HENRICO EDA
VIRGINIA • USA

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

PREPARED BY:

Anthony Romanello, Executive Director
and
Ashley Kubat, Office Administrator

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ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

As of
June 30, 2023

BOARD OF DIRECTORS

Susan W. Custer, Chairman
Tuckahoe District
Term Expires November 13, 2026

Edward S. Whitlock, III, Vice Chair
Tuckahoe District
Term Expires November 13, 2025

Dennis J. Berman, Treasurer
Three Chopt District
Term Expires November 13, 2024

Philip C. Strother, JD, LLM, Secretary
Brookland District
Term Expires November 13, 2026

Sam Bagley
Varina District
Term Expires November 13, 2023

S. Floyd Mays, Jr.
Varina District
Term Expires November 13, 2026

Linda R. Melton
Fairfield District
Term Expires November 13, 2024

Travis J. Pearson
Three Chopt District
Term Expires November 13, 2023

Suresh Soundararajan
Brookland District
Term Expires November 13, 2026

Frank J. Thorton
Fairfield District
Term Expires November 30, 2025

Henrico Economic Development Authority

- **Anthony Romanello**
  Executive Director
  - **Ebonie Atkins**
    Managing Director
    - **Antonio Miller**
      Business Manager
    - **Linda McArdle**
      Existing Business Assistant
  - **Ashley Kubat**
    Office Administrator
  - **Andrew Larsen**
    Managing Director
    - **Holly Zinn**
      Business Manager
  - **Wendy Miller**
    Manager of Placemaking
  - **Twyla Powell**
    Managing Director
    - **Devon White**
      Project Research Specialist
  - **Krista Rodgers**
    Marketing Manager

October 31, 2023

The Board of Directors
Henrico Economic Development Authority and
Citizens of Henrico County

Dear Ladies and Gentlemen:

We are pleased to present the Henrico Economic Development Authority ("the Authority" or "the EDA") Annual Comprehensive Financial Report ("the report") as of and for the fiscal year ending June 30, 2023. This report is intended to provide informative and relevant financial data for the residents of the County, 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 Independent Auditor's Report. 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, 2023, 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, 333,962 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 American Indian King Powhatan. Her profile now appears on the Henrico County seal as a symbol of Henrico's place in our nation's history.

In 1634, Henrico became one of the original eight shires in the Virginia Colony. In 1934, Henrico County voters approved the County Manager form of government with five voter-elected members on the Board who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board is elected annually by the members of the Board, and the Board 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 minutes book and other records, and typed whatever correspondence the Authority might require. The County Attorney's office has historically represented the Authority and continues to do so today.

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, ample land supply, and favorable location within the Richmond metropolitan area contribute to the County's continued development and expansion. Henrico County's local economy is characterized by diversity with a healthy representation of businesses from numerous industries including information technology, retail, manufacturing, financial, insurance, logistics, health and life services, and data centers. 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 2nd in Virginia and is home to 25,000+ businesses and six Fortune 1000 headquarters, including the Altria Group, Genworth Financial, Markel Corporation, ASGN, Brink's, and Arko Corp. 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. Unemployment rates for both Virginia and Henrico have decreased over the past year. The County's unemployment rate has declined to 2.7 percent, which is on par with the state's rate, and notably lower than that of the U.S. (3.8 percent). Continuing unemployment claims data for Virginia are indicating a downward trend promising stabilization for Henrico.

The 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.

The Henrico County Board of Supervisors approved an exemption for the first $500,000 in gross receipts from the BPOL (Business, Professional, and Occupational License) taxes, increasing it from $100,000. Now, over 70% of local Henrico businesses are relieved of paying the tax, leaving them with more money to invest into the community. The machinery and tools tax was reduced to $0.30 from $1.00 in 2015. In 2017, Henrico decreased the data center personal property tax rate by 89%, lowering it from $3.50 to just $0.40. The reduction has created an increase of over 500% in data center data revenue. Recognizing the impact of the data center tax reduction, Henrico lowered the R&D tax rate by $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.

Financial Guidelines

The Authority has no 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 comply 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 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 $24.4 million, no debt, and a total net pension asset, the Authority's financial position is stronger than at any time in its history.

Major Initiatives and Accomplishments

Since 1990, the EDA has announced 480 projects totaling 43,220 jobs and $7.76 billion in capital investment. FY23 included eight 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 189 new jobs, 452 retained jobs, $187.6 million in capital investment, $42.4 million in annual wages, and 2.2 million square feet of commercial building space. These announcements included QTS, CDA USA, Allianz Partners, Worthen, Berkshire Hathaway Energy, Coca Cola, Genworth Financial, and Richmond National Insurance. 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 ten years, from 2013 – 2023, the Authority has committed to $55 million in grants. The potential private investment as a result of the performance agreement grants totals over $2.5 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 FY23, the Authority sold Sites 11 and 12 at White Oak Technology Park to Meta in a multimillion-dollar sale that worked to strengthen Henrico County's status as a leading global interconnection hub.

Henrico was honored with Area Development's Silver Shovel Award in 2023 for its contributions to economic development. The ThermoFisher expansion project played a large role in securing the award, bringing 500 high-quality life science research and development, manufacturing, and support services jobs to the area. ThermoFisher's state-of-the-art facility brought in capital investment of $97 million and is a testament to Henrico's ability to attract cutting-edge companies.

Henrico continued to be a place of note on a national scale in 2023, with Short Pump and Innsbrook being named among Stacker's Top Fifty Places to Live in America. These communities stand out due to their exceptional quality of life, affordable cost of living, and impressive range of attractions. Henrico County was also recognized as one of the Top Ten Locations for Black Entrepreneurs, according to SmartAsset. The ranking was determined by factors such as the number of black-owned businesses, startup survival rate, median black household income, and the percentage of companies with sales exceeding $250,000.

The Henrico Economic Development Authority helped to implement 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 the post-pandemic economic trends and has developed a strategic plan to navigate uncertainty. Economic development has not been spared by the effects of inflation and the federal reserve's policy. As employers struggle to get employees back in the office, the empty office space inventory continues to pose a challenge. The Authority has developed an Office Space Task Force in partnership with local business owners in order to creatively collaborate on repurposing and filling the available office space inventory.

Like many in a post-Covid world, the Authority and its clients have felt the shift in talent retention in the workforce. The Authority has mirrored Henrico County's emphasis on employee compensation, noting the effects of inflation and demand for skilled workers on wages. The Authority provided an 8.2% pay increase to all staff, matching Henrico County's FY24 pay increase. Recognizing these challenges are felt even more by small businesses, the Authority continues to provide workforce and development resources to businesses in our community.

As the available land for sale at White Oak Technology Park is sold, the Authority is developing a plan for the future that will continue to feature Henrico County as a premier location for premier industrial projects. 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 State 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 in a responsible and prudent manner.

Respectfully submitted,

Anthony J. Romanello
Executive Director

Ashley W. Kubat
Office Administrator

FINANCIAL SECTION

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, 2023, 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, 2023, 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 opinion.

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.

Report on the Audit of the Financial Statements (Continued)

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 pension and other postemployment benefit information on pages 41 - 47 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 31, 2023, 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.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
October 31, 2023

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, 2023.

