PIP – Private Investment Partnership | 2.00 | 7.18 | 0.14 |
| Cash | 1.00 | 1.20 | 0.01 |
| Total | 100.00% | | 5.75 |
| Inflation | | | 2.50 |
| *Expected arithmetic nominal return | | | **8.25%** |

* The above allocation provides for a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected rate of 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 7.14%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### *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 System member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in the FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023, 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 was applied to all periods of projected benefit payments to determine the total pension liability.

### *Changes in Net Pension Liability (Asset)*

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) – (b) |
|---|---|---|---|
| Balances at June 30, 2022 | $ 2,864,782 | $ 2,964,904 | $ (100,122) |
| Changes for the year: | | | |
| Service cost | 100,464 | - | 100,464 |
| Interest | 191,449 | - | 191,449 |
| Changes of assumptions | - | - | - |
| Difference between expected and actual | 386,621 | - | 386,621 |
| Contributions - employer | - | 62,518 | (62,518) |
| Contributions - employee | - | 42,578 | (42,578) |
| Net investment income (loss) | - | 185,530 | (185,530) |
| Benefit payments, including refunds of employee contributions | (257,941) | (257,941) | - |
| Administrative expense | - | (1,935) | 1,935 |
| Other | - | 74 | (74) |
| Net changes | 420,593 | 30,824 | 389,769 |
| Balances at June 30, 2023 | **$ 3,285,375** | **$ 2,995,728** | **$ 289,647** |

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

| | 1% Decrease 5.75% | Current Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| Net pension liability (asset) | **$ 580,873** | **$ 289,647** | **$ 38,850** |

### *Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

For the year ending June 30, 2024, the Authority recognized pension expense of $137,084. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 245,518 | $ 1,494 |
| Net difference between projected and actual earnings on pension plan investments | - | 48,386 |
| Employer contributions subsequent to the measurement date | 79,282 | - |
| | **$ 324,800** | **$ 49,880** |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as an increase or decrease of the net pension asset or liability, respectively, in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30, | |
|---|---|
| 2025 | $ 104,644 |
| 2026 | 45,594 |
| 2027 | 43,524 |
| 2028 | 1,876 |

### *Pension Plan Data*

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/media/shared/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## Note 9 – Other Postemployment Benefits (OPEB) - Retiree Healthcare

### *Plan Description*

The County provides other postemployment healthcare benefits for retired employees of the Authority 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. The County participates in the Virginia Pooled OPEB Trust Fund (“Trust Fund”), an irrevocable trust established for the purpose of accumulating assets to fund postemployment healthcare benefits other than pensions.

### *Healthcare Benefits*

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

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

Current County retirees who qualify for health benefits receive an implicit rate subsidy by participating in the active employee health care risk pool.

### *Membership*

At June 30, 2024, membership for the postemployment healthcare benefits consisted of:

| | **Number** |
|---|---|
| Retirees and beneficiaries | - |
| Active employees | 11 |
| | **11** |

### *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. While the County contributes to a trust fund, none of the fiduciary net position of the trust fund is allocated to the Authority. For the year ended June 30, 2024, the Authority made pay-as-you-go contributions to cover benefit payments of $264.

### *OPEB Liability and OPEB Expense*

For purposes of measuring the 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, 2024. 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, 2024, the Authority reported a postemployment Healthcare OPEB liability of $17,879. For the year ended June 30, 2024, the Authority recognized Healthcare OPEB expense of $4,019.

At June 30, 2024, the Authority's Healthcare OPEB liability is as follows:

| | |
|---|---|
| Total Healthcare OPEB liability | $ 17,879 |
| Fiduciary net position | - |
| Healthcare OPEB liability | **$ 17,879** |

### *Changes in the Healthcare OPEB Liability*

| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | OPEB Liability (a) – (b) |
|---|---|---|---|
| Balances at June 30, 2023 | $ 33,632 | $ - | $ 33,632 |
| Changes for the year: | | | |
| Service cost | 10,201 | - | 10,201 |
| Interest | 3,050 | - | 3,050 |
| Contributions - employer | - | 264 | (264) |
| Experience losses (gains) | (10,700) | - | (10,700) |
| Changes of assumptions | (18,040) | - | (18,040) |
| Benefit payments, including refunds of employee contributions | (264) | (264) | - |
| Net changes | (15,753) | - | (15,753) |
| Balances at June 30, 2024 | **$ 17,879** | **$ -** | **$ 17,879** |

### *Actuarial Methods and Assumptions*

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

In the June 30, 2024, actuarial valuation, which was used for the June 30, 2024, measurement date for other postemployment healthcare benefits, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 6.75% discount rate of return, 2.5% annual salary increase, and an annual healthcare cost trend rate of 7% trending uniformly to 5.60% over the next 3 years. 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 5 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:

**Pre-Commencement:**

Pub-2010 General Government Healthy Annuitant Headcount Weighted Tables; set forward 2 years for females with no adjustment for males. Future mortality improvement is projected to be fully generational with 75% MP-2021 Improvement Scale.

**Post-Commencement:**

Pub-2010 General Government Healthy Annuitant Headcount Weighted Tables; 110% for females with no adjustment for males. Future mortality improvement is projected to be fully generational with 75% MP-2021 Improvement Scale.

**Post-Disablement:**

Pub-2010 General Government Disabled Headcount Weighted Tables; set forward 3 years for males and females. Future mortality improvement is projected to be fully generational with 75% MP-2021 Improvement Scale.

**Beneficiaries and Survivors:**

Pub-2010 General Government Contingent Survivor Headcount Weighted Tables; 110% for males and females. Future mortality improvement is projected to be fully generational with 75% MP-2021 Improvement Scale.

### *Discount Rate*

The discount rate used to measure the total Healthcare OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contribution rates.

### *Sensitivity of the Healthcare OPEB Liability to Changes in the Discount Rate*

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

| | 1% Decrease 6.00% | Current Rate 7.00% | 1% Increase 8.00% |
|---|---|---|---|
| Healthcare OPEB liability | $ 19,337 | $ 17,879 | $ 16,559 |

### *Sensitivity of the Healthcare OPEB Liability to Changes in the Healthcare Cost Trend Rate*

The following presents the Authority's OPEB liability calculated using the healthcare cost trend assumption rate of 7%, as well as what the Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

| | 1% Decrease 6.00% Decreasing to 4.6% Over 3 Years | Current Rate 7.00% Decreasing to 5.6% Over 3 Years | 1% Increase 8.00% Decreasing to 6.6% Over 3 Years |
|---|---|---|---|
| Healthcare OPEB liability | $ 15,474 | $ 17,879 | $ 20,726 |

### *Deferred Outflows and Inflows of Resources Related to Healthcare OPEB*

At June 30, 2024, the Authority 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 |
|---|---|---|
| Differences between expected and actual experience | $ - | $ 16,657 |
| Changes of assumptions | - | 18,557 |
| | **$ -** | **$ 35,214** |

The collected amounts reported as deferred outflows of resources and deferred inflows of resources related to Healthcare OPEB that will be recognized in Healthcare OPEB expense as follows:

| Year Ending June 30, | |
|---|---|
| 2025 | $ (9,823) |
| 2026 | (9,823) |
| 2027 | (9,820) |
| 2028 | (5,748) |

## Note 10 – Other Postemployment Benefits (OPEB) – Virginia Retirement System Group Life Insurance

In addition to their participation in the pension plan offered through the Virginia Retirement System (VRS), the Authority also participates in a cost-sharing other postemployment benefit plan, described as follows.

### *Plan Description*

All full-time teachers and employees of political subdivisions are automatically covered by the VRS Group Life Insurance (GLI) Program upon employment.

In addition to the Basic Group Life Insurance Benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

Specific information for the GLI is available at https://www.varetire.org/members/benefits/life-insurance/ basic-group-life-insurance.asp.

The GLI Program is administered by the VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. This plan is considered a multiple employer, cost-sharing plan.

