

COUNTY OF RICHMOND, VIRGINIA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

COUNTY OF RICHMOND, VIRGINIA

BOARD OF SUPERVISORS

F. Lee Sanders, Chairperson

John David Parr
William C. Herbert, II

Robert B. Pemberton
Richard E. Thomas, Sr.

COUNTY SCHOOL BOARD

Boyd K. Blackley, II, Chairperson

Frank Johnson
Vivian G. Wood

Kathleen F. Beane
Patricia P. Pugh

SOCIAL SERVICES BOARD

Robert B. Pemberton, Chairperson

David Cordes
Bea Sanders
Gordon Tolson

Neal Schools
Nancy Finnegan

OTHER OFFICIALS

Judge of the Circuit Court.....	R. Michael McKenney
Clerk of the Circuit Court	Cheryl B. Pierson
Judge of the General District Court	John S. Martin
Judge of the Juvenile and Domestic Relations Court	William L. Lewis
Commonwealth's Attorney.....	Elizabeth Tribble
Commissioner of the Revenue	Jennifer W. Delano
Treasurer	Kristie S. Brann
Sheriff	Stephan B. Smith
Superintendent of Schools.....	Bernard S. "Trey" Davis III, Ed.D.
Director of Social Services.....	Vanessa Livingstone
County Administrator	R. Morgan Quicke

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Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Richmond, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Richmond, Virginia, as of and for the year ended June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principles

As described in Note 21 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases* and 92, *Omnibus 2020*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about County of Richmond, Virginia'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns* 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 County of Richmond, Virginia'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 County of Richmond, Virginia'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, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Richmond, Virginia's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of County of Richmond, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Richmond, Virginia'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 County of Richmond, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
December 9, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**To the Honorable Members of the Board of Supervisors
To the Citizens of Richmond County
County of Richmond, Virginia**

As management of the County of Richmond, Virginia, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. Please read it in conjunction with the County's basic financial statements, which follow this section.

Financial Highlights

Government-wide Financial Statements

- < The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$8,341,958 (net position).

Fund Financial Statements

The Governmental Funds, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures and other financing uses of \$116,050 (Exhibit 5) after making contributions totaling \$4,442,900 to the School Board.

- < As of the close of the current fiscal year; the County's funds reported ending fund balances of \$3,583,237, an increase of \$116,050 in comparison with the prior year.
- < At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,374,731, or 13.08% of total general fund expenditures and other uses.
- < The combined long-term obligations decreased by \$1,855,663 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements - The Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, courts, police protection, sanitation, social services, education, cultural events, and recreation.

The Government-wide financial statements include not only the County of Richmond, Virginia itself (known as the primary government), but also a legally separate school district, and industrial development authority and for which the County of Richmond, Virginia is financially accountable. Financial information for the component units are reported separately from the financial information presented for the primary government itself.

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 County of Richmond, Virginia, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: governmental funds and fiduciary funds.

Overview of the Financial Statements (Continued)

Governmental funds - *Governmental funds* are used to account for essentially the same functions or services reported as governmental activities in the government-wide financial statements. Whereas the government-wide financial statements are prepared on the accrual basis of accounting, the governmental fund financial statements are prepared on the modified accrual basis of accounting. The focus of modified accrual reporting is on near-term inflows and outflows of financial resources and the balance of financial resources available at the end of the fiscal year. Since the governmental funds focus is narrower than that of the government-wide financial statements a reconciliation between the two methods is provided at the bottom of the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances. The County has three major governmental funds – the General Fund, the Capital Projects Fund and the Sheriff's Fund.

Fiduciary funds - The County is the trustee, or fiduciary, for the County's custodial funds. It is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net position. The County excludes these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations. Custodial funds are County custodial funds used to provide accountability of client monies for which the County is custodian.

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.

Other information - In addition to the basic financial statement and accompanying notes, this report also presents certain required supplementary information for budgetary comparison schedules and presentation of combining financial statements for the discretely presented component units - School Board, and Industrial Development Authority. The Component Units do not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,341,958 at the close of the most recent fiscal year. The following table summarizes the County's Statement of Net position:

County of Richmond, Virginia's Net Position			
	Governmental Activities		
	2022	2021	
Current and other assets	\$ 6,218,341	\$ 5,778,812	
Capital assets	<u>22,114,040</u>	<u>21,296,579</u>	
Total assets	<u>\$ 28,332,381</u>	<u>\$ 27,075,391</u>	
Deferred outflows of resources	<u>\$ 1,095,473</u>	<u>\$ 1,449,195</u>	
Current liabilities	\$ 1,650,054	\$ 2,168,318	
Long-term liabilities outstanding	<u>17,243,045</u>	<u>19,098,708</u>	
Total liabilities	<u>\$ 18,893,099</u>	<u>\$ 21,267,026</u>	
Deferred inflows of resources	<u>\$ 2,192,797</u>	<u>\$ 92,394</u>	
Net position:			
Net investment in capital assets	\$ 5,627,927	\$ 4,790,079	
Restricted	984,242	218,121	
Unrestricted	<u>1,729,789</u>	<u>2,156,966</u>	
Total net position	<u><u>\$ 8,341,958</u></u>	<u><u>\$ 7,165,166</u></u>	

Government-wide Financial Analysis (Continued)

The County's net position increased by \$1,176,792 during the current fiscal year. The following table summarizes the County's Statement of Activities.

County of Richmond, Virginia's Changes in Net Position		
	Governmental Activities	
	2022	2021
Charges for services	\$ 698,476	\$ 508,706
Operating grants and contributions	4,899,054	5,242,855
General property taxes	9,274,101	9,016,703
Other local taxes	1,782,508	1,976,648
Grants and other contributions not restricted	1,685,258	1,246,390
Other general revenues	59,101	352,176
Total revenues	\$ 18,398,498	\$ 18,343,478
General government administration	\$ 1,644,874	\$ 2,612,721
Judicial administration	810,671	780,515
Public safety	4,415,169	3,459,679
Public works	1,110,140	1,168,914
Health and welfare	1,676,140	1,596,157
Education	5,175,333	5,331,834
Parks, recreation, and cultural	156,251	162,210
Community development	1,700,927	1,423,998
Interest and other fiscal charges	532,201	692,900
Total expenses	\$ 17,221,706	\$ 17,228,928
Change in net position	\$ 1,176,792	\$ 1,114,550
Net position, beginning of year	7,165,166	6,050,616
Net position, end of year	\$ 8,341,958	\$ 7,165,166

Financial Analysis of the County's Funds

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

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported fund balances of \$3,467,187, an increase of \$1,763,129 in comparison with the prior year. Approximately 59.3% of this total amount constitutes unassigned General Fund balance, which is available for spending at the County's discretion.

General Fund Budgetary Highlights

During the year, budgetary estimates exceeded revenues and other sources by \$1,241,735. Budgetary estimates exceeded expenditures and other uses by \$1,015,285 resulting in a negative variance of \$226,450 for net change in fund balance.

Capital Asset and Debt Administration

< **Capital assets** - The County's investment in capital assets for its governmental operations as of June 30, 2022 amounts to \$22,114,040 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, and machinery and equipment.

Additional information on the County's capital assets can be found in the notes of this report.

Long-term debt - At the end of the current fiscal year, the County had total debt outstanding of \$16,191,685. Of this amount, \$12,148,433 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured solely by specified revenue sources (i.e., lease/revenue bonds, lease liabilities, capital financing activities, and notes).

The County's total debt decreased by \$809,110 during the current fiscal year.

Additional information on the County of Richmond, Virginia's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

< Inflationary trends in the region compare to national indexes.

All of these factors were considered in preparing the County's budget for the 2023 fiscal year.

The fiscal year 2023 budget increased by approximately 17.06% and tax rates for all property taxes remained the same.

Requests for Information

This financial report is designed to provide a general overview of the County of Richmond, Virginia's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Administrator, P.O. Box 1000, Warsaw, Virginia 22572.