Financial Highlights

In Fiscal Year 2023 ("FY2023"), 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

(Continued)

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 11-17 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 18-41 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 $39,237,123 at the close of the most recent fiscal year. 32% or $12,671,508 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 (67% of total) may be used to meet the Authority's ongoing obligations to citizens.

	Governmental Activities	
	2023	**2022**
Current and other assets	$ 32,706,335	$ 13,920,766
Capital assets	12,671,508	20,887,472
Total assets	45,377,843	34,808,238
Deferred outflows of resources	97,874	182,160
Current and other liabilities	170,113	74,564
Long-term liabilities	5,899,790	131,322
Total liabilities	6,069,903	205,886
Deferred inflows of resources	168,691	489,102
Net position:		
Net investment in capital assets	12,671,508	20,887,472
Restricted for pension	100,122	267,887
Unrestricted	26,465,493	13,140,051
Total net position	$ 39,237,123	$ 34,295,410

Statement of Activities

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

	Governmental Activities	
	2023	2022
Program revenues:		
Charges for services:		
Bond administration fees	$ 234,342	$ 268,582
Operating contributions	4,652,004	4,292,179
Capital contributions	4,840,000	-
Total program revenues	9,726,346	4,560,761
General revenues:		
Interest and investment income (loss)	739,837	(55,657)
Miscellaneous income	12,912	16,114
Gain on sale of capital assets	6,203,256	7,046,189
Total general revenues	6,956,005	7,006,646
Total revenues	16,682,351	11,567,407
Expenses:		
Economic development - operations	11,740,638	4,107,227
Change in net position	4,941,713	7,460,180
Net position, beginning of year	34,295,410	26,835,230
Net position, end of year	$ 39,237,123	$ 34,295,410

Revenues

For FY2023, revenues from all sources totaled $16,682,351. Gain on sale of assets is the largest component of 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. The gain on sale of asset relates primarily to the County's White Oak proceeds of $13.6M offset against a loss of $4.5M generated through the gifting of land to the Sports and Entertainment Authority combined with a loss of $2.8M generated through the sale of the Best Products property to Green City. The Best Products property was initially conveyed to the Authority by the County at an assessed value of $9.1M which was reported as non-cash capital contributions. The property was sold to Green City for $6.2M in FY2023.

Expenses

For FY2023, expenses totaled $11,740,638. 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.

Net Position

Overall, financial position has increased during FY2023 due primarily to the sales of land held for economic development during the year.

(Continued)

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, 2023, and the amount and percentage of increases and decreases in relation to prior year.

	2023 Amount	Percent of Total	2022 Amount	Increase (Decrease) From 2022	Percent Increase (Decrease)
Revenues:					
Bond administration fees	$ 234,342	1.05%	$ 268,582	$ (34,240)	(12.75)%
Other revenues	14,856,365	66.52%	7,006,646	7,849,719	112.03%
Appropriation from the County of Henrico	7,242,004	32.43%	4,292,179	2,949,825	68.73%
Total revenues	$ 22,332,711	100.00%	$ 11,567,407	$ 10,765,304	93.07%

Appropriations from the County are the source of operating contributions, and the principal reason for the variance from FY2022 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 FY2022. County appropriations also includes $2.25M related to reimbursement for the purchase of land from St. Gertrude School during the year that was immediately gifted to the Sports and Entertainment Authority. The remaining reimbursement for the purchase is expected to be received in FY2024. The principal reasons for the variance in other revenues from FY2022 are interest income received on the Authority's investments, and proceeds from the sale of a parcel at the White Oak Technology Park. 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.

(Continued)

The following schedule presents a summary of expenditures of the General Fund, for the fiscal year ended June 30, 2023, and the percentage of increases and decreases in relation to prior year amounts:

	2023 Amount	Percent of Total	2022 Amount	Increase (Decrease) From 2022	Percent Increase (Decrease)
Expenditures:					
Economic development operations	$ 5,969,880	52.16%	$ 4,196,004	$ 1,773,876	42.28%
Capital outlay	5,476,446	47.84%	-	5,476,446	n/a
Total expenditures	$ 11,446,326	100.00%	$ 4,196,004	$ 7,250,322	172.79%

Operating expenditures increased from FY2022 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. Capital outlays during FY2023 consisted of primarily of the $4.5M purchase of land from St. Gertrude School and $900K purchase of property as part of an agreement with the Henrico County department of utilities.

FY2023 General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Bond administration fees	$ 170,620	$ 170,620	$ 234,342	$ 63,722
Appropriation from the County of Henrico	2,009,957	2,009,957	7,242,004	5,232,047
Gain on disposal of assets	-	-	14,103,616	14,103,616
Other income	32,188	32,188	752,749	720,561
Total revenues	$ 2,212,765	$ 2,212,765	$ 22,332,771	$ 20,119,946
Expenditures	$ 2,212,765	$ 2,212,765	$ 11,446,326	$ (9,233,561)

The gain on disposal of assets increase was due to the sale of Sites 11 and 12 at the White Oak Technology Park. The appropriation from the County was over the expected budget due to reimbursements for payments made to other organizations on behalf of the County. The increase in other income was due to investment income.

Capital Assets and Debt Administration

Capital Assets

The Authority's investment in capital assets for the years ended June 30, 2023 and 2022, is reflected in the schedule below.

	July 1 2022	Increases	Decreases	June 30, 2023
Nondepreciable capital assets:				
Land	$ 10,280,185	$ 904,630	$ (45,332)	$ 11,139,481
Land held for sale	9,261,100	4,510,128	(13,576,428)	194,800
Total nondepreciable capital assets	$ 19,541,285	$ 5,414,758	$(13,621,760)	$ 11,334,283
Depreciable capital assets:				
Building	$ 2,177,082	$ -	$ -	$ 2,177,082
Leasehold improvements	11,170	-	-	11,170
Furniture and equipment	76,162	-	-	76,162
Automobiles	66,743	57,893	-	124,636
Audio visual equipment	8,500	-	-	8,500
Data processing equipment	40,127	-	-	40,127
Total capital assets being depreciated	2,379,784	57,893	-	2,437,677
Less - accumulated depreciation	(1,033,597)	(66,855)	-	(1,100,452)
Total capital assets being depreciated, net	1,346,187	(8,962)	-	1,337,225
Capital assets, net	$ 20,887,472	$ 5,405,796	$(13,621,760)	$ 12,671,508

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, 2023 and 2022, is reflected in the schedule below:

	July 1, 2022	Increases	Decreases	June 30, 2023	One Year
Due to Henrico Co.	$ -	$ 6,221,400	$ (500,000)	$ 5,721,400	$ 500,000
Compensated absences	63,270	79,624	(46,781)	96,113	96,113
Total	$ 63,270	$ 6,301,024	$ (546,781)	$ 5,817,513	$ 596,113

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 is due to be repaid in FY2024 with the remaining balance due in FY2025. See Notes 4 & 5 for additional information.