### *Contributions*

Contributions to the VRS OPEB program were based on actuarially determined rates from actuarial valuations as of June 30, 2021. The actuarially determined rate was expected to finance the cost of benefits earned by employees during the year, with an additional amount to fund any unfunded accrued liability. Specific details related to the contributions for the VRS OPEB program are as follows:

| | |
|---|---|
| Governed by: | *Code of Virginia* 51.1-506 and 51.1-508 and may be impacted as a result of funding provided to school divisions and governmental agencies by the Virginia General Assembly. |
| Total rate: | 1.34% of covered employee compensation. Rate allocated 60/40; 0.80% employee and 0.54% employer. Employers may elect to pay all or part of the employee contribution. |
| June 30, 2024 Contribution | $6,782 |
| June 30, 2023 Contribution | $5,237 |

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session.

### *OPEB Liability, OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB*

The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The Authority's proportion of the net OPEB liability was based on the Authority's actuarially determined employer contributions for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

| | |
|---|---|
| June 30, 2024 proportionate share of liability | $ 49,412 |
| June 30, 2023 proportion | 0.00412% |
| June 30, 2022 proportion | 0.00404% |
| June 30, 2024 expense | $ 2,756 |

Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense above was related to deferred amount from changes in proportion.

At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 4,935 | $ 1,500 |
| Changes of assumptions | 1,056 | 3,423 |
| Net difference between projected and actual earnings on plan investments | - | 1,986 |
| Change in Proportion | 2,138 | 855 |
| Employer contributions subsequent to the measurement date | 6,782 | - |
| | **$ 14,911** | **$ 7,764** |

The deferred outflows of resources related to OPEB resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

| Year Ending June 30, | Effect on OPEB Expense |
|---|---|
| 2025 | $ (223) |
| 2026 | (1,716) |
| 2027 | 1,135 |
| 2028 | 514 |
| 2029 | 655 |

## *Actuarial Assumptions and Other Inputs*

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2022, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023:

| | |
|---|---|
| Inflation | 2.50% |
| Salary increases, including inflation: | |
| Locality - general employees | 3.50% - 5.35% |
| Locality - hazardous duty employees | 3.50% - 4.75% |
| Teachers | 3.50% - 5.95% |
| Healthcare cost trend rates: | |
| Under age 65 | 7.00% - 4.75% |
| Ages 65 and older | 5.25% - 4.75% |
| Investment rate of return, net of expenses, including inflation | 6.75% |

Mortality rates used for the various VRS OPEB plans are the same as those used for the actuarial valuations of the VRS pension plans. The mortality rates are discussed in detail at Note 8.

## *Net OPEB Liability*

The net OPEB liability represents each program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, net OPEB liability amounts are as follows (amounts expressed in thousands):

| | GLI |
|---|---|
| Total OPEB liability | $ 3,907,052 |
| Plan fiduciary net position | 2,707,739 |
| Employers' net OPEB liability (asset) | **$ 1,199,313** |
| Plan fiduciary net position as a percentage of total OPEB liability | 69.30% |

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

## *Long-Term Expected Rate of Return*

The long-term expected rate of return on VRS 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 OPEB 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 weighing 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 the same as those used for the VRS pension plan as shown in detail at Note 8.

### *Discount Rate*

The discount rate used to measure the GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Guidance, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the employer for the OPEB liabilities will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate for GLI. From July 1, 2023, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB plans' fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return 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 Authority, as well as what the Authority's net 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 discount rate:

| | 1% Decrease 5.75% | Current Discount Rate 6.75% | 1% Increase 7.75% |
|---|---|---|---|
| GLI net OPEB liability | $ 73,244 | $ 49,412 | $ 30,143 |

### *OPEB Plan Fiduciary Net Position*

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218 2500.

## Note 11 – Other Postemployment Benefits (OPEB) Summary

A summary of the other post-employment benefits-related financial statement elements is as follows:

| | Retiree Healthcare | VRS GLI | Total |
|---|---|---|---|
| Net other post-employment benefits liability | $ 17,879 | $ 49,412 | $ 67,291 |
| Deferred outflows of resources: | | | |
| Change in proportion | - | 2,138 | 2,138 |
| Contributions subsequent to measurement date | - | 6,782 | 6,782 |
| Difference between expected and actual experience | - | 4,935 | 4,935 |
| Changes in actuarial assumptions | - | 1,056 | 1,056 |
| Total deferred outflows of resources | $ - | $ 14,911 | $ 14,911 |
| Deferred inflows of resources: | | | |
| Difference between expected and actual experience | $ 16,657 | $ 1,500 | $ 18,157 |
| Changes in actuarial assumptions | 18,557 | 3,423 | 21,980 |
| Net difference between projected and actual investment earnings | - | 1,986 | 1,986 |
| Change in proportion | - | 855 | 855 |
| Total deferred inflows of resources | $ 35,214 | $ 7,764 | $ 42,978 |
| Net other post-employment benefits expense | $ 4,019 | $ 2,756 | $ 6,775 |

## Note 12 – Commitments

The Authority executed a lease agreement with the County Board of Supervisors and the Authority on October 4, 2001. The term of the lease is 50 years with an annual consideration of $1 for the 2.5-acre parcel of land located at the northwest corner of Parham and Hermitage High Boulevard. As part of the lease agreement, the Authority agreed to construct an office building, parking lot, and other appurtenant facilities on the premises. The building and all facilities shall revert to the County at termination of the lease.

## Note 13 – Claims and Judgements

### *Litigation*

At any point in time, various claims and lawsuits are pending against the Authority. In the opinion of outside legal counsel, resolution of these cases would not involve material liability.

### *Risk Management*

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains a comprehensive property and casualty policy, a commercial general liability policy, a comprehensive liability vehicle policy, and coverage for Authority errors and omissions, workers' compensation and employer's liability, and certain other risks with commercial insurance companies. There have been no significant reductions in insurance coverage in comparison to coverage in the prior year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

## Note 14 – Performance Agreements

The Authority has executed performance agreements with various businesses on behalf of the County, which contain capital investment and employment goals. Upon completion of the specific requirements, the grant funds are awarded in accordance with the terms of the performance agreements, which are generally contingent upon appropriation of such awards by the County. During the year ended June 30, 2024, the Authority awarded $4,609,795 under the terms of these agreements, all of which had been reimbursed by the County as of year-end. Additionally, during 2024, the County advanced a performance agreement payment in the amount of $11,832,766 to the Authority. As of June 30, 2024, the business had not yet requested payment from the Authority and as such, it is included in unearned revenues at year-end.

## Note 15 – New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

## Note 16 – Subsequent Events

In August 2024, the Authority entered into an $11 million loan agreement with a developer to aid the developer in the acquisition and redevelopment of property known as Glenwood Farms. In April 2024, the Authority had entered into a Memorandum of Understanding with the County whereby the County would fund up to $6.5 million of the loan.

In August 2024, the Authority purchased a golf course for $3 million. In the same month, the Authority entered into a long-term lease agreement with a management company to operate the golf course.