County of Richmond, Virginia
Statement of Net Position
June 30, 2022

	Primary Government Governmental Activities	Component Units	
		School Board	IDA
ASSETS			
Cash and cash equivalents	\$ 4,430,709	\$ 918,093	\$ 53,267
Receivables (net of allowance for uncollectibles):			
Taxes receivable	361,179	-	-
Accounts receivable	110,218	47,622	-
Due from other governmental units	550,114	690,195	-
Inventories	-	8,460	-
Net pension asset	766,121	181,960	-
Capital assets (net of accumulated depreciation):			
Land	1,345,463	28,062	149,907
Construction in progress	169,376	-	-
Buildings and improvements	18,771,496	5,672,585	250,000
Machinery, equipment, and vehicles	1,012,540	1,463,232	2,516
Lease buildings and improvements	723,015	-	-
Lease improvements other than buildings	55,134	-	-
Lease machinery, equipment, and vehicles	37,016	-	-
Total assets	<u>\$ 28,332,381</u>	<u>\$ 9,010,209</u>	<u>\$ 455,690</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	\$ 886,450	\$ 2,636,132	\$ -
OPEB related items	209,023	470,145	-
Total deferred outflows of resources	<u>\$ 1,095,473</u>	<u>\$ 3,106,277</u>	<u>\$ -</u>
LIABILITIES			
Accounts payable	\$ 165,535	\$ 53,784	\$ -
Accrued liabilities	-	661,875	-
Accrued interest payable	155,206	-	-
Bonds held for others	152,793	-	-
Due to other governmental units	-	4,902	-
Unearned revenue	1,176,520	-	-
Long-term liabilities:			
Due within one year	1,353,180	59,798	-
Due in more than one year	15,889,865	9,028,903	-
Total liabilities	<u>\$ 18,893,099</u>	<u>\$ 9,809,262</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 52,190	\$ -	\$ -
Pension related items	2,018,683	4,888,301	-
OPEB related items	121,924	388,360	-
Total deferred inflows of resources	<u>\$ 2,192,797</u>	<u>\$ 5,276,661</u>	<u>\$ -</u>
NET POSITION			
Net investment in capital assets	\$ 5,627,927	\$ 7,088,088	\$ 402,423
Restricted for:			
Net pension asset	766,121	181,960	-
Debt service reserve	218,121	-	-
Unrestricted (deficit)	1,729,789	(10,239,485)	53,267
Total net position	<u>\$ 8,341,958</u>	<u>\$ (2,969,437)</u>	<u>\$ 455,690</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Primary		
				Government	Component Units	
				Governmental Activities	School Board	IDA
PRIMARY GOVERNMENT:						
Governmental activities:						
General government administration	\$ 1,644,874	\$ 8,515	\$ 379,509	\$ (1,256,850)		
Judicial administration	810,671	5,048	416,003	(389,620)		
Public safety	4,415,169	684,913	1,309,165	(2,421,091)		
Public works	1,110,140	-	-	(1,110,140)		
Health and welfare	1,676,140	-	1,120,225	(555,915)		
Education	5,175,333	-	-	(5,175,333)		
Parks, recreation, and cultural	156,251	-	-	(156,251)		
Community development	1,700,927	-	1,453,304	(247,623)		
Interest on long-term debt	532,201	-	220,848	(311,353)		
Total governmental activities	\$ 17,221,706	\$ 698,476	\$ 4,899,054	\$ (11,624,176)		
Total primary government	\$ 17,221,706	\$ 698,476	\$ 4,899,054	\$ (11,624,176)		
COMPONENT UNITS:						
School Board	\$ 17,663,588	\$ 14,703	\$ 14,303,400		\$ (3,345,485)	\$ -
IDA	39,555	14,400	-		-	(25,155)
Total component units	\$ 17,703,143	\$ 29,103	\$ 14,303,400		\$ (3,345,485)	\$ (25,155)
General revenues:						
General property taxes				\$ 9,274,101	\$ -	\$ -
Other local taxes:						
Local sales and use taxes				1,546,861	-	-
Other local taxes				235,647	-	-
Unrestricted revenues from use of money and property				14,047	43	6
Miscellaneous				45,054	721,518	20,000
Grants and contributions not restricted to specific programs				1,685,258	-	-
Contributions from Richmond County				-	4,965,779	-
Total general revenues				\$ 12,800,968	\$ 5,687,340	\$ 20,006
Change in net position				\$ 1,176,792	\$ 2,341,855	\$ (5,149)
Net position - beginning				7,165,166	(5,311,292)	460,839
Net position - ending				\$ 8,341,958	\$ (2,969,437)	\$ 455,690

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General Fund</u>	<u>Sheriff's Fund</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 4,409,094	\$ 21,615	\$ 4,430,709
Receivables (net of allowance for uncollectibles):			
Taxes receivable	361,179	-	361,179
Accounts receivable	110,218	-	110,218
Due from other governmental units	550,114	-	550,114
Total assets	<u>\$ 5,430,605</u>	<u>\$ 21,615</u>	<u>\$ 5,452,220</u>
LIABILITIES			
Accounts payable	\$ 165,535	\$ -	\$ 165,535
Bonds held for others	152,793	-	152,793
Unearned revenue	1,176,520	-	1,176,520
Total liabilities	<u>\$ 1,494,848</u>	<u>\$ -</u>	<u>\$ 1,494,848</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 374,135	\$ -	\$ 374,135
Total deferred inflows of resources	<u>\$ 374,135</u>	<u>\$ -</u>	<u>\$ 374,135</u>
FUND BALANCES			
Restricted	\$ 201,074	\$ 21,615	\$ 222,689
Committed	12,835	-	12,835
Assigned	972,982	-	972,982
Unassigned	2,374,731	-	2,374,731
Total fund balances	<u>\$ 3,561,622</u>	<u>\$ 21,615</u>	<u>\$ 3,583,237</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,430,605</u>	<u>\$ 21,615</u>	<u>\$ 5,452,220</u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$ 3,583,237
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets, cost	\$ 35,149,411	
Accumulated depreciation	<u>(13,035,371)</u>	22,114,040
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.		
Unavailable revenue - property taxes	321,945	
Net pension asset	<u>766,121</u>	1,088,066
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		
Pension related items	\$ 886,450	
OPEB related items	<u>209,023</u>	1,095,473
Long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds. The following is a summary of items supporting this adjustment:		
Lease revenue bonds	\$ (2,423,000)	
General obligations bonds	(12,148,433)	
Capital financing activities	(146,000)	
USDA loan	(109,695)	
Lease liabilities	(823,353)	
Note payable	(342,500)	
Compensated absences	(186,060)	
Deferred issuance premium	(556,700)	
Net OPEB liabilities	(507,304)	
Accrued interest payable	<u>(155,206)</u>	(17,398,251)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.		
Pension related items	\$ (2,018,683)	
OPEB related items	<u>(121,924)</u>	(2,140,607)
Net position of governmental activities		<u><u>\$ 8,341,958</u></u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Workforce Investment Act Fund	Sheriff's Fund	Total
REVENUES				
General property taxes	\$ 9,206,194	\$ -	\$ -	\$ 9,206,194
Other local taxes	1,782,508	-	-	1,782,508
Permits, privilege fees, and regulatory licenses	207,310	-	-	207,310
Fines and forfeitures	53,780	-	-	53,780
Revenue from the use of money and property	14,047	-	-	14,047
Charges for services	437,386	-	-	437,386
Miscellaneous	45,054	-	-	45,054
Recovered costs	1,013,128	-	-	1,013,128
Intergovernmental:				
Commonwealth	3,147,732	-	-	3,147,732
Federal	1,983,276	1,453,304	-	3,436,580
Total revenues	\$ 17,890,415	\$ 1,453,304	\$ -	\$ 19,343,719
EXPENDITURES				
Current:				
General government administration	\$ 2,476,801	\$ -	\$ -	\$ 2,476,801
Judicial administration	692,990	-	-	692,990
Public safety	3,952,740	-	-	3,952,740
Public works	1,081,888	-	-	1,081,888
Health and welfare	2,590,050	-	-	2,590,050
Education	4,472,792	-	-	4,472,792
Parks, recreation, and cultural	156,251	-	-	156,251
Community development	343,064	1,453,304	-	1,796,368
Nondepartmental	47,500	-	-	47,500
Capital projects	638,543	-	-	638,543
Debt service:				
Principal retirement	1,111,192	-	-	1,111,192
Interest and other fiscal charges	588,054	-	-	588,054
Total expenditures	\$ 18,151,865	\$ 1,453,304	\$ -	\$ 19,605,169
Excess (deficiency) of revenues over (under) expenditures	\$ (261,450)	\$ -	\$ -	\$ (261,450)
OTHER FINANCING SOURCES (USES)				
Issuance of USDA loan	\$ 35,000	\$ -	\$ -	\$ 35,000
Issuance of note payable	342,500	-	-	342,500
Total other financing sources (uses)	\$ 377,500	\$ -	\$ -	\$ 377,500
Net change in fund balances	\$ 116,050	\$ -	\$ -	\$ 116,050
Fund balances - beginning	3,445,572	-	21,615	3,467,187
Fund balances - ending	\$ 3,561,622	\$ -	\$ 21,615	\$ 3,583,237

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	116,050
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 1,402,622	
Depreciation expense	(961,053)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government	<u>(522,879)</u>	(81,310)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		67,907
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The issuance of long-term obligations (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect differences in the treatment of long-term obligations and related items. The following is a summary of items supporting this adjustment:

Principal retirement on lease revenue bonds	\$ 142,000	
Principal retirement on general obligation bonds	869,559	
Principal retirement on capital financing activities	70,000	
Principal retirement on USDA loans	29,633	
Principal retirement on lease liabilities	75,418	
Issuance of USDA loan	(35,000)	
Issuance of note payable	<u>(342,500)</u>	809,110

Some expenses 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.