Economic Factors and Next Year's Budgets

During fiscal year 2023, the Henrico Economic Development Authority announced 8 projects, representing the recruitment of new businesses and expansions of existing Henrico companies. Together, these announcements represent 189 new jobs, 452 retained jobs, $187.6 million in capital investment, $42.4 million in annual wages, and 2.2 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. That 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents (Note 3)	$ 479,029
Investments (Note 3)	23,457,505
Due from County of Henrico, VA	2,828,930
Other receivables	5,820,107
Prepaid expenses	20,642
Net pension asset (Note 7)	100,122
Capital assets (Note 4):	
Capital assets not subject to depreciation	11,334,283
Capital assets subject to depreciation, net	1,337,225
Total assets	45,377,843
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions (Note 7)	84,325
Deferred outflows related to OPEB (Notes 8, 9 and 10)	13,549
Total deferred outflows of resources	97,874
Total assets and deferred outflows of resources	$ 45,475,717
LIABILITIES	
Accounts payable and accrued expenses	$ 170,113
Long-term liabilities (Note 5):	
Amounts due within one year	596,113
Amounts due in more than one year	5,303,677
Total liabilities	6,069,903
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions (Note 7)	141,372
Deferred inflows related to OPEB (Notes 8, 9 and 10)	27,319
Total deferred inflows of resources	168,691
NET POSITION	
Net investment in capital assets	12,671,508
Restricted (Note 7)	100,122
Unrestricted	26,465,493
Total net position	39,237,123
Total liabilities, deferred inflows of resources and net position	$ 45,475,717

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, 2023

		Program Revenues			Net Revenues (Expenses) and and Changes in Net Position – Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Economic development	$ 11,740,638	$ 234,342	$ 4,652,004	$ 4,840,000	$ (2,014,292)
General revenues:					
Gain on sale of capital assets					6,203,256
Miscellaneous					12,912
Unrestricted interest and investment earnings					739,837
Total general revenues and miscellaneous					6,956,005
Change in net position					4,941,713
NET POSITION					
Beginning of year					34,295,410
End of year					$ 39,237,123

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, 2023

		General Fund
ASSETS		
Cash and cash equivalents (Note 3)	$	479,029
Investments (Note 3)		23,457,505
Due from County of Henrico, VA		2,828,930
Other receivables		5,820,107
Prepaid expenses		20,642
Total assets	$	32,606,213
LIABILITIES		
Accounts payable and accrued expenses	$	170,113
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues (Note 4)		7,971,400
Total liabilities and deferred inflows of resources		8,141,513
FUND BALANCE		
Nonspendable, prepaids		20,642
Unassigned		24,444,058
Total fund balance		24,464,700
Total liabilities, deferred inflows of resources, and fund balance	$	32,606,213

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, 2023

Total fund balance, governmental fund	$	24,464,700
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund, net of accumulated depreciation.		12,671,508
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.		7,971,400
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 in the governmental fund.		
Net pension asset		100,122
Deferred pension outflows		84,325
Deferred OPEB outflows		13,549
		197,996
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 in the governmental fund.		
Due to the County of Henrico, Virginia		(5,721,400)
Compensated absences		(96,113)
Net OPEB liability		(82,277)
Deferred pension inflows		(141,372)
Deferred OPEB inflows		(27,319)
		(6,068,481)
Net position of governmental activities	$	39,237,123

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 - GOVERNMENTAL FUND
Year Ended June 30, 2023

	General Fund
OPERATING REVENUES	
Charge for services, bond administration fees	$ 234,342
Intergovernmental revenues, appropriations from the County of Henrico	7,242,004
Revenues from use of money and property	739,837
Miscellaneous income	12,912
Total operating revenues	8,229,095
OPERATING EXPENDITURES	
Current:	
Economic development	5,969,880
Capital outlay	5,476,446
Total operating expenditures	11,446,326
Deficiency of revenues under expenditures	(3,217,231)
OTHER FINANCING SOURCES	
Proceeds from sale of capital assets	14,103,616
Excess of revenues and other financing sources over expenditures	10,886,385
FUND BALANCE	
Beginning of year	13,578,315
End of year	$ 24,464,700

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, 2023

Net change in fund balance, total governmental fund	$ 10,886,385
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.	7,971,400
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.	
Acquisition of long-term indebtedness	(5,721,400)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Net book value of assets disposed during the year	(13,621,760)
Capital outlay	5,472,651
Depreciation expense	(66,855)
	(8,215,964)
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	(32,843)
Change in pension and pension-related deferred amounts	58,059
Change in OPEB and OPEB-related deferred amounts	(3,924)
	21,292
Change in net position of governmental activities	$ 4,941,713

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, 2023

	Budgeted Amounts			Variance From Final Budget Increase
	Original	Final	Actual	(Decrease)
REVENUES				
Bond administration fees	$ 170,620	$ 170,620	$ 234,342	$ 63,722
Interest	30,000	30,000	444,374	414,374
Appropriation from the County	2,009,957	2,009,957	7,242,004	5,232,047
Miscellaneous income	2,188	2,188	12,912	10,724
Investment income	-	-	295,463	295,463
Proceeds on sale of assets	-	-	14,103,616	14,103,616
Total revenues	2,212,765	2,212,765	22,332,711	20,119,946
EXPENDITURES				
Personnel costs:				
Salaries	997,980	997,980	1,011,319	(13,339)
Payroll taxes	66,583	66,583	65,867	716
Retirement and fringe benefits	197,776	197,776	211,350	(13,574)
Program expenses:				
Advertising	306,750	306,750	382,870	(76,120)
Business First	2,000	2,000	3,041	(1,041)
Dues	20,000	20,000	15,585	4,415
Scholarships	50,000	50,000	100,000	(50,000)
Business development	2,000	2,000	5,249	(3,249)
White Oak Park expenses	139,000	139,000	246,504	(107,504)
Dominion Open sponsorship	165,000	165,000	165,000	-
Payments to other organizations	-	-	2,643,651	(2,643,651)
Pass-through payments to County	-	-	500,000	(500,000)
General and administrative:				
Directors' fees	30,000	30,000	24,600	5,400
Accounting and auditing	34,000	34,000	34,300	(300)
Consulting	5,000	5,000	270,088	(265,088)
Books and subscriptions	1,800	1,800	1,664	136
Food supplies and service	7,000	7,000	21,968	(14,968)
Gasoline and auto	5,000	5,000	2,020	2,980
Office	78,376	78,376	94,984	(16,608)
Postal services	2,000	2,000	2,002	(2)
Miscellaneous	10,000	10,000	57,512	(47,512)
Telecommunications	10,500	10,500	-	10,500
Tuition and seminars	3,000	3,000	994	2,006
Travel	50,000	50,000	79,285	(29,285)
Purchase of economic development land	-	-	5,414,758	(5,414,758)
Capital outlay	-	-	61,688	(61,688)
Utilities	29,000	29,000	30,027	(1,027)
Total expenditures	2,212,765	2,212,765	11,446,326	(9,233,561)
Excess of revenues over expenditures	$ -	$ -	10,886,385	$ 10,886,385
FUND BALANCE				
Beginning of year			13,578,315	
End of year			$ 24,464,700	

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

1. Summary of Significant Accounting Policies

A. 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.

B. 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.

(Continued)

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Fund financial statements (Continued)

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 Note 2 of the notes to financial statements, a reconciliation is provided that explains the reasons why total fund balance in the Balance Sheet differs from the total net position in the government-wide Statement of Net Position. 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:

General 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.

C. 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.

D. 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.

E. 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.

(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. 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.