# Required Supplementary Information

# Economic Development Authority of Henrico County, Virginia

**Exhibit 1**

## Schedule of Changes in Net Pension Liability with Related Ratios

| | Plan Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| **TOTAL PENSION LIABILITIY** | | | | | | | | | | |
| Service cost | $ 100,464 | $ 93,634 | $ 96,015 | $ 95,026 | $ 84,908 | $ 85,736 | $ 91,738 | $ 73,447 | $ 76,852 | $ 74,757 |
| Interest | 191,449 | 189,901 | 185,611 | 169,984 | 167,993 | 164,273 | 157,627 | 151,476 | 145,107 | 138,454 |
| Changes of assumptions | - | - | 78,571 | - | 51,422 | - | (28,649) | - | - | - |
| Difference between expected and actual experience | 386,621 | (5,138) | (178,081) | 123,481 | (40,609) | (67,375) | (3,573) | (15,896) | (10,857) | - |
| Benefit payments, including refunds of employee contributions | (257,941) | (266,662) | (157,726) | (156,231) | (134,445) | (124,529) | (119,880) | (122,408) | (117,850) | (118,471) |
| Net change in total pension liability | 420,593 | 11,735 | 24,390 | 232,260 | 129,269 | 58,105 | 97,263 | 86,619 | 93,252 | 94,740 |
| Total pension liability, beginning | 2,864,782 | 2,853,047 | 2,828,657 | 2,596,397 | 2,467,128 | 2,409,023 | 2,311,760 | 2,225,141 | 2,131,889 | 2,037,149 |
| Total pension liability, ending (a) | 3,285,375 | 2,864,782 | 2,853,047 | 2,828,657 | 2,596,397 | 2,467,128 | 2,409,023 | 2,311,760 | 2,225,141 | 2,131,889 |
| **PLAN FIDUCIARY NET POSITION** | | | | | | | | | | |
| Contributions - employer | 62,518 | 74,991 | 71,426 | 61,129 | 57,886 | 66,287 | 64,961 | 80,531 | 72,678 | 73,093 |
| Contributions - employee | 42,578 | 40,366 | 41,500 | 38,324 | 35,983 | 36,639 | 35,713 | 32,603 | 29,305 | 28,709 |
| Net investment income | 185,530 | (2,758) | 678,183 | 47,510 | 158,726 | 165,515 | 245,313 | 34,715 | 87,632 | 262,927 |
| Benefit payments, including refunds of employee contributions | (257,941) | (266,662) | (157,726) | (156,231) | (134,445) | (124,529) | (119,880) | (122,408) | (117,850) | (118,471) |
| Administrative expenses | (1,935) | (2,037) | (1,684) | (1,629) | (1,571) | (1,421) | (1,405) | (1,225) | (1,199) | (1,419) |
| Other changes | 74 | 70 | 64 | (56) | (100) | (148) | (219) | (15) | (20) | 14 |
| Net change in plan fiduciary net position | 30,824 | (156,030) | 631,763 | (10,953) | 116,479 | 142,343 | 224,483 | 24,201 | 70,546 | 244,853 |
| Plan fiduciary net position, beginning | 2,964,904 | 3,120,934 | 2,489,171 | 2,500,124 | 2,383,645 | 2,241,302 | 2,016,819 | 1,992,618 | 1,922,072 | 1,677,219 |
| Plan fiduciary net position, ending (b) | 2,995,728 | 2,964,904 | 3,120,934 | 2,489,171 | 2,500,124 | 2,383,645 | 2,241,302 | 2,016,819 | 1,992,618 | 1,922,072 |
| Net pension liability (asset), beginning | (100,122) | (267,887) | 339,486 | 96,273 | 83,483 | 167,721 | 294,941 | 232,523 | 209,817 | 359,930 |
| Net pension liability (asset), ending (a) - (b) | $ 289,647 | $ (100,122) | $ (267,887) | $ 339,486 | $ 96,273 | $ 83,483 | $ 167,721 | $ 294,941 | $ 232,523 | $ 209,817 |
| Plan fiduciary net position as a percentage of the total pension liability | 91.2% | 103.5% | 109.4% | 88.0% | 96.3% | 96.6% | 93.0% | 87.2% | 89.6% | 90.2% |
| Employer's covered payroll | $ 969,823 | $ 879,778 | $ 814,166 | $ 830,381 | $ 795,486 | $ 773,479 | $ 717,476 | $ 607,128 | $ 558,862 | $ 558,862 |
| Net pension liability (asset) as a percentage of covered payroll | 29.9% | -11.4% | -32.9% | 40.9% | 12.1% | 10.8% | 23.4% | 48.6% | 41.6% | 37.5% |

The plan years above are reported in the entity's financial statements in the fiscal year following the plan year - i.e., plan year 2014 information was presented in the entity's fiscal year 2015 financial report.

# Economic Development Authority of Henrico County, Virginia

Exhibit 2

## Schedule of Employer Pension Contributions

| For the Years Ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution (Deficiency) Excess | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|---|---|---|---|---|
| 2024 | $ 79,282 | $ 79,282 | $ - | $ 1,255,957 | 6.31% |
| 2023 | 62,518 | 62,518 | - | 969,823 | 6.45% |
| 2022 | 74,991 | 74,991 | - | 879,778 | 8.52% |
| 2021 | 71,426 | 71,426 | - | 814,166 | 8.77% |
| 2020 | 70,250 | 79,666 | 9,416 | 830,381 | 9.59% |
| 2019 | 67,298 | 76,373 | 9,075 | 795,486 | 9.60% |
| 2018 | 65,436 | 80,631 | 15,195 | 773,479 | 10.42% |
| 2017 | 65,506 | 78,078 | 12,572 | 717,476 | 10.88% |
| 2016 | 75,405 | 89,960 | 14,555 | 607,128 | 14.82% |
| 2015 | 73,137 | 83,520 | 10,383 | 588,862 | 14.18% |

# Economic Development Authority of Henrico County, Virginia

## Notes to Required Supplementary Pension Information

## June 30, 2024

### Note 1 – Changes of Benefit Terms

There have been no actuarial material changes to the Virginia Retirement System (System) benefit provisions since the prior actuarial valuation.

### Note 2 – Changes of Assumptions

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace the load with a modified Mortality Scape MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
- Adjusted rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

# Economic Development Authority of Henrico County, Virginia



## Schedule of Changes in Net OPEB Liability with Related Ratios

| | Plan Year 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|
| **TOTAL OPEB LIABILITY** | | | | | | | |
| Service cost | $ 10,201 | $ 9,534 | $ 6,031 | $ 5,636 | $ 4,033 | $ 3,841 | $ 3,658 |
| Interest | 3,050 | 2,200 | 3,050 | 2,474 | 1,800 | 1,466 | 1,226 |
| Change of assumptions | (18,040) | - | (8,250) | - | - | - | - |
| Difference between expected and actual experience | (10,700) | - | (16,197) | - | 2,955 | - | - |
| Benefit payments, including refunds of employee contributions | (264) | (282) | (266) | (774) | (720) | (1,645) | (1,523) |
| Net change in total OPEB liability | (15,753) | 11,452 | (15,632) | 7,336 | 8,068 | 3,662 | 3,361 |
| Total OPEB liability, beginning | 33,632 | 22,180 | 37,812 | 30,476 | 22,408 | 18,746 | 15,385 |
| Total OPEB liability, ending (a) | 17,879 | 33,632 | 22,180 | 37,812 | 30,476 | 22,408 | 18,746 |
| **PLAN FIDUCIARY NET POSITION*** | | | | | | | |
| Contributions - employer | 264 | 282 | 266 | 774 | 720 | 1,645 | 1,523 |
| Benefit payments, including refunds of employee contributions | (264) | (282) | (266) | (774) | (720) | (1,645) | (1,523) |
| Net change in plan fiduciary net position | - | - | - | - | - | - | - |
| Plan fiduciary net position, beginning | - | - | - | - | - | - | - |
| Plan fiduciary net position, ending (b) | - | - | - | - | - | - | - |
| Net OPEB liability, beginning | 33,632 | 22,180 | 37,812 | 30,476 | 22,408 | 18,746 | 15,385 |
| Net OPEB liability, ending (a) - (b) | **$ 17,879** | **$ 33,632** | **$ 22,180** | **$ 37,812** | **$ 30,476** | **$ 22,408** | **$ 18,746** |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Employer's covered-employee payroll | $ 1,066,701 | $ 942,645 | $ 942,645 | $ 786,622 | $ 786,622 | $ 792,076 | $ 792,076 |
| Net OPEB liability as a percentage of covered-employee payroll | 2% | 4% | 2% | 5% | 4% | 3% | 2% |

*No assets have been accumulated in a trust or equivalent arrangement for the payment of future benefits.