The following is a summary of items supporting this adjustment:

Amortization of bond premium	\$ 46,480	
Pension expense	232,734	
OPEB expense	(13,740)	
Change in compensated absences	(9,812)	
Change in accrued interest payable	<u>9,373</u>	265,035

Change in net position of governmental activities	\$	<u><u>1,176,792</u></u>
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The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

**Custodial
Funds**

ASSETS

Cash and cash equivalents	\$ 1,260,798
Total assets	\$ <u>1,260,798</u>

NET POSITION

Restricted for:

Individuals, organizations, and other governments	\$ 1,260,798
Total net position	\$ <u><u>1,260,798</u></u>

The notes to the financial statements are an integral part of this statement.

County of Richmond, Virginia
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Contributions	\$ 3,719,882
Investment earnings:	
Interest and dividends	441
Miscellaneous	286,654
Revenue from the Commonwealth	34,182
Total additions	\$ <u>4,041,159</u>
DEDUCTIONS	
Recipient payments	\$ 14,027
Operations	3,892,505
Total deductions	\$ <u>3,906,532</u>
Net increase (decrease) in fiduciary net position	\$ <u>134,627</u>
Net position - beginning	1,126,171
Net position - ending	\$ <u><u>1,260,798</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies:

The County of Richmond, Virginia (the "County") is governed by an elected five-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police, refuse disposal, recreational activities, cultural events, education, and social services.

The financial statements of the County of Richmond, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit(s). All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide Statement of Activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Richmond (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit.

The County has no blended component units at June 30, 2022.

Discretely Presented Component Units.

The Richmond County School Board members are appointed by the Richmond County School Board Selection Commission. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The primary funding is from the General Fund of the County. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the County financial statements for the fiscal year ended June 30, 2022.

The Richmond County Industrial Development Authority is responsible for industrial and commercial development in the County. The Board of Supervisors appoints the Authority board members. The Authority is fiscally dependent on the County, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2022. The Authority does not issue a separate financial report.

C. Other Related Organizations Included in the County's Financial Report

None

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

The government-wide and fiduciary fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 60 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the County are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The County reports the following governmental funds.

a. General Fund

The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund.

b. Special Revenue Funds

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The only two special revenue funds are the Sheriff's Fund and the Workforce Investment Act Fund, which are considered major funds.

2. Fiduciary Fund - (Custodial Fund)

Fiduciary Fund (Custodial Fund) accounts for assets held by the County unit in a trustee capacity or custodian for individuals, private organizations, other governmental units, or other funds. This fund includes amounts held for Special Welfare, Richmond County Public Library, Northern Neck Regional Technical Center, and Northern Neck Regional Special Education Program.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash consists of reserve accounts established as required by Rural Development bond covenants.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as "advances to/from other funds" (i.e. the noncurrent portion of interfund loans).

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$57,433 at June 30, 2022 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	December 5	December 5
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets, except for infrastructure assets, are defined by the County and Component Unit School Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. For infrastructure asset the same estimated minimum useful life is used (in excess of two years), but only those infrastructure projects that cost more than \$50,000 are reported as capital assets.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease assets (lease assets), the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant equipment, lease assets, and infrastructure of the primary government, as well as the component unit, are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Building improvements	50
Vehicles	5
Buses	10
Equipment	10
Lease buildings	10
Lease equipment	2-4
Lease land improvements	8

I. Leases

The County leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (lease assets) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The lease asset is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

Note 1—Summary of Significant Accounting Policies: (Continued)

I. Leases (Continued)

Lessor

The County recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County/ uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The County monitors changes in circumstances that would require a remeasurement or modification of its leases. The County will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

J. Compensated Absences

Vested or accumulated vacation leave 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 of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1—Summary of Significant Accounting Policies: (Continued)

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

M. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's fiduciary net 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 (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, Teacher HIC and Health Insurance Credit (School Board nonprofessional) OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

O. Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bonds payable are reported net of the applicable bond premium or discount.

Note 1—Summary of Significant Accounting Policies: (Continued)

O. Long-term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Supervisors through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

P. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	<u>General</u>	<u>Sheriff's Fund</u>	<u>Total</u>
Fund balances:			
Restricted:			
Drug seizure	\$ -	\$ 21,615	\$ 21,615
Debt service reserve	201,074	-	201,074
Total restricted fund balance	<u>\$ 201,074</u>	<u>\$ 21,615</u>	<u>\$ 222,689</u>
Committed:			
Courthouse maintenance	\$ 12,835	\$ -	\$ 12,835
Total committed fund balance	<u>\$ 12,835</u>	<u>\$ -</u>	<u>\$ 12,835</u>
Assigned:			
Reassessment fund	\$ 71,847	\$ -	\$ 71,847
Asset forfeiture	16	-	16
Bond holding fund	152,793	-	152,793
Central accounting system	117,589	-	117,589
Capital improvement fund	213,516	-	213,516
Animal shelter	22,898	-	22,898
Broadband	325,000	-	325,000
RCPS CIP fund	69,323	-	69,323
Total assigned fund balance	<u>\$ 972,982</u>	<u>\$ -</u>	<u>\$ 972,982</u>
Unassigned	\$ 2,374,731	\$ -	\$ 2,374,731
Total fund balances	<u><u>\$ 3,561,622</u></u>	<u><u>\$ 21,615</u></u>	<u><u>\$ 3,583,237</u></u>

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 1—Summary of Significant Accounting Policies: (Continued)

Q. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and prepaid amounts on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on the next year's taxes are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. On or before March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within general government departments; however, the School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund of the primary government and the School Operating Fund and School Cafeteria Fund of the School Board.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Expenditures and Appropriations
Expenditures did not exceeded appropriations in any funds at June 30, 2022.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 3—Deposits and Investments:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The County’s rated debt investments as of June 30, 2022 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

County's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Fair Quality Rating</u>
	AAAm
Local Government Investment Pool	\$ 21,659
Virginia Investment Pool	63,435
Virginia State Non-Arbitrage Pool	198,355
Total	<u>\$ 283,449</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 3—Deposits and Investments: (Continued)

Interest Rate Risk

Investment Type	Investment Maturities (in years)	
	Fair Value	Less Than 1 Year
Local Government Investment Pool	\$ 21,659	\$ 21,659
Virginia Investment Pool	63,435	63,435
Virginia State Non-Arbitrage Pool	198,355	198,355
Total	<u>\$ 283,449</u>	<u>\$ 283,449</u>

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County has measured fair value of the VML/VACO Investment Pool investment at the net asset value (NAV).

Redemption Restrictions

VML/VACO Virginia Investment Pool allows the authority to have the option to have access to withdrawal funds twice a month with a five-day period notice. Additionally, funds are available to meet unexpected needs such as fluctuations in revenue sources, one-time outlays (disasters, immediate capital needs, state budget cuts, and etc.).

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 4—Due from/to Other Governments:

At June 30, 2022, amounts due from other governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
County of Richmond, Virginia	\$ 4,902	\$ -
Commonwealth of Virginia:		
Mobile home titling tax	4,731	-
Motor vehicle carriers' tax	8,249	-
Rolling stock tax	1,550	-
Welfare	27,673	-
State sales Tax	-	274,614
Local sales tax	227,017	-
Constitutional officer reimbursements	116,930	-
Victim witness	4,288	-
Comprehensive services act	42,655	-
Communications tax	35,149	-
Wireless grant	8,935	-
Games of skill	-	-
Other state funds	3,373	-
Federal Government:		
School fund grants	-	415,581
Victim witness	10,006	-
Disaster assistance	7,450	-
Welfare	47,206	-
Total due from other governments	<u>\$ 550,114</u>	<u>\$ 690,195</u>

At June 30, 2022, amounts due to other local governments are as follows:

	Primary Government	Component Unit School Board
Other Local Governments:		
Richmond County School Board	\$ -	\$ 4,902
	<u>\$ -</u>	<u>\$ 4,902</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2022:

	Balance July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Primary Government:</i>						
Capital assets not subject to depreciation:						
Land	\$ 1,117,575	\$ -	\$ 1,117,575	\$ 227,888	\$ -	\$ 1,345,463
Construction in Progress	24,496	-	24,496	150,246	5,366	169,376
Total capital assets not subject to depreciation	\$ 1,142,071	\$ -	\$ 1,142,071	\$ 378,134	\$ 5,366	\$ 1,514,839
Capital assets subject to depreciation:						
Buildings and improvements	\$ 9,091,456	\$ -	\$ 9,091,456	\$ 581,054	\$ -	\$ 9,672,510
Machinery, equipment, and vehicles	3,512,034	-	3,512,034	448,800	-	3,960,834
Lease buildings and improvements	-	792,963	792,963	-	-	792,963
Lease improvements other than buildings	-	61,620	61,620	-	-	61,620
Lease machinery, equipment, and vehicles	-	44,188	44,188	-	-	44,188
Jointly owned assets	19,924,643	-	19,924,643	-	822,186	19,102,457
Total capital assets subject to depreciation	\$ 32,528,133	\$ 898,771	\$ 33,426,904	\$ 1,029,854	\$ 822,186	\$ 33,634,572
Accumulated depreciation:						
Buildings and improvements	\$ 2,814,548	\$ -	\$ 2,814,548	\$ 234,899	\$ -	\$ 3,049,447
Machinery, equipment, and vehicles	2,652,426	-	2,652,426	295,868	-	2,948,294
Lease buildings and improvements	-	-	-	69,948	-	69,948
Lease improvements other than buildings	-	-	-	6,486	-	6,486
Lease machinery, equipment, and vehicles	-	-	-	7,172	-	7,172
Jointly owned assets	6,906,651	-	6,906,651	346,680	299,307	6,954,024
Total accumulated depreciation	\$ 12,373,625	\$ -	\$ 12,373,625	\$ 961,053	\$ 299,307	\$ 13,035,371
Total capital assets subject to depreciation, net	\$ 20,154,508	\$ 898,771	\$ 21,053,279	\$ 68,801	\$ 522,879	\$ 20,599,201
Governmental activities capital assets, net	\$ 21,296,579	\$ 898,771	\$ 22,195,350	\$ 446,935	\$ 528,245	\$ 22,114,040

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets: (Continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Component Unit-School Board:</i>				
Capital assets not subject to depreciation:				
Land	\$ 28,062	\$ -	\$ -	\$ 28,062
Total capital assets not subject to depreciation	\$ 28,062	\$ -	\$ -	\$ 28,062
Capital assets subject to depreciation:				
Buildings and improvements	\$ 1,276,022	\$ 58,591	\$ -	\$ 1,334,613
Machinery, equipment, and vehicles	3,706,896	820,214	146,707	4,380,403
Jointly owned assets	6,324,102	-	(822,186)	7,146,288
Total capital assets subject to depreciation	\$ 11,307,020	\$ 878,805	\$ (675,479)	\$ 12,861,304
Accumulated depreciation:				
Buildings and improvements	\$ 144,112	\$ 62,684	\$ -	\$ 206,796
Machinery, equipment, and vehicles	2,768,764	295,114	146,707	2,917,171
Jointly owned assets	2,192,176	110,037	(299,307)	2,601,520
Total accumulated depreciation	\$ 5,105,052	\$ 467,835	\$ (152,600)	\$ 5,725,487
Total capital assets subject to depreciation, net	\$ 6,201,968	\$ 410,970	\$ (522,879)	\$ 7,135,817
Governmental activities capital assets, net	\$ 6,230,030	\$ 410,970	\$ (522,879)	\$ 7,163,879

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 5—Capital Assets: (Continued)

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
<i>Component Unit-Industrial Development Authority:</i>				
Capital assets not subject to depreciation:				
Land	\$ 149,907	\$ -	\$ -	\$ 149,907
Total capital assets not subject to depreciation	\$ 149,907	\$ -	\$ -	\$ 149,907
Capital assets subject to depreciation:				
Buildings and improvements	\$ 598,470	\$ -	\$ -	\$ 598,470
Machinery, equipment, and vehicles	27,285	-	-	27,285
Total capital assets subject to depreciation	\$ 625,755	\$ -	\$ -	\$ 625,755
Accumulated depreciation:				
Buildings and improvements	\$ 336,501	\$ 11,969	\$ -	\$ 348,470
Machinery, equipment, and vehicles	22,252	2,517	-	24,769
Total accumulated depreciation	\$ 358,753	\$ 14,486	\$ -	\$ 373,239
Total capital assets subject to depreciation, net	\$ 267,002	\$ (14,486)	\$ -	\$ 252,516
Business-type activities capital assets, net	\$ 416,909	\$ (14,486)	\$ -	\$ 402,423

Depreciation expense was charged to functions/programs as follows:

Primary Government:	
Governmental activities:	
General government administration	\$ 67,165
Judicial administration	150,361
Public safety	284,563
Public works	49,020
Health and welfare	60,939
Education	346,680
Community development	2,325
Total Governmental activities	\$ 961,053
Component Unit - School Board	\$ 467,835
Component Unit - Industrial Development Authority	\$ 14,486

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 6—Long-Term Obligations:

Primary Government:

The following is a summary of changes in long-term obligation transactions for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Adjustments	Adjusted Balance July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities Obligations:							
Incurring by County:							
Compensated absences	\$ 176,248	\$ -	\$ 176,248	\$ 27,370	\$ 17,558	\$ 186,060	\$ 18,606
Lease revenue bonds	2,565,000	-	2,565,000	-	142,000	2,423,000	149,000
Lease liabilities	-	898,771	898,771	-	75,418	823,353	81,544
Add deferred amounts:							
Issuance premium	376,041	-	376,041	-	31,337	344,704	-
Direct borrowings:							
USDA loans	104,328	-	104,328	35,000	29,633	109,695	33,305
Note payable	-	-	-	342,500	-	342,500	114,167
Capital financing activities (Note 7)	216,000	-	216,000	-	70,000	146,000	72,000
Net OPEB liabilities	607,496	-	607,496	95,386	195,578	507,304	-
Total incurred by County	\$ 4,045,113	\$ 898,771	\$ 4,943,884	\$ 500,256	\$ 561,524	\$ 4,882,616	\$ 468,622
Incurring by School Board:							
General obligation bonds	\$13,017,992	\$ -	\$13,017,992	\$ -	\$ 869,559	\$12,148,433	\$ 884,558
Add deferred amounts:							
Issuance premium	227,139	-	227,139	-	15,143	211,996	-
Total incurred by School Board	\$13,245,131	\$ -	\$13,245,131	\$ -	\$ 884,702	\$12,360,429	\$ 884,558
Total Governmental Activities Obligations	\$17,290,244	\$ 898,771	\$18,189,015	\$ 500,256	\$ 1,446,226	\$17,243,045	\$ 1,353,180

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Governmental Activities							
	Lease Liabilities		Lease Revenue Bonds		Direct Borrowings			
					USDA Loan		Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 81,544	\$ 16,576	\$ 149,000	\$ 91,628	\$ 33,305	\$ 2,188	\$ 114,167	\$ 2,521
2024	81,132	15,090	151,000	85,393	27,761	1,458	114,167	2,521
2025	79,391	13,352	169,000	78,698	21,494	1,044	114,166	2,521
2026	84,250	11,610	176,000	71,413	13,262	601	-	-
2027	83,930	9,823	183,000	63,812	8,642	306	-	-
2028	85,189	8,021	246,000	54,468	5,231	91	-	-
2029	86,690	6,165	258,000	43,255	-	-	-	-
2030	88,875	4,251	271,000	31,453	-	-	-	-
2031	77,002	2,510	195,000	20,403	-	-	-	-
2032	75,350	745	200,000	12,281	-	-	-	-
2033	-	-	425,000	4,578	-	-	-	-
Total	<u>\$ 823,353</u>	<u>\$ 88,143</u>	<u>\$ 2,423,000</u>	<u>\$ 557,382</u>	<u>\$ 109,695</u>	<u>\$ 5,688</u>	<u>\$ 342,500</u>	<u>\$ 7,563</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	School Obligations	
	General Obligation Bonds	
	Principal	Interest
2023	\$ 884,558	\$ 447,312
2024	899,558	434,481
2025	900,526	424,226
2026	910,526	414,324
2027	920,526	403,629
2028	883,467	386,478
2029	903,467	365,583
2030	923,467	346,979
2031	943,467	327,763
2032	963,467	307,939
2033	983,467	287,503
2034	1,003,467	266,459
2035	1,028,470	127,891
Total	<u>\$ 12,148,433</u>	<u>\$ 4,540,567</u>

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of Long-Term Obligations:

	Total Amount
<u>Incurring by County:</u>	
<u>Lease Revenue Bonds:</u>	
\$1,880,000 lease revenue bond issued November 12, 2020, due in annual principal installments through April 1, 2033, interest payable semi-annually at 5.125%.	\$ 1,805,000
\$750,000 lease revenue bond issued July 2, 2019, due in annual principal installments through July 15, 2029, interest payable monthly at 3.05%.	618,000
Total Lease Revenue Bonds	\$ 2,423,000
Bond issuance premium	\$ 344,704
<u>Direct Borrowings:</u>	
<u>USDA Loans:</u>	
\$50,000 USDA loan issued May 8, 2018, due in monthly installments of \$489 through May 8, 2028 with interest due at 3.25%.	\$ 31,492
\$35,000 USDA loan issued August 21, 2018, due in monthly installments of \$634 through August 21, 2023 with interest due at 3.25%.	8,603
\$35,000 USDA loan issued July 29, 2019, due in monthly installments of \$637 through September 11, 2024 with interest due at 3.50%.	16,476
\$35,000 USDA loan issued July 27, 2020, due in monthly installments of \$618 through July 23, 2025 with interest due at 2.25%.	22,037
\$35,000 USDA loan issued November 4, 2021, due in monthly installments of \$616 through December 4, 2026 with interest due at 2.125%.	31,087
Total USDA loans	\$ 109,695
<u>Capital Financing Activities:</u>	
\$350,000 communication equipment issued July 1, 2018, due in varying annual installments through July 1, 2023. Interest at 3.13%.	\$ 146,000
<u>Note Payable:</u>	
\$342,500 real estate purchase agreement issued August 17, 2021, due in annual installments through August 15, 2024. Interest at 1.1%.	\$ 342,500
<u>Lease Liabilities:</u>	
\$530,857 office lease, due in monthly installments of \$4,620 through May 2032 at 2% interest	\$ 489,896
\$154,260 office lease, due in monthly installments of \$1,310 through May 2032 at 2% interest	140,483
\$107,847 office lease, due in monthly installments of 1,000 through October 2031 at 2% interest	100,340
\$10,877 office equipment lease, due in quarterly installments of \$923 through June 2024 at 3.5% interest	7,286
\$11,992 office equipment lease, due in monthly installments of \$205 through December 2026 at 2% interest	10,461
\$12,352 office equipment lease, due in monthly installments of 210 through December 2026 at 2% interest	10,751
\$8,993 office equipment lease, due in monthly installments of \$153 through December 2026 at 3.5% interest	7,845
\$61,620 land improvement lease, due in variable monthly installments through December 2030 at 2%	56,291
Total lease liabilities	\$ 823,353
Compensated absences (payable by General Fund)	\$ 186,060
Net OPEB liabilities (payable by General Fund)	\$ 507,304
Total incurred by County	\$ 4,882,616

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 6—Long-Term Obligations: (Continued)

Primary Government: (Continued)

The County's outstanding direct borrowings related to governmental activities of \$109,695 contain a provision that in the event of default, outstanding amounts become immediately due if the County is unable to make payment.

Incurred by School Board:

General Obligation Bonds:

\$2,500,000 School bonds issued September 1, 2010, due in annual principal installments of \$147,059 through September 1, 2026. This bond is interest-free. \$ 735,293

\$6,085,183 School bonds issued October 31, 2012, due in varying annual installments of principal and interest through December 1, 2034, interest payable semi-annually at the rate of 3.84% per annum. 4,103,140

\$8,770,000 School bonds issued November 15, 2012, due in varying annual installments of principal and interest through July 15, 2034, interest payable semi-annually ranges from 2.05% to 5.05%. 7,310,000

Total General Obligation Bonds \$ 12,148,433

Bond issuance premium \$ 211,996

Total incurred by School Board \$ 12,360,429

Total Long-Term Obligations, Primary Government \$ 17,243,045

Component Unit-School Board:

The following is a summary of long-term obligation transactions for the fiscal year ended June 30, 2022:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Component Unit-School Board:					
Compensated absences	\$ 214,458	\$ 32,910	\$ 21,446	\$ 225,922	\$ 22,592
Capital financing activities	111,663	-	35,872	75,791	37,206
Net pension liabilities	12,141,256	2,377,597	8,010,272	6,508,581	-
Net OPEB liabilities	2,508,024	415,031	644,648	2,278,407	-
Total Component Unit-School Board	\$14,975,401	\$ 2,825,538	\$ 8,712,238	\$ 9,088,701	\$ 59,798

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 6—Long-Term Obligations: (Continued)

Component Unit-School Board: (Continued)

Details of Long-Term Obligations:

	<u>Total Amount</u>
<u>Incurring by School Board:</u>	
<u>Capital Financing Activities:</u>	
\$185,690 buses (payable from the School Fund) issued July 15, 2019, due in annual installments of \$40,026 through August 15, 2023. Interest at 3.72%.	\$ 75,791
Compensated absences	\$ 225,922
Net pension liability	\$ 6,508,581
Net OPEB liabilities	\$ 2,278,407
Total incurred by School Board	<u>\$ 9,088,701</u>

Note 7—Postclosure Costs:

Old County Landfill

The County demonstrated financial assurance requirements for postclosure care and corrective action costs, if any, through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA20-70 of the Virginia Administrative Code. In addition, the County closed its landfill in August 1996 and is liable for the postclosure monitoring for a period of ten years. The County's ten-year period has expired but they are still required to complete an annual landfill assurance calculation. The amount reported as landfill postclosure liability on June 30, 2022 represents the estimated liability for postclosure monitoring of \$0 over a period of one year. This amount is based on what it would cost to perform all postclosure care in 2022. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Note 8—Unearned and Deferred/Unavailable Revenue:

Unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future reporting periods are deferred. Unearned and unavailable/deferred revenue is comprised of the following:

Unavailable Property Tax Revenue - Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$321,945 at June 30, 2022.

Unavailable Prepaid Property Taxes - Property taxes due subsequent to June 30, 2022 but paid in advance by the taxpayers totaled \$52,190 at June 30, 2022.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 9—Commitments and Contingent Liabilities:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of the Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

Note 10—Litigation:

At June 30, 2022, there were no matters of litigation involving the County or which would materially affect the County's financial position should any court decisions on pending matters not be favorable to the County.

Note 11—Risk Management:

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance.

The County is a member of the VACO Self Insurance Association for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing.

Each Association member jointly and severally agrees to assume, pay and discharge any liability. The County pays VACO contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Note 12—Pension Plans:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Note 12—Pension Plans: (Continued)

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	50	7
Inactive members:		
Vested inactive members	13	1
Non-vested inactive members	17	6
Inactive members active elsewhere in VRS	53	2
Total inactive members	83	9
Active members	66	2
Total covered employees	199	18

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2022 was 12.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 County were \$440,688 and \$390,697 for the years ended June 30, 2022 and June 30, 2021, respectively.

Note 12—Pension Plans: (Continued)

Contributions (Continued)

The Component Unit School Board’s contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 2.67% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 Component Unit School Board’s nonprofessional employees were \$2,892 and \$2,282 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) 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. The County’s and Component Unit School Board’s (nonprofessional) net pension liability (asset) were measured as of June 30, 2021. The total pension liabilities used to calculate the net pension liability (asset) were determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - General Employees (Continued)

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 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:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years

Mortality Improvement:

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

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was 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%.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (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; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers and school divisions 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)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 15,719,820	\$ 13,911,356	\$ 1,808,464
Changes for the year:			
Service cost	\$ 409,513	\$ -	\$ 409,513
Interest	1,027,695	-	1,027,695
Changes of assumptions	524,309	-	524,309
Differences between expected and actual experience	(232,306)	-	(232,306)
Contributions - employer	-	390,697	(390,697)
Contributions - employee	-	154,436	(154,436)
Net investment income	-	3,767,863	(3,767,863)
Benefit payments, including refunds of employee contributions	(989,424)	(989,424)	-
Administrative expenses	-	(9,553)	9,553
Other changes	-	353	(353)
Net changes	\$ 739,787	\$ 3,314,372	\$ (2,574,585)
Balances at June 30, 2021	\$ 16,459,607	\$ 17,225,728	\$ (766,121)

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 802,159	\$ 825,355	\$ (23,196)
Changes for the year:			
Service cost	\$ 10,341	\$ -	\$ 10,341
Interest	52,692	-	52,692
Changes of assumptions	6,135		6,135
Differences between expected and actual experience	169	-	169
Contributions - employer	-	2,282	(2,282)
Contributions - employee	-	4,274	(4,274)
Net investment income	-	222,097	(222,097)
Benefit payments, including refunds of employee contributions	(43,077)	(43,077)	-
Administrative expenses	-	(573)	573
Other changes	-	21	(21)
Net changes	\$ 26,260	\$ 185,024	\$ (158,764)
Balances at June 30, 2021	\$ 828,419	\$ 1,010,379	\$ (181,960)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 1,317,803	\$ (766,121)	\$ (2,481,869)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	\$ (92,376)	\$ (181,960)	\$ (257,446)

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

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

For the year ended June 30, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$207,954 and \$(22,253) respectively. At June 30, 2022, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 110,734	\$ 148,441	\$ -	\$ -
Change of assumptions	335,028	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	1,870,242	-	109,765
Employer contributions subsequent to the measurement date	440,688	-	2,892	-
Total	<u>\$ 886,450</u>	<u>\$ 2,018,683</u>	<u>\$ 2,892</u>	<u>\$ 109,765</u>

\$440,688 and \$2,892 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2023	\$ (222,519)	\$ (25,715)
2024	(346,180)	(24,981)
2025	(435,391)	(25,540)
2026	(568,831)	(33,529)
Thereafter	-	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually required employer contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined 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 school division were \$1,289,462 and \$1,186,096 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2022, the school division reported a liability of \$6,508,581 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.08384% as compared to 0.08340% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of \$119,089. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience \$	-	\$ 554,362
Change of assumptions	1,140,286	-
Net difference between projected and actual earnings on pension plan investments	-	4,101,533
Changes in proportion and differences between employer contributions and proportionate share of contributions	203,492	122,641
Employer contributions subsequent to the measurement date	<u>1,289,462</u>	<u>-</u>
Total	<u>\$ 2,633,240</u>	<u>\$ 4,778,536</u>

\$1,289,462 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2023	\$ (797,672)
2024	(696,891)
2025	(797,219)
2026	(1,144,199)
2027	1,223

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Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability (Asset)	\$ <u><u>7,763,263</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 12—Pension Plans: (Continued)

Component Unit School Board (professional) (Continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

		Rate		
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan				
Net Pension Liability	\$	12,561,209	\$ 6,508,581	\$ 1,529,486

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 886,450	\$ 2,018,683	\$ (766,121)	\$ 207,954	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	2,892	109,765	(181,960)	(22,253)
School Board Professional	-	-	-	-	2,633,240	4,778,536	6,508,581	119,089
Totals	\$ 886,450	\$ 2,018,683	\$ (766,121)	\$ 207,954	\$ 2,636,132	\$ 4,888,301	\$ 6,326,621	\$ 96,836

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. 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 Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

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

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$19,519 and \$17,304 for the years ended June 30, 2022 and June 30, 2021, respectively.