G. Due from County of Henrico, Virginia

At June 30, 2023, the amount reported as Due from County consists of the following:

Economic development expense reimbursements	$ 578,930
Property purchase reimbursement (Note 4)	2,250,000
	$ 2,828,930

H. Other Receivables

At June 30, 2023, the Authority's other receivables consist of the following:

Bond fees	$ 98,707
Financing arrangement (Note 4)	5,721,400
	$ 5,820,107

I. 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.

(Continued)

1. Summary of Significant Accounting Policies (Continued)

I. Capital Assets (Continued)

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 fixtures	7 years
Automobiles	5 years
Audio visual equipment	10 years
Data processing equipment	5 years

J. 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, 2023, all amounts are considered collectible and, therefore, no allowance was deemed necessary.

K. Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statements that present net position report 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.

1. Summary of Significant Accounting Policies (Continued)

L. 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.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision'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.

N. 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.

O. 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.

1. Summary of Significant Accounting Policies (Continued)

O. Sources of Revenue (Continued)

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 Balances. These expenditures are also reported in the County's comprehensive annual 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.

P. 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. Restricted net position at June 30, 2023, is comprised exclusively of the restricted net pension asset.

Q. Fund Balance

In the governmental funds' 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:

Nonspendable - 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.

Restricted - 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, 2023.

Committed - 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, 2023.

Assigned - 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, 2023.

(Continued)

1. Summary of Significant Accounting Policies (Continued)

Q. Fund Balance (Continued)

Unassigned - 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.

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.

3. Deposits and Investments

At June 30, 2023, the Authority's deposits and investments consist of the following:

Demand deposits	$ 479,029
LGIP - amortized cost	1,069,916
U.S. Treasury securities	22,387,589
	$ 23,936,534

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.

(Continued)

3. Deposits and Investments (Continued)

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 $22,387,589 are measured at fair value using Level 2 inputs in accordance with GASB 72, are carrying a cost basis of $22,070,969 at June 30, 2023, and all mature in less than one year as of June 30, 2023.

4. Capital Assets

Capital assets at June 30, 2023, were composed of the following amounts:

	Balance at July 1, 2022	Additions	Deletions/ Transfers	Balance at June 30, 2023
Capital assets not subject to depreciation:				
Land	$ 10,280,185	$ 904,630	$ (45,332)	$ 11,139,483
Land held for sale	9,261,100	4,510,128	(13,576,428)	194,800
Total capital assets not subject to depreciation	19,541,285	5,414,758	(13,621,760)	11,334,283
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	66,743	57,893	-	124,636
Audio visual equipment	8,500	-	-	8,500
Data processing equipment	40,127	-	-	40,127
Total capital assets subject to depreciation	2,379,784	57,893	-	2,437,677
Less - accumulated depreciation	(1,033,597)	(66,855)	-	(1,100,452)
Total capital assets subject to depreciation, net	1,346,187	(8,962)	-	1,337,225
Capital assets, net	$ 20,887,472	$ 5,405,796	$(13,621,760)	$ 12,671,508

(Continued)

4. Capital Assets (Continued)

During fiscal year 2023, the Authority sold land with no carrying value, per an established agreement with the Commonwealth of Virginia, to a third party for $13,604,366.

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, 2023, was $5,721,400 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.

Additionally, during fiscal year 2023, the Authority purchased property for $4.5 million which was immediately gifted to the Sports and Entertainment Authority of Henrico County, Virginia. The County has committed to reimburse the Authority for this purchase. The Authority received half of the reimbursement, $2.25 million, in fiscal year 2023 and the other half was received in July 2023. The balance outstanding of $2.25 million is included in due from County and operating contributions on the statements of net position and activities, respectively. 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.

5. Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2023, were as follows:

	July 1, 2022	Increase	Decrease	June 30, 2023	One Year
Due to County	$ -	$ 6,221,400	$ (500,000)	$ 5,721,400	$ 500,000
Net OPEB liabilities	68,052	14,225	-	82,277	-
Compensated absences	63,270	79,624	(46,781)	96,113	96,113
	$ 131,322	$ 6,315,249	$ (546,781)	$ 5,899,790	$ 596,113

The Authority had outstanding accrued leave totaling $96,113 at June 30, 2023.

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, future payments as of June 30, 2023, are as follows: $500,000 in fiscal year 2024 and the remaining balance of $5,221,400 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.

6. 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, 2023, the Authority had outstanding IRBs with original principal amounts of approximately $428 million and outstanding principal amounts of approximately $332 million maturing between fiscal years 2027 and 2052. No bonds were issued during the year ended June 30, 2023.

7. 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, 2021, 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	2
Non-vested	1
Active elsewhere in VRS	5
Total inactive members	8
Active members	9
	23

(Continued)

7. Defined Benefit Pension Plan (Continued)

<u>Contributions</u>

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 political subdivision's contractually required contribution rate for the year ended June 30, 2023, 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 $62,518 and $74,991 for the years ended June 30, 2023 and 2022, respectively.

<u>Net pension liability</u>

The net pension liability 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 was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

<u>Actuarial assumptions</u>

The total pension liability for General Employees in the Political Subdivision's Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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 setbacks or set forwards for both males and females.

The actuarial assumptions used in the June 30, 2021, 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, 2019. 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; 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.

7. Defined Benefit Pension Plan (Continued)

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 Return	Weighted Average Long-Term Expected Rate Return
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.83%

*The above allocation provides for a one-year return of 7.83%. 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 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

7. Defined Benefit Pension Plan (Continued)

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, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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, 2021	$ 2,853,047	$ 3,120,931	$ (267,887)
Changes for the year:			
Service cost	93,634	-	93,634
Interest	189,901	-	189,901
Changes of assumptions	-	-	-
Difference between expected and actual experience	(5,138)	-	(5,138)
Contributions - employer	-	74,991	(74,991)
Contributions - employee	-	40,366	(40,366)
Net investment income (loss)	-	(2,758)	2,758
Benefit payments, including refunds of employee contributions	(266,662)	(266,662)	-
Administrative expense	-	(2,037)	2,037
Other changes	-	70	(70)
Net changes	11,735	(156,030)	167,765
Balances at June 30, 2022	$ 2,864,782	$ 2,964,904	$ (100,122)

7. Defined Benefit Pension Plan (Continued)

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 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 Discount Rate 6.75%	1% Increase 7.75%
Net pension liability (asset)	$ 185,583	$ (100,122)	$ (339,718)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ending June 30, 2023, the Authority recognized pension expense of $4,459. At June 30, 2023, 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	$ 1,222	$ 49,971
Net difference between projected and actual earnings on pension plan investments	-	91,401
Changes of assumptions	20,585	-
Employer contributions subsequent to the measurement date	62,518	-
	$ 84,325	$ 141,372

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. 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,	
2024	$ (62,181)
2025	(38,335)
2026	(60,697)
2027	41,648

7. Defined Benefit Pension Plan (Continued)

Pension plan data

Information about the VRS Political Subdivision Retirement Plans is also available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

8. 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, 2022, membership for the postemployment healthcare benefits consisted of:

Retirees and beneficiaries	-
Active employees	10
	10

8. Other Postemployment Benefits (OPEB) - Retiree Healthcare (Continued)

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, 2023, the Authority made pay-as-you-go contributions to cover benefit payments of $282.