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

# Economic Development Authority of Henrico County, Virginia

## Schedule of Employer's Share of Net GLI OPEB Liability

| | Plan Year 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Employer's Proportion of the Net GLI OPEB Liability | $ 49,412 | $ 48,645 | $ 45,872 | $ 66,754 | $ 64,114 |
| Employer's Proportionate Share of the Net GLI OPEB Liability | 0.00412% | 0.00404% | 0.00394% | 0.00400% | 0.00394% |
| Employer's Covered Payroll | $ 969,823 | $ 879,778 | $ 814,166 | $ 830,381 | 795,486 |
| Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll | 5.09% | 5.53% | 5.63% | 8.04% | 8.06% |
| Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability | 69.30% | 67.21% | 67.45% | 52.64% | 52.00% |

This schedule is intended to show information for 10 years. Since fiscal year 2020 (plan year 2019) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

*See Independent Auditor's Report.*

# Economic Development Authority of Henrico County, Virginia

Exhibit 5

## Schedule of Employer OPEB Contributions

| For the Years Ended June 30, | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|---|---|---|---|---|
| **RETIREE HEALTHCARE PROGRAM** | | | | | |
| 2024 | $ 14,270 | $ 264 | $ (14,006) | $ 1,066,701 | 0.02% |
| 2023 | 12,216 | 282 | (11,934) | 942,645 | 0.03% |
| 2022 | 10,093 | 266 | (9,827) | 942,645 | 0.03% |
| 2021 | 8,847 | 774 | (8,073) | 786,622 | 0.10% |
| 2020 | 8,847 | 720 | (8,127) | 786,622 | 0.09% |
| 2019 | 5,726 | 1,645 | (4,081) | 792,076 | 0.21% |
| 2018 | 5,188 | 1,523 | (3,665) | 792,076 | 0.19% |
| **GROUP LIFE INSURANCE PROGRAM** | | | | | |
| 2024 | $ 6,782 | $ 6,782 | $ - | $ 1,255,957 | 0.54% |
| 2023 | 5,237 | 5,237 | - | 969,823 | 0.54% |
| 2022 | 4,751 | 4,751 | - | 879,778 | 0.54% |
| 2021 | 4,395 | 4,395 | - | 814,166 | 0.54% |
| 2020 | 4,288 | 4,288 | - | 830,381 | 0.52% |

This schedule is intended to show information for 10 years. Since fiscal year 2018 (plan year 2017) was the first year for this presentation for the Retiree Healthcare Program and since fiscal year 2020 (plan year 2019) was the first year for this presentation for the Group Life Insurance Program, no earlier data is available. Additional years will be included as they become available.

# Economic Development Authority of Henrico County, Virginia

## Notes to Required Supplementary OPEB Information

## June 30, 2024

## Note 1 – Changes of Benefit Terms

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

## Note 2 – Changes of Assumptions

### *Actuarial assumptions (Healthcare OPEB Plan)*

The following changes have been made to the actuarial assumptions and since the previous valuation date:

1. The mortality, retirement, termination, and disability decrements were updated to match the current VRS assumptions as of the June 30, 2023, report.
2. The health care cost trend rate was updated to 7.00% in 2024 grading to 5.60% over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.
3. The discount rate was updated to 6.75% to match the current VRS OPEB plan discount rate.

The total OPEB liability was based on an actuarial valuation as of June 30, 2024, using the following assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization period | 20 years |
| Discount rate | 6.75% |
| Salary increases, including inflation | 2.5% |
| Healthcare cost rent rates | 7% initial, graded to 5.60% over 3 years and following the Getzen model thereafter |

### *Actuarial assumptions (GLI OPEB Plan)*

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

<u>Largest 10 - Non-Hazardous Duty:</u>

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Largest 10 - Hazardous Duty/Public Safety Employees:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) - Non-Hazardous Duty:

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to line of duty rates.
- No change to discount rate.

All Others (Non 10 Largest) - Hazardous Duty/Public Safety Employees

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70.
- Decreased withdrawal rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
- No change to disability rates.
- No change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

Teacher cost-sharing pool

- Update mortality table to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
- Adjusted withdrawal rates to better fit experience at each year and service through 9 years of service.
- No change to disability rates.
- No changes to salary scale.
- No change to discount rate.

# Statistical Section (Unaudited)

## Economic Development Authority of Henrico County, Virginia

### Net Position by Component - Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** | **2015** |
| **GOVERNMENTAL ACTIVITIES** | | | | | | | | | | |
| Net investment in capital assets | $ 12,467,283 | $ 12,671,508 | $ 20,887,472 | $ 20,942,748 | $ 11,454,632 | $ 1,505,031 | $ 1,521,478 | $ 1,574,883 | $ 1,602,279 | $ 1,598,858 |
| Restricted | - | 100,122 | 267,887 | - | - | - | - | - | - | - |
| Unrestricted | 37,449,344 | 26,465,493 | 13,140,051 | 5,892,482 | 5,065,753 | 1,482,421 | 1,574,186 | 1,696,693 | 1,668,177 | 2,404,600 |
| Total governmental activities net position | **$ 49,916,627** | **$ 39,237,123** | **$ 34,295,410** | **$ 26,835,230** | **$ 16,520,385** | **$ 2,987,452** | **$ 3,095,664** | **$ 3,271,576** | **$ 3,270,456** | **$ 4,003,458** |
| **PRIMARY GOVERNMENT** | | | | | | | | | | |
| Net investment in capital assets | $ 12,467,283 | $ 12,671,508 | $ 20,887,472 | $ 20,942,748 | $ 11,454,632 | $ 1,505,031 | $ 1,521,478 | $ 1,574,883 | $ 1,602,279 | $ 1,598,858 |
| Restricted | - | 100,122 | 267,887 | - | - | - | - | - | - | - |
| Unrestricted | 37,449,344 | 26,465,493 | 13,140,051 | 5,892,482 | 5,065,753 | 1,482,421 | 1,574,186 | 1,696,693 | 1,668,177 | 2,404,600 |
| Total primary government net position | **$ 49,916,627** | **$ 39,237,123** | **$ 34,295,410** | **$ 26,835,230** | **$ 16,520,385** | **$ 2,987,452** | **$ 3,095,664** | **$ 3,271,576** | **$ 3,270,456** | **$ 4,003,458** |