Contributions to the GLI Plan from the Component Unit School Board professional group were \$43,255 and \$39,634 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the GLI Plan from the Component Unit School Board nonprofessional group were \$483 and \$462 for the years ended June 30, 2022 and June 30, 2021, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2022, the County reported a liability of \$180,695 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$413,898 and \$4,890, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.01550% as compared to 0.01470% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups' proportion were 0.03550% and 0.03520%, respectively as compared to 0.00040% and 0.03573%, respectively at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$9,637. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$17,906. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$399. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,609	1,377	\$ 47,207	\$ 3,154	\$ 558	\$ 37
Net difference between projected and actual earnings on GLI OPEB plan investments	-	43,128	-	98,789	-	1,167
Change of assumptions	9,962	24,723	22,818	56,630	270	669
Changes in proportionate share	14,766	6,073	15,993	12,518	1,323	517
Employer contributions subsequent to the measurement date	19,519	-	43,255	-	483	-
Total	\$ 64,856	\$ 75,301	\$ 129,273	\$ 171,091	\$ 2,634	\$ 2,390

\$19,519, \$46,255 and \$483, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2023	(6,667) \$	(19,441) \$	(42)
2024	(4,662)	(15,838)	12
2025	(5,727)	(14,713)	14
2026	(12,271)	(29,986)	(274)
2027	(637)	(5,095)	51
Thereafter	-	-	-

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan'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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,577,346
Plan Fiduciary Net Position		2,413,074
GLI Net OPEB Liability (Asset)	\$	<u>1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was 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%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 13—Group Life Insurance (GLI) Plan (OPEB Plan): (Continued)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 264,002	\$ 180,695	\$ 113,421
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 604,720	\$ 413,898	\$ 259,801
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	\$ 7,144	\$ 4,890	\$ 3,069

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>2</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	<u>2</u>
Total covered employees	<u><u>4</u></u>

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) 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. The School Board’s contractually required employer contribution rate for the year ended June 30, 2022 was 0.61% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan were \$546 and \$521 for the years ended June 30, 2022 and June 30, 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately \$2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the 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:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's 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)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75% which was 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%.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy 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 ended June 30, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 7,366	\$ -	\$ 7,366
Changes for the year:			
Service cost	\$ 47	\$ -	\$ 47
Interest	497	-	497
Benefit changes	-	-	-
Differences between expected and actual experience	-	-	-
Assumption changes	495	-	495
Contributions - employer	-	521	(521)
Net investment income	-	76	(76)
Benefit payments	-	-	-
Administrative expenses	-	(2)	2
Other changes	-	-	-
Net changes	\$ 1,039	\$ 595	\$ 444
Balances at June 30, 2021	\$ 8,405	\$ 595	\$ 7,810

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Component School Board (nonprofessional):			
Net HIC OPEB Liability	\$ 8,430	\$ 7,810	\$ 7,263

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2022, the School Board recognized HIC Plan OPEB expense of \$650. At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	-
Net difference between projected and actual earnings on HIC OPEB plan investments	-	46
Change in assumptions	361	-
Changes in proportionate share	-	-
Employer contributions subsequent to the measurement date	\$ 546	\$ -
Total	\$ 907	\$ 46

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COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 14—Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: Continued)

\$546 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended		
June 30		
<hr/>		
2023	\$	122
2024		122
2025		81
2026		(10)
2027		-
Thereafter		-

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15—Teacher Employee Health Insurance Credit (HIC) Program (OPEB Plan):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Plan Description (Continued)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$96,924 and \$88,811 for the years ended June 30, 2022 and June 30, 2021, respectively.

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2022, the school division reported a liability of \$1,065,234 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Plan OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.08254% as compared to 0.08834% at June 30, 2020.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC OPEB expense of \$85,943. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,588
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	14,032
Change of assumptions	28,795	4,281
Change in proportionate share	24,225	21,119
Employer contributions subsequent to the measurement date	96,924	-
Total	\$ 149,944	\$ 58,020

\$96,924 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (2,115)
2024	(2,275)
2025	(2,327)
2026	(1,309)
2027	2,286
Thereafter	740

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation:	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates - Teachers

- Pre-Retirement:
 - Pub-2010 Amount Weighted Teacher Employee Rates projected generationally; 110% of rates for males
- Post-Retirement:
 - Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
- Post-Disablement:
 - Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Actuarial Assumptions (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,477,874
Plan Fiduciary Net Position		194,305
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		13.15%

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

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Long-Term Expected Rate of Return

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

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

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which was 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%.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 15—Teacher Employee Health Insurance Credit (HIC) Plan (OPEB Plan): (Continued)

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 1,199,158	\$ 1,065,234	\$ 951,902

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan):

County and School Board

Plan Description

In addition to the pension and OPEB benefits described in Notes 12-14, the County administers a single-employer defined benefit healthcare plan, The County of Richmond Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension and OPEB benefits described in Notes 12-15, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Richmond County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At June 30, 2022 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	69	146
Total retirees and spouses with coverage	4	3
Total	73	149

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amounts paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2022 were \$22,337 and \$40,140, respectively.

Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50% per year
Salary Increases	The salary increase rate was 3.50% to 5.35% per annum for general employees and 3.50% to 4.75% per annum for public safety
Discount Rate	3.54% based on the Bond Buyer 20-Year Bond GO Index
Healthcare Trend Data	The healthcare trend assumption used in this valuation (which covers medical, dental, and vision) is based on long-term healthcare trend rates generated by the Getzen Trend Model.

Mortality rates for the County were based on the following actuarial assumptions:

- Pre-Retirement: RP-2014 General Employee Mortality Tables projected to 2021 using Scale BB with Males and Females setback 1 year.
- Pre-Retirement: RP-2014 Public Safety Employer Mortality Tables projected to 2021 using Scale BB with Females set forward 1 year.
- Post-Retirement: RP-2014 General Employees Mortality Tables project to 2021 using Scale BB with females setback 1 year.
- Post Retirement: RP-2014 Public Safety Mortality Tables projected to 2021 using Scale BB with males set forward 2 year and females set forward 3 years.
- Post-Disablement: RP-2014 General Employee Disabled Life Mortality Tables projected to 2021 using Scale BB.
- Post-Disablement: RP-2014 Public Safety Employees Disabled Life Mortality Tables projected to 2021 using Scale BB with males set forward 2 years.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: Continued)

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Retirement: RP-2014 General Employee Mortality Tables projected to 2021 using Scale BB with Males and Females setback 1 year.

Post-Retirement: RP-2014 General Employees Mortality Tables project to 2021 using Scale BB with females setback 1 year.