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, 2022. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At June 30, 2023, the Authority reported a postemployment Healthcare OPEB liability of $33,632. For the year ended June 30, 2023, the Authority recognized Healthcare OPEB expense of $8,250.

At June 30, 2023, the Authority's Healthcare OPEB liability is as follows

Total Healthcare OPEB liability	$ 33,632
Fiduciary net position	-
Healthcare OPEB liability	$ 33,632

Changes in the Healthcare OPEB liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	OPEB Liability (a) - (b)
Balances at June 30, 2022	$ 22,180	$ -	$ 22,180
Changes for the year:			
Service cost	9,534	-	9,534
Interest	2,200	-	2,200
Contributions - employer	-	-	-
Experience gains	-	-	-
Changes of assumption	-	-	-
Benefit payments, including refunds of employee contributions	(282)	-	(282)
Net changes	11,452	-	11,452
Balances at June 30, 2023	$ 33,632	$ -	$ 33,632

8. Other Postemployment Benefits (OPEB) - Retiree Healthcare (Continued)

Actuarial methods and assumptions

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

In the June 30, 2022, actuarial valuation, which was used for the June 30, 2023, measurement date for other postemployment healthcare benefits, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7% discount rate of return, no annual salary increase, and an annual healthcare cost trend rate of 6% trending uniformly to 5.50% over the next 2 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 6 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:

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

Post-commencement:

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

Post-disablement:

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

Discount rate

The discount rate used to measure the total Healthcare OPEB liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions will be made equal to the actuarially determined contribution rates.

(Continued)

8. Other Postemployment Benefits (OPEB) - Retiree Healthcare (Continued)

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 7%, 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 (6%) or 1-percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Healthcare OPEB liability	$ 36,432	$ 33,632	$ 31,137

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 6%, 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 (5%) or 1-percentage point higher (7%) than the current rate.

	1% Decrease 5% Decreasing to 4.5% Over 2 years	Current 6% Decreasing to 5.5% Over 2 years	1% Increase 7% Decreasing to 6.5% Over 2 years
Healthcare OPEB liability	$ 29,767	$ 33,632	$ 38,159

Deferred outflows and inflows of resources related to Healthcare OPEB

At June 30, 2023, 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	$ 591	$ 10,797
Changes in assumptions	-	5,500
	$ 591	$ 16,297

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

Year Ending June 30,	
2024	$ (3,484)
2025	(4,075)
2026	(4,075)
2027	(4,072)

(Continued)

9. 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, 2023 Contribution	$5,237
June 30, 2022 Contribution	$4,751

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

OPEB liability, OPEB expense and deferred inflows and outflows of resources related to OPEB

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

(Continued)

9. Other Postemployment Benefits (OPEB) - Virginia Retirement System Group Life Insurance (Continued)

OPEB liability, OPEB expense and deferred inflows and outflows of resources related to OPEB (Continued)

June 30, 2023 proportionate share of liability	$	48,645
June 30, 2022 proportion		0.00404%
June 30, 2021 proportion		0.00394%
June 30, 2023 expense	$	2,425

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, 2023, 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	$ 3,852	$ 1,952
Changes of assumptions	1,814	4,738
Net difference between projected and actual earnings on plan investments	-	3,040
Changes in proportion	2,055	1,292
Employer contributions subsequent to the measurement date	5,237	-
	$ 12,958	$ 11,022

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, 2024. 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,	Increase (Reduction) to Pension Expense
2024	$ (476)
2025	(857)
2026	(2,317)
2027	478
2028	(129)

9. Other Postemployment Benefits (OPEB) - Virginia Retirement System Group Life Insurance (Continued)

Actuarial assumptions and other inputs

The total OPEB liability was determined using the following assumptions based on an actuarial valuation date of June 30, 2021, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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 7.

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, 2022, net OPEB liability amounts are as follows (amounts expressed in thousands):

Total OPEB liability	$ 3,672,085
Plan fiduciary net position	2,467,989
Employers' net OPEB liability (asset)	$ 1,204,096
Plan fiduciary net position as a percentage of total OPEB liability	67.21%

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 7.

9. Other Postemployment Benefits (OPEB) - Virginia Retirement System Group Life Insurance (Continued)

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, 2022, 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. From July 1, 2020, 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 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 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	$ 70,785	$ 48,645	$ 30,754

OPEB plan fiduciary net position

Information about the various VRS OPEB plan fiduciary net position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

10. 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	$ 33,632	$ 48,645	$ 82,277
Deferred outflows of resources:			
Change in proportion	$ -	$ 2,055	$ 2,055
Contributions subsequent to measurement date	-	5,237	5,237
Difference between expected and actual experience	591	3,852	4,443
Net difference between projected and actual investment earnings	-	-	-
Changes in actuarial assumptions	-	1,814	1,814
Total deferred outflows of resources	$ 591	$ 12,958	$ 13,549
Deferred inflows of resources:			
Differences between expected and actual experience:	$ 10,797	$ 1,952	$ 12,749
Change in actuarial assumptions:	5,500	4,738	10,238
Net difference between projected and actual investment earnings	-	3,040	3,040
Change in proportion	-	1,292	1,292
Total deferred inflows of resources	$ 16,297	$ 11,022	$ 27,319
Net other post-employment benefits expense:	$ 8,250	$ 2,425	$ 10,675

11. 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.

12. 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.

(Continued)

12. Claims and Judgements (Continued)

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.

13. 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, 2023, the Authority awarded $2,380,444 under the terms of these agreements, all of which had been reimbursed by the County as of year-end.

14. New Accounting Standards

In April 2022, the GASB issued **Statement No. 99**, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued **Statement No. 100**, *Accounting Changes and Error Corrections*. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

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.

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

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 1

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

SCHEDULE OF CHANGES IN NET PENSION LIABILITY WITH RELATED RATIOS

	Plan Year 2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITIY									
Service cost	$ 93,634	$ 96,015	$ 95,026	$ 84,908	$ 85,736	$ 91,738	$ 73,447	$ 76,852	$ 74,757
Interest	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	(5,138) -	(178,081)	123,481	(40,609)	(67,375)	(3,573)	(15,896)	(10,857)	-
Benefit payments, including refunds of employee contributions	(266,662)	(157,726)	(156,231)	(134,445)	(124,529)	(119,880)	(122,408)	(117,850)	(118,471)
Net change in total pension liability	11,735	24,390	232,260	129,269	58,105	97,263	86,619	93,252	94,740
Total pension liability, beginning	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)	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	74,991	71,426	61,129	57,886	66,287	64,961	80,531	72,678	73,093
Contributions - employee	40,366	41,500	38,324	35,983	36,639	35,713	32,603	29,305	28,709
Net investment income	(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	(266,662)	(157,726)	(156,231)	(134,445)	(124,529)	(119,880)	(122,408)	(117,850)	(118,471)
Administrative expenses	(2,037)	(1,684)	(1,629)	(1,571)	(1,421)	(1,405)	(1,225)	(1,199)	(1,419)
Other changes	70	64	(56)	(100)	(148)	(219)	(15)	(20)	14
Net change in plan fiduciary net position	(156,030)	631,763	(10,953)	116,479	142,343	224,483	24,201	70,546	244,853
Plan fiduciary net position, beginning	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)	2,964,904	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, beginning	(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)	$ (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	103.5%	109.4%	88.0%	96.3%	96.6%	93.0%	87.2%	89.6%	90.2%
Employer's covered payroll	$ 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	-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.