## Economic Development Authority of Henrico County, Virginia

### Changes in Net Position - Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **EXPENSES** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Economic development | $ 15,404,589 | $ 11,740,638 | $ 4,107,227 | $ 2,904,475 | $ 4,567,651 | $ 2,243,068 | $ 2,265,596 | $ 2,706,860 | $ 2,639,534 | $ 1,914,457 |
| Total governmental activities expenses | 15,404,589 | 11,740,638 | 4,107,227 | 2,904,475 | 4,567,651 | 2,243,068 | 2,265,596 | 2,706,860 | 2,639,534 | 1,914,457 |
| Total primary government expenses | **$ 15,404,589** | **$ 11,740,638** | **$ 4,107,227** | **$ 2,904,475** | **$ 4,567,651** | **$ 2,243,068** | **$ 2,265,596** | **$ 2,706,860** | **$ 2,639,534** | **$ 1,914,457** |
| **PROGRAM REVENUES** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services | $ 226,633 | $ 234,342 | $ 268,582 | $ 168,411 | $ 180,915 | $ 236,949 | $ 228,882 | $ 219,059 | $ 230,548 | $ 253,709 |
| Operating grants and contributions | 24,312,822 | 4,652,004 | 4,292,179 | 2,402,252 | 3,502,375 | 1,693,633 | 1,719,837 | 1,450,815 | 1,548,155 | 1,283,840 |
| Capital grants and contributions | - | 4,840,000 | - | 9,261,100 | 10,000,000 | - | - | - | - | - |
| Total governmental activities program revenues | 24,539,455 | 9,726,346 | 4,560,761 | 11,831,763 | 13,683,290 | 1,930,582 | 1,948,719 | 1,669,874 | 1,778,703 | 1,537,549 |
| Total primary government program revenues | **$ 24,539,455** | **$ 9,726,346** | **$ 4,560,761** | **$11,831,763** | **$13,683,290** | **$ 1,930,582** | **$ 1,948,719** | **$ 1,669,874** | **$ 1,778,703** | **$ 1,537,549** |
| **NET (EXPENSE) REVENUE** | | | | | | | | | | |
| Governmental activities | $ 9,134,866 | $ (2,014,292) | $ 453,534 | $ 8,927,288 | $ 9,115,639 | $ (312,486) | $ (316,877) | $ (1,036,986) | $ (860,831) | $ (376,908) |
| Total primary government net expense | **$ 9,134,866** | **$ (2,014,292)** | **$ 453,534** | **$ 8,927,288** | **$ 9,115,639** | **$ (312,486)** | **$ (316,877)** | **$ (1,036,986)** | **$ (860,831)** | **$ (376,908)** |
| **GENERAL REVENUES AND OTHER CHANGES IN NET POSITION** | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Intergovernmental revenues | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 900,000 | $ - | $ 1,343,000 |
| Interest and investment income | 1,532,995 | 739,837 | (55,657) | 31,359 | 59,816 | 27,134 | 14,993 | - | - | - |
| Miscellaneous income | 11,643 | 12,912 | 16,114 | 179,743 | 989,017 | 168,726 | 141,357 | 138,106 | 127,829 | 95,141 |
| Gain (loss) on sale of assets | - | 6,203,256 | 7,046,189 | 1,230,551 | 3,368,461 | 8,414 | - | - | - | 12,594 |
| Total governmental activities | 1,544,638 | 6,956,005 | 7,006,646 | 1,441,653 | 4,417,294 | 204,274 | 156,350 | 1,038,106 | 127,829 | 1,450,735 |
| Total primary government | **$ 1,544,638** | **$ 6,956,005** | **$ 7,006,646** | **$ 1,441,653** | **$ 4,417,294** | **$ 204,274** | **$ 156,350** | **$ 1,038,106** | **$ 127,829** | **$ 1,450,735** |
| **CHANGE IN NET POSITION** | | | | | | | | | | |
| Governmental activities | $ 10,679,504 | $ 4,941,713 | $ 7,460,180 | $10,368,941 | $13,532,933 | $ (108,212) | $ (160,527) | $ 1,120 | $ (733,002) | $ 1,073,827 |
| Total primary government | **$ 10,679,504** | **$ 4,941,713** | **$ 7,460,180** | **$10,368,941** | **$13,532,933** | **$ (108,212)** | **$ (160,527)** | **$ 1,120** | **$ (733,002)** | **$ 1,073,827** |

# Economic Development Authority of Henrico County, Virginia

## Fund Balances - Governmental Funds - Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **GENERAL FUND** | | | | | | | | | | |
| Nonspendable | $ 60,275 | $ 20,642 | $ 57,624 | $ 8,075 | $ - | $ - | $ - | $ - | $ - | $ - |
| Unassigned | 30,619,145 | 24,444,058 | 13,520,691 | 6,198,837 | 5,260,469 | 1,683,316 | 1,823,350 | 1,954,707 | 1,945,335 | 2,716,016 |
| Total general fund | **$30,679,420** | **$24,464,700** | **$13,578,315** | **$ 6,206,912** | **$ 5,260,469** | **$ 1,683,316** | **$ 1,823,350** | **$ 1,954,707** | **$ 1,945,335** | **$ 2,716,016** |

## Economic Development Authority of Henrico County, Virginia

### Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
| **REVENUES** | | | | | | | | | | |
| Charges for services | $ 226,633 | $ 234,342 | $ 268,582 | $ 168,411 | $ 180,915 | $ 236,949 | $ 228,882 | $ 219,059 | $ 230,548 | $ 253,709 |
| Revenues from use of money and property | 1,532,995 | 739,837 | (55,657) | 31,359 | 59,816 | 27,134 | 14,993 | - | - | - |
| Miscellaneous | 29,200,747 | 12,912 | 16,114 | 179,743 | 989,017 | 168,726 | 141,357 | 138,106 | 127,829 | 95,141 |
| Intergovernmental: | | | | | | | | | | |
| Other | - | - | - | - | - | - | - | 900,000 | - | 1,343,000 |
| County of Henrico, VA | 26,269,522 | 7,242,004 | 4,292,179 | 2,402,252 | 3,502,375 | 1,693,633 | 1,719,837 | 1,450,815 | 1,548,155 | 1,283,840 |
| Total revenues | 57,229,897 | 8,229,095 | 4,521,218 | 2,781,765 | 4,732,123 | 2,126,442 | 2,105,069 | 2,707,980 | 1,906,532 | 2,975,690 |
| **EXPENDITURES** | | | | | | | | | | |
| Economic development | 50,690,318 | 5,969,880 | 4,196,004 | 2,782,893 | 4,510,902 | 2,249,077 | 2,225,034 | 2,665,590 | 2,608,669 | 1,881,764 |
| Capital projects | 5,667,364 | 5,476,446 | - | 141,746 | 6,529 | 17,399 | 11,392 | 2,574 | 5,323 | 28,761 |
| Debt service | 306,407 | - | - | - | - | - | - | 30,444 | 63,221 | 66,011 |
| Total expenditures | 56,664,089 | 11,446,326 | 4,196,004 | 2,924,639 | 4,517,431 | 2,266,476 | 2,236,426 | 2,698,608 | 2,677,213 | 1,976,536 |
| Excess (deficiency) of revenues over (under) expenditures | 565,808 | (3,217,231) | 325,214 | (142,874) | 214,692 | (140,034) | (131,357) | 9,372 | (770,681) | 999,154 |
| **OTHER FINANCING SOURCES (USES)** | | | | | | | | | | |
| Acquisition of lease | 5,631,912 | - | - | - | - | - | - | - | - | - |
| Proceeds from sale of capital assets | 17,000 | 14,103,616 | 7,046,189 | 1,230,551 | 3,362,461 | - | - | - | - | - |
| Total other financing sources (uses) | 5,648,912 | 14,103,616 | 7,046,189 | 1,230,551 | 3,362,461 | - | - | - | - | - |
| Net change in fund balances | **$ 6,214,720** | **$10,886,385** | **$ 7,371,403** | **$ 1,087,677** | **$ 3,577,153** | **$ (140,034)** | **$ (131,357)** | **$ 9,372** | **$ (770,681)** | **$ 999,154** |

# Economic Development Authority of Henrico County, Virginia

## Assessed Value of Taxable Property - Last Ten Fiscal Years

| Fiscal Year Ended June 30, | Residential Property | Commercial Property | Public Service Corporations | Total Real Property | Personal Property | Public Service Corporations | Total Personal Property | Total Taxable Assessed Value |
|---|---|---|---|---|---|---|---|---|
| 2024 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| 2023 | 38,995,183 | 17,125,970 | 1,460,793 | 57,581,946 | 6,985,525 | 1,764 | 6,987,289 | 64,569,235 |
| 2022 | 33,930,579 | 15,628,350 | 1,273,603 | 50,832,532 | 6,586,172 | 1,411 | 6,587,583 | 57,420,115 |
| 2021 | 30,410,639 | 13,707,745 | 1,212,770 | 45,331,154 | 5,345,993 | 1,716 | 5,347,709 | 50,678,863 |
| 2020 | 28,778,272 | 13,879,253 | 1,229,027 | 43,886,552 | 4,557,328 | 1,976 | 4,559,304 | 48,446,133 |
| 2019 | 27,424,613 | 12,779,275 | 1,195,727 | 41,399,615 | 4,610,809 | 2,225 | 4,613,034 | 46,012,194 |
| 2018 | 26,117,583 | 11,776,171 | 1,162,001 | 39,055,755 | 4,241,370 | 1,994 | 4,243,364 | 43,299,119 |
| 2017 | 24,611,556 | 11,130,742 | 1,129,400 | 36,871,698 | 4,087,035 | 2,130 | 4,089,165 | 40,960,863 |
| 2016 | 23,518,182 | 10,647,341 | 1,004,054 | 35,169,577 | 4,013,147 | 2,222 | 4,015,369 | 39,194,946 |
| 2015 | 22,810,890 | 10,292,187 | 962,217 | 34,065,294 | 3,766,963 | 2,529 | 3,769,492 | 37,834,786 |

**Notes**:

Real Propety tax rate is $0.85.
Personal Property tax rate is $3.50.
Total direct Personal Property tax rate is $5.45.
Information for 2024 is not yet available.