Post-Disablement: RP-2014 General Employee Disabled Life Mortality Tables projected to 2021 using Scale BB.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year Go Index as of June 30, 2022.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2021	\$ 362,511	\$ 831,139
Changes for the year:		
Service cost	17,450	67,962
Interest	7,967	18,990
Changes of assumptions	(38,982)	(91,376)
Benefit payments	(22,337)	(40,140)
Net changes	\$ (35,902)	\$ (44,564)
Balances at June 30, 2022	<u>\$ 326,609</u>	<u>\$ 786,575</u>

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.54%) or one percentage point higher (4.54%) than the current discount rate:

		Rate		
		1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Primary Government:				
Total OPEB liability	\$	354,378	\$ 326,609	\$ 301,323
Component Unit School Board:				
Total OPEB liability	\$	852,012	\$ 786,575	\$ 725,510

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

		Rates		
		1% Decrease	Healthcare Cost Trend	1% Increase
Primary Government:				
Total OPEB liability	\$	288,921	\$ 326,609	\$ 371,232
Component Unit School Board:				
Total OPEB liability	\$	689,660	\$ 786,575	\$ 903,450

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 16—Medical and Dental Pay-as-You-Go (OPEB Plan): (Continued)

County and School Board: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2022, the County and the School Board recognized OPEB expense in the amount of \$45,606 and \$79,401. At June 30, 2022, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Primary Government</u>		<u>Component Unit School Board</u>	
	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>	<u>Deferred</u>
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>	<u>of Resources</u>
Differences between expected and actual experience	\$ 118,043	\$ 2,655	\$ 66,172	\$ 27,102
Changes in assumptions	26,124	43,568	121,215	129,711
Total	<u>\$ 144,167</u>	<u>\$ 46,223</u>	<u>\$ 187,387</u>	<u>\$ 156,813</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2022	\$ 20,189	\$ (7,551)
2023	20,971	(7,551)
2024	23,163	2,272
2025	24,014	13,154
2026	9,607	13,154
Thereafter	-	17,096

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 17—Summary of Other Postemployment Benefit Plans:

Primary Government and Component Unit School Board

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liabilities	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 13):								
County	\$ 64,856	\$ 75,301	\$ 180,695	\$ 9,637	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	2,634	2,390	4,890	399
School Board Professional	-	-	-	-	129,273	171,091	413,898	17,906
Health Insurance Credit Plan (Note 14)	-	-	-	-	907	46	7,810	650
Teacher Health Insurance Credit Plan (Note 15)	-	-	-	-	149,944	58,020	1,065,234	85,943
Line of Duty Act Program (Note 20)	-	-	-	-	-	-	-	19,512
County Stand-Alone Plan (Note 16)	144,167	46,223	326,609	45,606	-	-	-	-
School Stand-Alone Plan (Note 16)	-	-	-	-	187,387	156,813	786,575	79,401
Totals	\$ 209,023	\$ 121,524	\$ 507,304	\$ 55,243	\$ 470,145	\$ 388,360	\$ 2,278,407	\$ 203,811

Note 18-Surety Bonds:

	Amount
Fidelity and Deposit Company of Maryland - Surety:	
Cheryl B. Pierson, Clerk of the Circuit Court	\$ 103,000
Kristie S. Brann, Treasurer	300,000
Jennifer W. Delano, Commissioner of the Revenue	3,000
Stephan B. Smith, Sheriff	30,000
The above constitutional officer's employee - blanket bond	50,000
The Cincinnati Insurance Company - Surety:	
John David Parr, Supervisor	2,000
William C. Herbert, II, Supervisor	2,000
Richard E. Thomas, Sr., Supervisor	2,000
Robert B. Pemberton, Supervisor	2,000
F. Lee Sanders, Supervisor	2,000
Bernard S. "Trey" Davis, III, Ed.D., Superintendent of Schools	10,000
Whitney Barrack, Director of Finance, School Board	10,000
Janet B. Rice, Assistant Director of Finance, School Board	10,000
All Department of Social Services Employees-blanket bond	100,000

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 19—Line of Duty Act (LODA) (OPEB Benefits):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2022 was \$19,512.

Note 20—Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
AS OF JUNE 30, 2022

Note 20-Fair Value Measurements: (Continued)

The County has the following recurring fair value measurements as of June 30, 2022:

Investment type	Balance June 30, 2021	Fair Value Measurement Using		
		Quoted Prices in	Significant	Significant
		Active Markets	Other Observable	Unobservable
		for Identical Assets	Inputs	Inputs
		(Level 1)	(Level 2)	(Level 3)
Primary Government				
Debt Securities:				
U.S Government Obligations	\$ 2,719	\$ 2,719	\$ -	\$ -
	\$ 2,719	\$ 2,719	\$ -	\$ -

Note 21-Adoption of Accounting Principles:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Primary Government:

	Governmental Activities
Lessee activity:	
Lease assets	\$ 898,771
Lease liabilities	\$ 898,771

Note 22-Upcoming Pronouncements:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

COUNTY OF RICHMOND, VIRGINIA

NOTES TO FINANCIAL STATEMENTS (CONTINUED) AS OF JUNE 30, 2022

Note 22-Upcoming Pronouncements: (Continued)

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves 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 effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Note 23-COVID-19 Pandemic Funding and Subsequent Events:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2022, the American Rescue Plan (ARPA) Act of 2022 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later. Unspent funds in the amount of \$1,155,120 from the allocation are reported as unearned revenue as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2021 and added \$81.9 billion to the ESF. In March 2022, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

County of Richmond, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES				
General property taxes	\$ 8,449,656	\$ 8,956,557	\$ 9,206,194	\$ 249,637
Other local taxes	1,702,000	2,007,000	1,782,508	(224,492)
Permits, privilege fees, and regulatory licenses	64,600	70,000	207,310	137,310
Fines and forfeitures	35,000	35,000	53,780	18,780
Revenue from the use of money and property	43,000	25,000	14,047	(10,953)
Charges for services	356,500	341,500	437,386	95,886
Miscellaneous	5,000	443,198	45,054	(398,144)
Recovered costs	917,750	1,380,832	1,013,128	(367,704)
Intergovernmental:				
Commonwealth	3,556,511	3,530,711	3,147,732	(382,979)
Federal	686,247	2,342,352	1,983,276	(359,076)
Total revenues	\$ 15,816,264	\$ 19,132,150	\$ 17,890,415	\$ (1,241,735)
EXPENDITURES				
Current:				
General government administration	\$ 1,360,298	\$ 2,460,070	\$ 2,476,801	\$ (16,731)
Judicial administration	723,232	734,854	692,990	41,864
Public safety	3,122,144	3,990,092	3,952,740	37,352
Public works	1,013,588	1,082,305	1,081,888	417
Health and welfare	2,594,501	2,607,444	2,590,050	17,394
Education	4,932,869	5,007,813	4,472,792	535,021
Parks, recreation, and cultural	160,154	161,654	156,251	5,403
Community development	289,928	378,031	343,064	34,967
Nondepartmental	238,552	256,772	47,500	209,272
Capital projects	-	-	638,543	(638,543)
Debt service:				
Principal retirement	1,415,998	1,415,998	1,111,192	304,806
Interest and other fiscal charges	-	1,072,117	588,054	484,063
Total expenditures	\$ 15,851,264	\$ 19,167,150	\$ 18,151,865	\$ 1,015,285
Excess (deficiency) of revenues over (under) expenditures	\$ (35,000)	\$ (35,000)	\$ (261,450)	\$ (226,450)
OTHER FINANCING SOURCES (USES)				
Issuance of USDA loan	\$ 35,000	\$ 35,000	\$ 35,000	\$ -
Issuance of note payable	-	342,500	342,500	-
Total other financing sources (uses)	\$ 35,000	\$ 377,500	\$ 377,500	\$ -
Net change in fund balances	\$ -	\$ 342,500	\$ 116,050	\$ (226,450)
Fund balances - beginning	-	(342,500)	3,445,572	3,788,072
Fund balances - ending	\$ -	\$ -	\$ 3,561,622	\$ 3,561,622

County of Richmond, Virginia
 Sheriff's Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	Final Budget - Positive (Negative)
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Total expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	21,615	21,615
Fund balances - ending	\$ -	\$ -	\$ 21,615	\$ 21,615

County of Richmond, Virginia
Workforce Investment Act Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total revenues	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
EXPENDITURES				
Current:				
Community development	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total expenditures	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

County of Richmond, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Primary Government
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020
Total pension liability		
Service cost	\$ 409,513	\$ 440,289
Interest	1,027,695	967,490
Changes in benefit terms	-	-
Changes of assumptions	524,309	-
Differences between expected and actual experience	(232,306)	377,564
Benefit payments	(989,424)	(797,428)
Net change in total pension liability	\$ 739,787	\$ 987,915
Total pension liability - beginning	15,719,820	14,731,905
Total pension liability - ending (a)	\$ 16,459,607	\$ 15,719,820
Plan fiduciary net position		
Contributions - employer	\$ 390,697	\$ 307,494
Contributions - employee	154,436	147,098
Net investment income	3,767,863	265,774
Benefit payments	(989,424)	(797,428)
Administrator charges	(9,553)	(9,190)
Other	353	(314)
Net change in plan fiduciary net position	\$ 3,314,372	\$ (86,566)
Plan fiduciary net position - beginning	13,911,356	13,997,922
Plan fiduciary net position - ending (b)	\$ 17,225,728	\$ 13,911,356
County's net pension liability (asset) - ending (a) - (b)	\$ (766,121)	\$ 1,808,464
Plan fiduciary net position as a percentage of the total pension liability (asset)	104.65%	88.50%
Covered payroll	\$ 3,204,359	\$ 3,020,649
County's net pension liability (asset) as a percentage of covered payroll	-23.91%	59.87%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 12