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) was the first year for this presentation, no earlier data is available. Additional years will be included as they become available.

Exhibit 2

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

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
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%

This schedule is intended to show information for 10 years. Since fiscal year 2015 (plan year 2014) 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

NOTES TO REQUIRED SUPPLEMENTARY PENSION INFORMATION
June 30, 2023

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.

2. Changes of Assumptions

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 - Non-Hazardous Duty:

- 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 withdrawal 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.

Exhibit 3

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

SCHEDULE OF CHANGES IN NET OPEB LIABILITY WITH RELATED RATIOS

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

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.

See Independent Auditor's Report.

Exhibit 4

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

SCHEDULE OF EMPLOYER'S SHARE OF NET GLI OPEB LIABILITY

	Plan Year			
	2022	**2021**	**2020**	**2019**
Employer's Proportion of the Net GLI OPEB Liability	$ 48,645	$ 45,872	$ 66,754	$ 64,114
Employer's Proportionate Share of the Net GLI OPEB Liability	0.00404%	0.00394%	0.00400%	0.00394%
Employer's Covered Payroll	$ 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	5.53%	5.63%	8.04%	8.06%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	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

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					
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					
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, 2023

1. Changes of Benefit Terms

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

2. Changes of Assumptions

Actuarial assumptions

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

1. The healthcare cost trend rate was updated to 6.00% grading uniformly to 5.50% over 2 years and following the Getzen model thereafter.
2. The participation rate was changed from 77% to 60% based on plan experience.

Actuarial assumptions (Healthcare OPEB Plan)

The total OPEB liability was based on an actuarial valuation as of June 30, 2022, 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	7%
Salary increases, including inflation	0%
Healthcare cost rent rates	6% initial, graded to 5.50% over 2 years and following the Getzen model thereafter

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

Actuarial assumptions (GLI OPEB Plan)

There have been no material changes in actuarial assumptions since the previous valuation date.

The actuarial assumptions used in the June 30, 2021, 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, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Largest 10 - 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 change to salary scale.
- No change to line of duty rates.
- No change to discount rate.

(Continued)

2. Changes of Assumptions (Continued)

Actuarial assumptions (GLI OPEB Plan) (Continued)

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 Scape 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 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 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 Scape 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 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 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									
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	$ 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	$ 1,561,565
Restricted for pensions	100,122	267,887	-	-	-	-	-	-	-	-
Unrestricted	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	1,654,903
Total governmental activities net position	$ 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	$ 3,216,468
PRIMARY GOVERNMENT										
Net investment in capital assets	$ 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	$ 1,561,565
Restricted for pensions	100,122	267,887	-	-	-	-	-	-	-	-
Unrestricted	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	1,654,903
Total primary government net position	$ 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	$ 3,216,468

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
EXPENSES										
Governmental activities:										
Economic development	$ 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	$ 1,380,785
Total governmental activities expenses	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	1,380,785
Total primary government expenses	$ 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	$ 1,380,785
PROGRAM REVENUES										
Governmental activities:										
Charges for services	$ 234,342	$ 268,582	$ 168,411	$ 180,915	$ 236,949	$ 228,882	$ 219,059	$ 230,548	$ 253,709	$ 268,576
Operating grants and contributions	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	1,146,889
Capital grants and contributions	4,840,000	-	9,261,100	10,000,000	-	-	-	-	-	-
Total governmental activities program revenues	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	1,415,465
Total primary government program revenues	$ 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	$ 1,415,465
NET (EXPENSE) REVENUE										
Governmental activities	$ (2,014,292)	$ 453,534	$ 8,927,288	$ 9,115,639	$ (312,486)	$ (316,877)	$ (1,036,986)	$ (860,831)	$ (376,908)	$ 34,680
Total primary government net expense	$ (2,014,292)	$ 453,534	$ 8,927,288	$ 9,115,639	$ (312,486)	$ (316,877)	$ (1,036,986)	$ (860,831)	$ (376,908)	$ 34,680

(Continued)

See Independent Auditor's Report.

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

CHANGES IN NET POSITION - LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Intergovernmental revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ 900,000	$ -	$ 1,343,000	$ -
Interest and investment income	739,837	(55,657)	31,359	59,816	27,134	14,993	-	-	-	-
Miscellaneous income	12,912	16,114	179,743	989,017	168,726	141,357	138,106	127,829	95,141	11,629
Gain (loss) on sale of assets	6,203,256	7,046,189	1,230,551	3,368,461	8,414	-	-	-	12,594	12,467
Total governmental activities	6,956,005	7,006,646	1,441,653	4,417,294	204,274	156,350	1,038,106	127,829	1,450,735	24,096
Total primary government	$ 6,956,005	$ 7,006,646	$ 1,441,653	$ 4,417,294	$ 204,274	$ 156,350	$ 1,038,106	$ 127,829	$ 1,450,735	$ 24,096
CHANGE IN NET POSITION										
Governmental activities	$ 4,941,713	$ 7,460,180	$ 10,368,941	$ 13,532,933	$ (108,212)	$ (160,527)	$ 1,120	$ (733,002)	$ 1,073,827	$ 58,776
Total primary government	$ 4,941,713	$ 7,460,180	$ 10,368,941	$ 13,532,933	$ (108,212)	$ (160,527)	$ 1,120	$ (733,002)	$ 1,073,827	$ 58,776

See Independent Auditor's Report.

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
GENERAL FUND										
Nonspendable	$ 20,642	$ 57,624	$ 8,075	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unassigned	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	1,716,862
Total general fund	$ 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	$ 1,716,862

See Independent Auditor's Report.

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
REVENUES										
Charges for services	$ 234,342	$ 268,582	$ 168,411	$ 180,915	$ 236,949	$ 228,882	$ 219,059	$ 230,548	$ 253,709	$ 268,576
Revenues from use of money and property	739,837	(55,657)	31,359	59,816	27,134	14,993	-	-	-	-
Miscellaneous	12,912	16,114	179,743	989,017	168,726	141,357	138,106	127,829	95,141	11,629
Intergovernmental -										
Other	-	-	-	-	-	-	900,000	-	1,343,000	-
County of Henrico, VA	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	1,146,889
Total revenues	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	1,427,094
EXPENDITURES										
Economic development	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	1,313,690
Capital projects	5,476,446	-	141,746	6,529	17,399	11,392	2,574	5,323	28,761	27,210
Debt service	-	-	-	-	-	-	30,444	63,221	66,011	69,105
Total expenditures	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	1,410,005
Excess (deficiency) of revenues over (under) expenditures	(3,217,231)	325,214	(142,874)	214,692	(140,034)	(131,357)	9,372	(770,681)	999,154	17,089
OTHER FINANCING SOURCES (USES)										
Proceeds from sale of capital assets	14,103,616	7,046,189	1,230,551	3,362,461	-	-	-	-	-	-
Total other financing sources (uses)	14,103,616	7,046,189	1,230,551	3,362,461	-	-	-	-	-	-
Net change in fund balances	$ 10,886,385	$ 7,371,403	$ 1,087,677	$ 3,577,153	$ (140,034)	$ (131,357)	$ 9,372	$ (770,681)	$ 999,154	$ 17,089