**Source**: Henrico County Department of Finance

# Economic Development Authority of Henrico County, Virginia

## Metrics

| Fiscal Year Ended June 30, | Capital Investment | Jobs Created | Added Wages | Added Square Footage |
|---|---|---|---|---|
| 2024 | $ 767,758,000 | 396 | $ 45,198,000 | 1,576,209 |
| 2023 | 187,600,000 | 642 | 42,465,390 | 2,129,700 |
| 2022 | 264,290,000 | 1,271 | 81,409,144 | 1,207,053 |
| 2021 | 420,381,001 | 1,417 | 52,345,022 | 3,133,600 |
| 2020 | 162,563,301 | 3,574 | 208,727,669 | 753,451 |
| 2019 | 814,248,200 | 915 | 66,930,161 | 1,990,677 |
| 2018 | 846,554,000 | 672 | 31,420,151 | 1,325,698 |
| 2017 | 69,815,209 | 611 | 30,341,037 | 419,221 |
| 2016 | 526,620,000 | 1,800 | - | 996,512 |
| 2015 | 107,562,573 | 1,452 | - | 470,217 |

**Note**: Wage data was not tracked prior to CY16

**Source**: Economic Development Authority of Henrico, Virginia Quarterly Reports

# Economic Development Authority of Henrico County, Virginia

## Top Ten Capital Investors

| As of June 30, | Company | Invested Capital |
|---|---|---|
| 2023 | QTS | $ 1,290,000,000 |
| 2018 | Facebook | 750,000,000 |
| 2019 | Facebook II | 750,000,000 |
| 2024 | QTS | 710,000,000 |
| 2016 | QTS | 400,000,000 |
| 2021 | Amazon | 340,000,000 |
| 2022 | Mondelez | 102,500,000 |
| 2022 | PPD | 92,300,000 |
| 2014 | Dominion Power | 80,000,000 |
| 2020 | PPD | 63,700,000 |

**Source**: Economic Development Authority of Henrico, Virginia Quarterly Reports

# Economic Development Authority of Henrico County, Virginia

## Top Ten Employers - Jobs

| As of June 30, | Company | Number of Jobs |
|---|---|---|
| 2020 | PPD | 1,200 |
| 2020 | T-Mobile | 1,200 |
| 2015 | Elephant Insurance | 1,173 |
| 2021 | Amazon | 1,000 |
| 2016 | SunTrust Bank | 1,000 |
| 2020 | SimpliSafe | 572 |
| 2014 | Teleperformance | 500 |
| 2013 | Travelers Insurance | 450 |
| 2022 | PPD | 400 |
| 2016 | Aditya Birla Minacs | 400 |

**Source**: Economic Development Authority of Henrico, Virginia Quarterly Reports

# Economic Development Authority of Henrico County, Virginia

## Top Ten Employers - Wages

| As of June 30, | Company | | Annual Wages |
| --- | --- | --- | --- |
| 2020 | PPD | $ | 75,240,000 |
| 2020 | T-Mobile | | 70,800,000 |
| 2016 | SunTrust Bank | | 63,298,000 |
| 2019 | Kinsale Insurnace | | 34,000,000 |
| 2024 | Owens & Minor | | 33,250,000 |
| 2021 | Amazon | | 32,952,000 |
| 2023 | Berkshire Hathaway | | 28,047,000 |
| 2022 | PPD | | 24,958,000 |
| 2020 | SimpliSafe | | 20,000,000 |
| 2020 | ASGN | | 12,864,478 |

**Note**: Wage data was not tracked prior to CY16

**Source**: Economic Development Authority of Henrico, Virginia Quarterly Reports

# Economic Development Authority of Henrico County, Virginia

## Top Ten Companies - Space

| As of June 30, | Company | Square Footage |
|---|---|---|
| 2021 | Amazon | 2,600,000 |
| 2023 | QTS | 2,250,000 |
| 2019 | Facebook II | 1,500,000 |
| 2024 | QTS | 1,250,000 |
| 2014 | Lumber Liquidators | 1,000,000 |
| 2018 | Facebook | 970,000 |
| 2022 | Mondelez | 490,000 |
| 2016 | QTS | 320,232 |
| 2014 | Dominion Packaging | 317,400 |
| 2020 | PPD | 280,000 |

**Source**: Economic Development Authority of Henrico, Virginia Quarterly Reports

# Economic Development Authority of Henrico County, Virginia

## Conduit Debt

| Company | Bond Amount | Issue Date | Maturity Date |
|---|---|---|---|
| Richmond Volleyball Club | $ 3,200,000 | 3/15/2010 | 3/15/2035 |
| The Steward School | 7,255,000 | 11/1/2010 | 7/1/2033 |
| VA. United Methodist Homes | 30,425,000 | 8/9/2012 | 6/1/2027 |
| Faison Center | 7,629,000 | 7/27/2017 | 7/1/2032 |
| Virginia Baptist Homes | 73,000,000 | 12/20/2017 | 7/1/2032 |
| Westminster-Canterbury | 40,065,000 | 12/1/2018 | 10/1/2037 |
| The Collegiate School | 4,215,000 | 4/1/2022 | 4/1/2027 |
| The Collegiate School | 11,655,000 | 4/1/2022 | 4/1/2042 |
| The Collegiate School | 12,770,000 | 4/1/2022 | 4/1/2042 |
| Westminster-Canterbury | 193,195,000 | 4/28/2022 | 4/1/2052 |
| VA United Methodist Homes | 45,000,000 | 11/1/2018 | 10/1/2048 |
| County of Henrico, Virginia | 41,220,000 | 4/23/2024 | 8/1/2043 |
| | **$ 469,629,000** | | |

**Note**: Table excludes VSBAF bonds.

**Source**: Economic Development of Henrico, Virginia's Bond Issuances

## Economic Development Authority of Henrico County, Virginia

### Total Grant Performance Agreements Over the Past Ten Years

| FY2015 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Lumber Liquidators | $ 50,000,000 | $ 600,000 |
| McKesson | 12,200,000 | 500,000 |
| **Total** | **$ 62,200,000** | **$ 1,100,000** |

| FY2016 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Polykon | $ 56,400,000 | $ 400,000 |
| **Total** | **$ 56,400,000** | **$ 400,000** |

| FY2017 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| 1420 N. Parham | $ 52,800,000 | $ 14,500,000 |
| Dominion Packaging | 25,100,000 | 150,000 |
| **Total** | **$ 77,900,000** | **$ 14,650,000** |

| FY2018 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Facebook | $ 500,000,000 | $ 1,363,280 |
| Libbie Mill | 47,000,000 | 5,000,000 |
| Topgolf | 25,000,000 | 1,300,000 |
| **Total** | **$ 572,000,000** | **$ 7,663,280** |

| FY2019 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Kinsale | $ 90,000,000 | $ 6,000,000 |
| Rocketts Landing | 26,800,000 | 2,150,000 |
| NOVA | 10,750,000 | 1,750,000 |
| **Total** | **$ 127,550,000** | **$ 9,900,000** |

| FY2020 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| PPD #2 | $ 63,700,000 | $ 675,000 |
| Richmond Print Group | 24,900,000 | 100,000 |
| ePac Packaging | 6,500,000 | 37,500 |
| **Total** | **$ 95,100,000** | **$ 812,500** |

| FY2021 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Hillwood | $ 340,000,000 | $ 11,832,766 |
| Mondelez | 122,540,000 | 1,707,000 |
| Henrico Plaza | 88,000,000 | 1,000,000 |
| T-Mobile | 30,000,000 | 826,350 |
| Temperpak | 21,000,000 | 126,648 |
| ASGN | 5,000,000 | 701,554 |
| Kroger | 2,050,000 | 200,000 |
| **Total** | **$ 608,590,000** | **$ 16,394,318** |

| FY2022 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| VCC | $ 35,500,000 | $ 1,189,000 |
| American Paper | 17,211,258 | 245,000 |
| SimpliSafe | 7,949,250 | 256,843 |
| **Total** | **$ 60,660,508** | **$ 1,690,843** |

| FY2023 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Meta | $ 600,000,000 | $ - |
| EAB | 8,560,000 | 451,000 |
| **Total** | **$ 608,560,000** | **$ 451,000** |

| FY2024 | | |
|---|---|---|
| **Company** | **Investment** | **Grant Amount** |
| Lewis Ginter Botanical Garden | $ 15,000,000 | $ 479,793 |
| **Total** | **$ 15,000,000** | **$ 479,793** |

**Source**: Economic Development of Henrico, Virginia's Performance Agreements

# Economic Development Authority of Henrico County, Virginia

## Gross Domestic Product Ranking - Top Ten Virginia Localities

| 2013 | |
|---|---|
| Fairfax[1] | $ 101,212,549 |
| Arlington | $ 28,194,502 |
| **Henrico** | **$ 22,329,379** |
| Loudoun | $ 20,986,324 |
| Norfolk | $ 19,296,673 |
| Virginia Beach | $ 18,857,547 |
| Richmond | $ 18,059,861 |
| Prince William[2] | $ 17,439,018 |
| Chesterfield | $ 14,649,423 |
| Alexandria | $ 13,607,118 |

| 2014 | |
|---|---|
| Fairfax[1] | $ 100,934,675 |
| Arlington | $ 28,216,779 |
| **Henrico** | **$ 22,877,228** |
| Loudoun | $ 21,520,276 |
| Norfolk | $ 19,322,401 |
| Virginia Beach | $ 18,908,043 |
| Richmond | $ 18,484,148 |
| Prince William[2] | $ 17,663,908 |
| Chesterfield | $ 14,044,418 |
| Alexandria | $ 13,526,212 |

| 2015 | |
|---|---|
| Fairfax[1] | $ 101,864,626 |
| Arlington | $ 29,234,912 |
| **Henrico** | **$ 24,019,301** |
| Loudoun | $ 22,508,275 |
| Norfolk | $ 19,631,215 |
| Richmond | $ 19,232,732 |
| Virginia Beach | $ 19,154,532 |
| Prince William[2] | $ 17,618,363 |
| Chesterfield | $ 14,147,481 |
| Alexandria | $ 13,490,303 |

| 2016 | |
|---|---|
| Fairfax[1] | $ 103,118,016 |
| Arlington | $ 29,938,035 |
| **Henrico** | **$ 24,763,537** |
| Loudoun | $ 23,683,289 |
| Norfolk | $ 20,023,207 |
| Richmond | $ 19,623,531 |
| Virginia Beach | $ 19,460,847 |
| Prince William[2] | $ 17,776,851 |
| Chesterfield | $ 14,065,016 |
| Alexandria | $ 13,434,338 |

| 2017 | |
|---|---|
| Fairfax[1] | $ 104,542,481 |
| Arlington | $ 31,059,088 |
| **Henrico** | **$ 25,680,836** |
| Loudoun | $ 25,105,391 |
| Richmond | $ 19,943,220 |
| Virginia Beach | $ 19,879,488 |
| Norfolk | $ 19,276,997 |
| Prince William[2] | $ 18,431,806 |
| Chesterfield | $ 14,048,934 |
| Alexandria | $ 13,544,958 |

| 2018 | |
|---|---|
| Fairfax[1] | $ 108,821,125 |
| Arlington | $ 32,290,955 |
| Loudoun | $ 26,603,263 |
| **Henrico** | **$ 26,383,775** |
| Richmond | $ 20,309,537 |
| Virginia Beach | $ 19,477,842 |
| Prince William[2] | $ 18,885,461 |
| Norfolk | $ 17,708,474 |
| Chesterfield | $ 14,233,196 |
| Alexandria | $ 13,656,411 |

| 2019 | |
|---|---|
| Fairfax[1] | $ 125,609,583 |
| Arlington | $ 36,745,481 |
| Loudoun | $ 29,573,439 |
| **Henrico** | **$ 30,500,513** |
| Richmond | $ 23,522,992 |
| Virginia Beach | $ 22,335,512 |
| Prince William[2] | $ 21,798,355 |
| Norfolk | $ 19,200,787 |
| Chesterfield | $ 16,052,186 |
| Alexandria | $ 14,974,340 |

| 2020 | |
|---|---|
| Fairfax[1] | $ 125,345,421 |
| Arlington | $ 36,642,084 |
| Loudoun | $ 28,724,761 |
| **Henrico** | **$ 29,024,077** |
| Richmond | $ 23,630,347 |
| Virginia Beach | $ 22,084,798 |
| Prince William[2] | $ 21,565,436 |
| Norfolk | $ 18,962,549 |
| Chesterfield | $ 15,857,855 |
| Alexandria | $ 14,462,514 |

| 2021 | |
|---|---|
| Fairfax[1] | $ 133,352,801 |
| Arlington | $ 38,937,746 |
| Loudoun | $ 31,763,949 |
| **Henrico** | **$ 30,906,150** |
| Richmond | $ 24,590,280 |
| Virginia Beach | $ 23,102,181 |
| Prince William[2] | $ 22,278,610 |
| Norfolk | $ 20,103,020 |
| Chesterfield | $ 16,632,470 |
| Alexandria | $ 14,895,207 |

| 2022 | |
|---|---|
| Fairfax[1] | $ 137,925,802 |
| Arlington | $ 38,871,754 |
| Loudoun | $ 33,771,834 |
| **Henrico** | **$ 32,073,153** |
| Richmond | $ 25,350,816 |
| Virginia Beach | $ 23,245,091 |
| Prince William[2] | $ 22,585,884 |
| Norfolk | $ 20,534,141 |
| Chesterfield | $ 16,951,584 |
| Newport News | $ 15,339,116 |

**Note**: [1] Full identifier "Fairfax, Fairfax City + Falls Church, VA"
[2] Full identifier "Prince William, Manassas + Manassas Park, VA"
[3] Data revision - 2022 BEA comprehensive update. Numbers have been updated back to 2019.

**Source**: U.S. Bureau of Economic Analysis

# Economic Development Authority of Henrico County, Virginia

## Demographic Comparisons

| HENRICO | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Median age | 37.9 | 38 | 38.8 | 38.6 | 39.3 | 39.1 | 39.1 | 39.3 | 39.7 | 39.7 |
| White | 58% | 57.50% | 57.70% | 56% | 56% | 54.50% | 55.10% | 50.60% | 50.50% | 58.30% |
| Black/African American | 29.50% | 29.70% | 29.40% | 29.70% | 28.80% | 31% | 29.70% | 29.70% | 29.30% | 32.60% |
| Asian | 7.80% | 8.20% | 8.30% | 8.30% | 8.60% | 8.50% | 9.00% | 9.50% | 9.60% | 11.10% |
| Hispanic | 5.40% | 5.50% | 5.30% | 5.60% | 5.80% | 6% | 5.80% | 6.30% | 6.40% | 7% |
| Avg. household size | 2.57 | 2.57 | 2.53 | 2.54 | 2.52 | 2.51 | 2.51 | 2.41 | 2.4 | 2.4 |
| High School graduate | 21.20% | 21.10% | 20.90% | 20.10% | 19.90% | 19.50% | 19.90% | 20.30% | 20.50% | 20.30% |
| Bachelors or higher | 26.70% | 27.00% | 27.00% | 27.80% | 28.30% | 28.20% | 28.90% | 28.40% | 28.30% | 27.40% |
| Unemployment rate | 5% | 4.20% | 3.80% | 3.60% | 3.00% | 2.80% | 6.70% | 4.00% | 2.80% | 2.90% |
| Median earnings | $ 41,307 | $ 39,313 | $ 41,623 | $ 44,547 | $ 45,776 | $ 43,689 | $ 45,798 | $ 51,008 | $ 51,839 | $ 50,400 |