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
2023	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2022	$ 33,930,579	$ 15,628,350	$ 1,273,603	$ 50,832,533	$ 6,586,172	$ 1,411	$ 6,587,583	$ 57,420,116
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
2014	$ 21,988,906	$ 9,919,518	$ 908,401	$ 32,816,825	$ 3,585,703	$ 3,305	$ 3,589,008	$ 36,405,833

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 2023 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
2023	$ 187,600,000	642	$ 42,465,390	230,066,032
2022	$ 264,290,000	1,271	$ 81,409,144	345,700,415
2021	$ 420,381,001	1,417	$ 52,345,022	472,727,440
2020	$ 162,563,301	3,574	$ 208,727,669	371,294,544
2019	$ 814,248,200	915	$ 66,930,161	881,179,276
2018	$ 846,554,000	672	$ 31,420,151	877,974,823
2017	$ 69,815,209	611	$ 30,341,037	100,156,857
2016	$ 526,620,000	1,800	-	526,621,800
2015	$ 107,562,573	1,452	-	107,564,025
2014	$ 237,156,240	1,376	-	237,157,616

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
2019	Facebook II	$ 750,000,000
2018	Facebook	$ 750,000,000
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
2018	Altria	$ 60,000,000
2016	Polykon	$ 60,000,000

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 EMPLOYERS - JOBS

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

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 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
2021	Amazon	$	32,952,000
2022	PPD	$	24,958,000
2020	SimpliSafe	$	20,000,000
2022	EAB	$	12,000,000
2020	Richmond Print Grouf	$	11,122,455
2022	Hamilton Insurance	$	37,523,000

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
2019	Facebook II	1,500,000
2014	Lumber	1,000,000
2018	Facebook	970,000
2022	Mondelez	490,000
2016	QTS	320,232
2014	Dominion	317,400
2020	PPD	280,000
2021	Disney Studios - Hulu	260,000
2022	Power Systems & Co	252,956

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

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
	$ 428,409,000		

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

FY14

Company	Investment	Grant Amount
Dominion Energy	$ 80,000,000.00	$ 400,000
Fareva	42,000,000	650,000
Total	$ 122,000,000	$ 1,050,000

FY15

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

FY16

Company	Investment	Grant Amount
Polykon	$ 56,400,000	$ 400,000
Total	$ 56,400,000	$ 400,000

FY17

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

FY18

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	$ -	$ 7,663,280

FY19

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

FY20

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

FY21

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

FY22

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

FY23

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

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

See Independent Auditor's Report.

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

GROSS DOMESTIC PRODUCT RANKING - TOP TEN VIRGINIA LOCALITIES

2012		2013		2014		2015		2016	
Fairfax[1]	$ 100,657,341	Fairfax[1]	$ 101,212,549	Fairfax[1]	$ 100,934,675	Fairfax[1]	$ 101,864,626	Fairfax[1]	$ 103,118,016
Arlington	$ 29,077,761	Arlington	$ 28,194,502	Arlington	$ 28,216,779	Arlington	$ 29,234,912	Arlington	$ 29,938,035
Henrico	**$ 21,503,513**	**Henrico**	**$ 22,329,379**	**Henrico**	**$ 22,877,228**	**Henrico**	**$ 24,019,301**	**Henrico**	**$ 24,763,537**
Loudoun	$ 20,055,421	Loudoun	$ 20,986,324	Loudoun	$ 21,520,276	Loudoun	$ 22,508,275	Loudoun	$ 23,683,289
Norfolk	$ 19,458,766	Norfolk	$ 19,296,673	Norfolk	$ 19,322,401	Norfolk	$ 19,631,215	Norfolk	$ 20,023,207
Virginia Beach	$ 18,747,535	Virginia Beach	$ 18,857,547	Virginia Beach	$ 18,908,043	Richmond	$ 19,232,732	Richmond	$ 19,623,531
Richmond	$ 17,841,060	Richmond	$ 18,059,861	Richmond	$ 18,484,148	Virginia Beach	$ 19,154,532	Virginia Beach	$ 19,460,847
Prince William[2]	$ 16,901,887	Prince William[2]	$ 17,439,018	Prince William[2]	$ 17,663,908	Prince William[2]	$ 17,618,363	Prince William[2]	$ 17,776,851
Chesterfield	$ 14,295,638	Chesterfield	$ 14,649,423	Chesterfield	$ 14,044,418	Chesterfield	$ 14,147,481	Chesterfield	$ 14,065,016
Alexandria	$ 14,216,175	Alexandria	$ 13,607,118	Alexandria	$ 13,526,212	Alexandria	$ 13,490,303	Alexandria	$ 13,434,338

2017		2018		2019		2020		2021	
Fairfax[1]	$ 104,542,481	Fairfax[1]	$ 108,821,125	Fairfax[1]	$ 114,021,537	Fairfax[1]	$ 112,503,053	Fairfax[1]	$ 119,541,723
Arlington	$ 31,059,088	Arlington	$ 32,290,955	Arlington	$ 33,248,949	Arlington	$ 33,076,605	Arlington	$ 35,040,277
Henrico	**$ 25,680,836**	Loudoun	$ 26,603,263	Loudoun	$ 27,329,457	Loudoun	$ 25,744,842	Loudoun	$ 27,825,859
Loudoun	$ 25,105,391	**Henrico**	**$ 26,383,775**	**Henrico**	**$ 27,115,952**	**Henrico**	**$ 25,568,590**	**Henrico**	**$ 27,100,902**
Richmond	$ 19,943,220	Richmond	$ 20,309,537	Richmond	$ 20,860,109	Richmond	$ 20,698,848	Richmond	$ 21,556,561
Virginia Beach	$ 19,879,488	Virginia Beach	$ 19,477,842	Virginia Beach	$ 19,849,780	Virginia Beach	$ 19,397,944	Virginia Beach	$ 20,599,268
Norfolk	$ 19,276,997	Prince William[2]	$ 18,885,461	Prince William[2]	$ 19,493,310	Prince William[2]	$ 19,384,967	Prince William[2]	$ 20,156,123
Prince William[2]	$ 18,431,806	Norfolk	$ 17,708,474	Norfolk	$ 17,056,634	Norfolk	$ 16,596,226	Norfolk	$ 17,544,590
Chesterfield	$ 14,048,934	Chesterfield	$ 14,233,196	Chesterfield	$ 14,379,143	Chesterfield	$ 14,225,201	Chesterfield	$ 14,924,171
Alexandria	$ 13,544,958	Alexandria	$ 13,656,411	Alexandria	$ 13,371,830	Alexandria	$ 12,822,792	Alexandria	$ 13,138,801

Note: [1] Full identifier "Fairfax, Fairfax City + Falls Church, VA"
[2] Full identifier "Prince William, Manassas + Manassas Park, VA"