| VIRGINIA | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Median age | 37.7 | 37.8 | 38.2 | 38.2 | 38.3 | 38.5 | 38.4 | 38.8 | 39 | 39.2 |
| White | 69.80% | 62.80% | 67.80% | 67.50% | 67.40% | 67% | 66.30% | 60.80% | 60.20% | 71.50% |
| Black/African American | 19.20% | 19.20% | 19% | 19.20% | 19.20% | 19.40% | 19% | 18.40% | 18.70% | 21.80% |
| Asian | 6.10% | 6.30% | 6.30% | 6.40% | 6.50% | 6.60% | 6.70% | 6.80% | 7% | 8.90% |
| Hispanic | 8.80% | 9% | 9% | 9.30% | 9.50% | 9.70% | 9.50% | 10.20% | 10.40% | 11.20% |
| Avg. household size | 2.62 | 2.62 | 2.62 | 2.62 | 2.61 | 2.6 | 2.6 | 2.52 | 2.5 | 2.5 |
| High School graduate | 23.90% | 23.80% | 23.40% | 23.20% | 23.00% | 22.90% | 22.70% | 22.70% | 22.70% | 23.90% |
| Bachelors or higher | 22.30% | 22.60% | 22.80% | 23.10% | 23.30% | 23.60% | 23.90% | 24.30% | 24.70% | 23.60% |
| Uemployment rate | 5.10% | 4.40% | 4.00% | 3.70% | 3.00% | 2.80% | 6.50% | 3.90% | 2.90% | 2.90% |
| Median earnings | $ 41,086 | $ 41,361 | $ 42,006 | $ 44,823 | $ 45,865 | $ 46,873 | $ 47,318 | $ 51,330 | $ 55,607 | $ 51,900 |

| UNITED STATES | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Median age | 37.7 | 37.8 | 37.9 | 38.7 | 38.2 | 38.5 | 38.2 | 38.8 | 39 | 38.3 |
| White | 73.40% | 73.10% | 72.60% | 72.30% | 72.20% | 72% | 70.40% | 61.20% | 60.90% | 65.88% |
| Black/African American | 12.70% | 12.70% | 12.70% | 12.70% | 12.70% | 12.80% | 12.60% | 12.10% | 12.20% | 12.47% |
| Asian | 5.20% | 5.40% | 5.40% | 5.60% | 5.60% | 5.70% | 5.60% | 5.80% | 5.90% | 5.77% |
| Hispanic | 17.30% | 17.60% | 17.80% | 18.10% | 18.30% | 18.40% | 18.20% | 18.80% | 19.10% | 18.65% |
| Avg. household size | 2.65 | 2.65 | 2.65 | 2.65 | 2.63 | 2.61 | 2.6 | 2.54 | 2.5 | 2.5 |
| High School graduate | 26.50% | 26.40% | 26.10% | 26.00% | 25.80% | 25.70% | 25.40% | 25.30% | 25.10% | 26.10% |
| Bachelors or higher | 19.70% | 19.90% | 20.20% | 20.50% | 20.80% | 21.20% | 21.60% | 22.00% | 22.40% | 21.60% |
| Uemployment rate | 6.17% | 5.28% | 4.87% | 4.36% | 3.90% | 3.67% | 8.05% | 5.35% | 3.61% | 3.60% |
| Median earnings | $ 36,129 | $ 36,860 | $ 37,842 | $ 40,069 | $ 40,867 | $ 41,801 | $ 42,002 | $ 45,943 | $ 50,145 | $ 49,900 |

**Note**: Median earnings in past 12 months (in inflation adjusted dollars) for population 25 years and over with earnings

**Source**: Chmura JobsEQ, US Census Bureau, St. Louis Federal Reserve

# Economic Development Authority of Henrico County, Virginia

## Jobs and Growth

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023* | 2024* |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **HENRICO** | | | | | | | | | | | |
| Jobs | 177,647 | 180,877 | 186,728 | 189,618 | 189,572 | 193,284 | 192,419 | 182,508 | 196,465 | n/a | n/a |
| Population | 321,374 | 325,283 | 329,227 | 332,368 | 335,283 | 339,191 | 334,756 | 336,226 | 333,962 | n/a | n/a |
| Percent Employed | 55.28% | 55.61% | 56.72% | 57.05% | 56.54% | 56.98% | 57.48% | 54.28% | 58.83% | n/a | n/a |
| Growth | -0.61% | 0.33% | 1.11% | 0.33% | -0.51% | 0.44% | 0.50% | -3.20% | 4.55% | n/a | n/a |
| **SURROUNDING LOCALITIES** | | | | | | | | | | | |
| **RICHMOND** | | | | | | | | | | | |
| Jobs | 157,956 | 158,349 | 161,707 | 163,795 | 164,845 | 167,863 | 156,479 | 158,046 | 159,134 | n/a | n/a |
| Population | 218,354 | 222,368 | 226,370 | 230,460 | 230,093 | 229,895 | 226,613 | 226,623 | 229,395 | n/a | n/a |
| Percent Employed | 72.34% | 71.21% | 71.43% | 71.07% | 71.64% | 73.02% | 69.05% | 69.74% | 69.37% | n/a | n/a |
| Growth | -1.11% | -1.13% | 0.22% | -0.36% | 0.57% | 1.37% | -3.97% | 0.69% | -0.37% | n/a | n/a |
| **CHESTERFIELD** | | | | | | | | | | | |
| Jobs | 133,695 | 140,676 | 143,892 | 145,707 | 148,539 | 147,347 | 141,582 | 146,402 | 148,654 | n/a | n/a |
| Population | 329,650 | 332,415 | 336,396 | 340,506 | 347,589 | 354,923 | 365,627 | 369,943 | 378,408 | n/a | n/a |
| Percent Employed | 40.56% | 42.32% | 42.77% | 42.79% | 42.73% | 41.52% | 38.72% | 39.57% | 39.28% | n/a | n/a |
| Growth | 0.23% | 1.76% | 0.46% | 0.02% | -0.06% | -1.22% | -2.79% | 0.85% | -0.29% | n/a | n/a |

*Note: Information subsequent to 2022 is not yet available.

**Source**: Chmura JobsEQ, University of Virginia Weldon Cooper Center for Public Service

# Compliance Section

BROWN EDWARDS
*certified public accountants*

# Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

To the Honorable Members of Board of Directors
Economic Development Authority of Henrico County, Virginia
Henrico, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Specifications for Audits of Authorities, Boards and Commissions, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities and the major fund of the Economic Development Authority of Henrico County, Virginia (the "Authority") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated October 30, 2024.

## Report on Internal Control Over Financial Reporting

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

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

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

## Report on Compliance and Other Matters

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

## Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
October 30, 2024

# Economic Development Authority of Henrico County, Virginia

## Summary of Compliance Matters

## June 30, 2024

As more fully described in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

## State Compliance Matters

*Code of Virginia*

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Local Retirement Systems

Uniform Disposition of Unclaimed Property Act

# Economic Development Authority of Henrico County, Virginia

## Schedule of Findings and Responses

## June 30, 2024

### A – Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies or material weaknesses were reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were disclosed.

### B – Findings – Financial Statement Audit

None noted.

### C – Findings – Commonwealth of Virginia

None noted.

# Economic Development Authority of Henrico County, Virginia

## Summary Schedule of Prior Audit Findings

## June 30, 2024

*2023-00X: Material Adjusting Journal Entries (Significant Deficiency)*

Condition

As part of our audit, we proposed multiple significant adjustments related to year-end accruals and capital asset activity that occurred during the year. These are reviewed and approved by management; however, we believe that this review would only detect material misstatements, and that a misstatement that is more than inconsequential may not be prevented or detected.

Recommendation

We recommend that material transactions be communicated to the third-party accounting firm and be thoroughly reviewed by management. We also recommend that management meet regularly with the auditors to keep up to date on changes in GAAP and continue to review the draft GAAP financial statements and related disclosures prior to issuance.

Current Status

Resolved