Source: U.S. Bureau of Economic Analysis

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

DEMOGRAPHIC COMPARISONS

HENRICO	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Median Age	38	38	38	39	39	39	39	39	39	40
White	58.80%	58%	57.50%	57.70%	56%	56%	54.50%	55.10%	50.60%	50.50%
Black/African American	29.30%	29.50%	29.70%	29.40%	29.70%	28.80%	31%	29.70%	29.70%	29.30%
Asian	7.30%	7.80%	8.20%	8.30%	8.30%	8.60%	8.50%	9.00%	9.50%	9.60%
Hispanic	5.30%	5.40%	5.50%	5.30%	5.60%	5.80%	6%	5.80%	6.30%	6.40%
Avg. Household Size	3	3	3	3	3	3	3	3	2	2
High School Graduate	34.00%	37.10%	28.90%	29.20%	32.40%	33.40%	40.30%	31.70%	35.20%	43.90%
Bachelors or Higher	15.90%	14.50%	15.30%	14.70%	21.00%	16.90%	8.60%	15.80%	17.00%	9.30%
Unemployment Rate	5.40%	5%	4.20%	3.80%	3.60%	3.00%	2.80%	6.70%	4.00%	2.80%
Median Earnings	$ 39,072	$ 41,307	$ 39,313	$ 41,623	$ 44,547	$ 45,776	$ 43,689	$ 45,798	$ 51,008	$ 51,839

VIRGINIA	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Median Age	38	38	38	38	38	38	39	38	39	39
White	69.30%	69.80%	62.80%	67.80%	67.50%	67.40%	67%	66.30%	60.80%	60.20%
Black/African American	19.30%	19.20%	19.20%	19%	19.20%	19.20%	19.40%	19%	18.40%	18.70%
Asian	5.90%	6.10%	6.30%	6.30%	6.40%	6.50%	6.60%	6.70%	6.80%	7%
Hispanic	8.60%	8.80%	9%	9%	9.30%	9.50%	9.70%	9.50%	10.20%	10.40%
Avg. Household Size	3	3	3	3	3	3	3	3	3	3
High School Graduate	31.60%	30.10%	30.50%	30.60%	30.90%	32.10%	34.00%	32.20%	35.50%	36.20%
Bachelors or Higher	12.40%	12.10%	11.90%	12.90%	13.40%	13.50%	13.10%	13.80%	13.90%	14.90%
Uemployment Rate	5.60%	5.10%	4.40%	4.00%	3.70%	3.00%	2.80%	6.50%	3.90%	2.90%
Median Earnings	$ 40,465	$ 41,086	$ 41,361	$ 42,006	$ 44,823	$ 45,865	$ 46,873	$ 47,318	$ 51,330	$ 55,607

UNITED STATES	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Median Age	38	38	38	38	39	38	39	38	39	39
White	73.70%	73.40%	73.10%	72.60%	72.30%	72.20%	72%	70.40%	61.20%	60.90%
Black/African American	12.60%	12.70%	12.70%	12.70%	12.70%	12.70%	12.80%	12.60%	12.10%	12.20%
Asian	5.10%	5.20%	5.40%	5.40%	5.60%	5.60%	5.70%	5.60%	5.80%	5.90%
Hispanic	17.10%	17.30%	17.60%	17.80%	18.10%	18.30%	18.40%	18.20%	18.80%	19.10%
Avg. Household Size	3	3	3	3	3	3	3	3	3	3
High School Graduate	29.60%	30.20%	30.40%	31.00%	31.70%	32.00%	32.70%	32.10%	34.80%	35.40%
Bachelors or Higher	9.70%	10.10%	10.30%	10.80%	10.90%	11.60%	11.90%	11.80%	12.80%	13.40%
Uemployment Rate	7.37%	6.17%	5.28%	4.87%	4.36%	3.90%	3.67%	8.05%	5.35%	3.61%
Median Earnings	$ 35,597	$ 36,129	$ 36,860	$ 37,842	$ 40,069	$ 40,867	$ 41,801	$ 42,002	$ 45,943	$ 50,145

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 JOB GROWTH

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023*
HENRICO											
Jobs	177,810	177,647	180,877	186,728	189,618	189,572	193,284	192,419	182,508	n/a	n/a
Population	318,158	321,374	325,283	329,227	332,368	335,283	339,191	334,756	336,226	n/a	n/a
Percent Employed	55.89%	55.28%	55.61%	56.72%	57.05%	56.54%	56.98%	57.48%	54.28%	n/a	n/a
Growth	n/a	-0.61%	0.33%	1.11%	0.33%	-0.51%	0.44%	0.50%	-3.20%	n/a	n/a
SURROUNDING LOCALITIES											
RICHMOND											
Jobs	157,244	157,956	158,349	161,707	163,795	164,845	167,863	156,479	158,046	n/a	n/a
Population	214,088	218,354	222,368	226,370	230,460	230,093	229,895	226,613	226,623	n/a	n/a
Percent Employed	73.45%	72.34%	71.21%	71.43%	71.07%	71.64%	73.02%	69.05%	69.74%	n/a	n/a
Growth	n/a	-1.11%	-1.13%	0.22%	-0.36%	0.57%	1.37%	-3.97%	0.69%	n/a	n/a
CHESTERFIELD											
Jobs	131,632	133,695	140,676	143,892	145,707	148,539	147,347	141,582	146,402	n/a	n/a
Population	326,432	329,650	332,415	336,396	340,506	347,589	354,923	365,627	369,943	n/a	n/a
Percent Employed	40.32%	40.56%	42.32%	42.77%	42.79%	42.73%	41.52%	38.72%	39.57%	n/a	n/a
Growth	n/a	0.23%	1.76%	0.46%	0.02%	-0.06%	-1.22%	-2.79%	0.85%	n/a	n/a

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

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

COMPLIANCE SECTION

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financials, and have issued our report thereon dated October 31, 2023.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses, as item 2023-001, that we consider to be a significant deficiency.

4951 Lake View Dr., Suite 375 • Glen Allen VA 23060 • 804-282-6000• Fax 804-282-6700• www.BEcpas.com

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.*

Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Richmond, Virginia
October 31, 2023

ECONOMIC DEVELOPMENT AUTHORITY OF HENRICO COUNTY, VIRGINIA

SUMMARY OF COMPLIANCE MATTERS
June 30, 2023

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, 2023

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. One significant deficiency relating to the audit of the financial statements was 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

2023-001: Material Adjusting Journal Entries (Significant Deficiency)

Condition and Criteria:

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.

Effect:

Financial statements and related disclosures prepared on a generally accepted accounting principles (GAAP) basis may be misstated by an amount that is more than inconsequential.

Cause:

The Authority relies on a third-party accounting firm for accounting and payroll. The procedures employed by the third-party accounting firm did not incorporate steps to record significant non-cash real estate transactions or other long-term financing arrangements.

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.

Views of Responsible Officials and Planned Corrective Action:

All of these land transactions were approved publicly by the Economic Development Authority, and where applicable, by the Henrico County Board of Supervisors.

While the transactions were communicated to the EDA's contract accounting services firm and reflected on a cash basis in the monthly financial statements provided to the EDA, the accounting of these transactions did not meet generally accepted accounting principles. EDA management and our contract accounting services firm concur with this finding. Together we have developed procedures whereby detailed communications on land transactions will be provided by EDA management to HHJ to ensure future transactions of this nature are posted to the financials in a manner consistent with generally accepted accounting principles. Further, the EDA has engaged Brown Edwards for meetings no less than quarterly to review accounting transactions to ensure their consistency with GAAP.

C. FINDINGS - COMMONWEALTH OF VIRGINIA

None noted.