2019	2018	2017	2016	2015	2014
\$ 403,911	\$ 382,865	\$ 373,373	\$ 310,165	\$ 312,395	\$ 312,258
926,566	934,448	895,648	863,095	823,735	785,883
-	-	160,091	-	-	-
403,203	-	(107,924)	-	-	-
131,371	(703,238)	(29,684)	37,278	72,953	-
(739,603)	(713,742)	(760,700)	(730,291)	(563,297)	(551,499)
\$ 1,125,448	\$ (99,667)	\$ 530,804	\$ 480,247	\$ 645,786	\$ 546,642
13,606,457	13,706,124	13,175,320	12,695,073	12,049,287	11,502,645
\$ 14,731,905	\$ 13,606,457	\$ 13,706,124	\$ 13,175,320	\$ 12,695,073	\$ 12,049,287
\$ 293,415	\$ 305,935	\$ 283,832	\$ 279,196	\$ 286,796	\$ 295,531
140,056	143,277	132,401	127,498	131,462	129,721
888,497	940,117	1,407,834	198,131	524,724	1,575,513
(739,603)	(713,742)	(760,700)	(730,291)	(563,297)	(551,499)
(8,905)	(8,182)	(8,296)	(7,489)	(7,222)	(8,508)
(559)	(833)	(1,247)	(86)	(115)	83
\$ 572,901	\$ 666,572	\$ 1,053,824	\$ (133,041)	\$ 372,348	\$ 1,440,841
13,425,021	12,758,449	11,704,625	11,837,666	11,465,318	10,024,477
\$ 13,997,922	\$ 13,425,021	\$ 12,758,449	\$ 11,704,625	\$ 11,837,666	\$ 11,465,318
\$ 733,983	\$ 181,436	\$ 947,675	\$ 1,470,695	\$ 857,407	\$ 583,969
95.02%	98.67%	93.09%	88.84%	93.25%	95.15%
\$ 2,941,892	\$ 2,914,636	\$ 2,693,648	\$ 2,602,804	\$ 2,663,210	\$ 2,597,287
24.95%	6.22%	35.18%	56.50%	32.19%	22.48%

County of Richmond, Virginia
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020
Total pension liability		
Service cost	\$ 10,341	\$ 7,642
Interest	52,692	50,477
Changes of assumptions	6,135	-
Differences between expected and actual experience	169	17,385
Benefit payments	(43,077)	(42,311)
Net change in total pension liability	\$ 26,260	\$ 33,193
Total pension liability - beginning	802,159	768,966
Total pension liability - ending (a)	\$ 828,419	\$ 802,159
 Plan fiduciary net position		
Contributions - employer	\$ 2,282	\$ 576
Contributions - employee	4,274	3,642
Net investment income	222,097	16,010
Benefit payments	(43,077)	(42,311)
Administrator charges	(573)	(568)
Other	21	(19)
Net change in plan fiduciary net position	\$ 185,024	\$ (22,670)
Plan fiduciary net position - beginning	825,355	848,025
Plan fiduciary net position - ending (b)	\$ 1,010,379	\$ 825,355
 School Division's net pension liability (asset) - ending (a) - (b)	\$ (181,960)	\$ (23,196)
 Plan fiduciary net position as a percentage of the total pension liability	121.96%	102.89%
 Covered payroll	\$ 85,480	\$ 74,126
 School Division's net pension liability (asset) as a percentage of covered payroll	-212.87%	-31.29%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 13

2019	2018	2017	2016	2015	2014
\$ 7,380	\$ 7,885	\$ 10,704	\$ 18,893	\$ 22,347	\$ 29,025
49,199	43,248	42,697	44,386	43,291	39,965
19,420	-	7,790	-	-	-
10,731	74,734	(6,389)	(13,893)	8,918	-
(41,216)	(40,488)	(53,372)	(93,647)	(24,197)	(18,758)
\$ 45,514	\$ 85,379	\$ 1,430	\$ (44,261)	\$ 50,359	\$ 50,232
723,452	638,073	636,643	680,904	630,545	580,313
\$ 768,966	\$ 723,452	\$ 638,073	\$ 636,643	\$ 680,904	\$ 630,545
\$ 294	\$ 20	\$ 95	\$ 3,660	\$ 9,175	\$ 19,067
3,701	3,021	3,308	4,457	11,112	10,737
54,086	59,097	90,633	12,840	37,184	110,415
(41,216)	(40,488)	(53,372)	(93,647)	(24,197)	(18,758)
(563)	(531)	(561)	(538)	(506)	(579)
(34)	(52)	(79)	(6)	(8)	6
\$ 16,268	\$ 21,067	\$ 40,024	\$ (73,234)	\$ 32,760	\$ 120,888
831,757	810,690	770,666	843,900	811,140	690,252
\$ 848,025	\$ 831,757	\$ 810,690	\$ 770,666	\$ 843,900	\$ 811,140
\$ (79,059)	\$ (108,305)	\$ (172,617)	\$ (134,023)	\$ (162,996)	\$ (180,595)
110.28%	114.97%	127.05%	121.05%	123.94%	128.64%
\$ 81,627	\$ 64,888	\$ 72,168	\$ 94,878	\$ 230,452	\$ 214,727
-96.85%	-166.91%	-239.19%	-141.26%	-70.73%	-84.10%

County of Richmond, Virginia
Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Component Unit School Board
For the Measurement Dates of June 30, 2014 through June 30, 2021

	2021	2020
Employer's Proportion of the Net Pension Liability (Asset)	0.08384%	0.08340%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 6,508,581	\$ 12,141,256
Employer's Covered Payroll	7,339,714	7,236,109
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	88.68%	167.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

	2019	2018	2017	2016	2015	2014
	0.08397%	0.08141%	0.08353%	0.08270%	0.08415%	0.08403%
\$	11,050,930	\$ 9,574,000	\$ 10,272,000	\$ 11,590,000	\$ 10,591,000	\$ 10,155,000
	6,990,664	6,626,525	6,599,563	6,305,596	6,256,592	6,145,391
	158.08%	144.48%	155.65%	183.80%	169.28%	165.25%
	74.81%	74.81%	72.92%	68.28%	70.68%	70.88%

County of Richmond, Virginia
Schedule of Employer Contributions - Pension Plans
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2022	\$ 440,688	\$ 440,688	\$ -	\$ 3,614,544	12.19%
2021	390,697	390,697	-	3,204,359	12.19%
2020	307,373	307,373	-	3,020,649	10.18%
2019	300,679	300,679	-	2,941,892	10.22%
2018	305,935	305,935	-	2,914,636	10.50%
2017	283,832	283,832	-	2,693,648	10.54%
2016	279,196	279,196	-	2,602,804	10.73%
2015	286,796	286,796	-	2,663,210	10.77%
2014	295,831	295,831	-	2,597,287	11.39%
2013	282,363	282,363	-	2,484,208	11.37%
Component Unit School Board (nonprofessional)					
2022	\$ 2,892	\$ 2,892	\$ -	\$ 89,506	3.23%
2021	2,282	2,282	-	85,480	2.67%
2020	566	566	-	74,126	0.76%
2019	314	314	-	81,627	0.38%
2018	212	212	-	64,888	0.33%
2017	95	95	-	72,168	0.13%
2016	3,660	3,660	-	94,878	3.86%
2015	9,175	9,175	-	230,452	3.98%
2014	19,068	19,068	-	214,727	8.88%
2013	21,196	21,196	-	238,694	8.88%
Component Unit School Board (professional)					
2022	\$ 1,289,462	\$ 1,289,462	\$ -	\$ 8,010,229	16.10%
2021	1,186,096	1,186,096	-	7,339,714	16.16%
2020	1,108,639	1,108,639	-	7,236,109	15.32%
2019	1,075,614	1,075,614	-	6,990,664	15.39%
2018	1,053,012	1,053,012	-	6,626,525	15.89%
2017	950,449	950,449	-	6,599,563	14.40%
2016	981,446	981,446	-	6,305,596	15.56%
2015	907,206	907,206	-	6,256,592	14.50%
2014	721,664	721,664	-	6,145,391	11.74%
2013	706,155	706,155	-	6,130,403	11.52%

*Excludes contributions (mandatory and match on voluntary) to the defined contribution portion of the Hybrid plan.

County of Richmond, Virginia
Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Richmond, Virginia
Schedule of County and Component Unit School Board's Share of Net OPEB Liability
Group Life Insurance (GLI) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2021	0.01550% \$	180,695 \$	3,204,359	5.64%	67.45%
2020	0.01470%	244,985	3,020,649	8.11%	52.64%
2019	0.01501%	244,253	2,941,892	8.30%	52.00%
2018	0.01533%	233,000	2,914,636	7.99%	51.22%
2017	0.01460%	220,000	2,693,648	8.17%	48.86%
Component Unit School Board (nonprofessional):					
2021	0.00040% \$	4,890 \$	85,480	5.72%	67.45%
2020	0.00040%	6,008	74,126	8.11%	52.64%
2019	0.00041%	6,672	81,627	8.17%	52.00%
2018	0.00034%	6,000	64,888	9.25%	51.22%
2017	0.00039%	5,000	72,168	6.93%	48.86%
Component Unit School Board (professional):					
2021	0.03550% \$	413,898 \$	7,339,714	5.64%	67.45%
2020	0.03520%	586,763	7,236,109	8.11%	52.64%
2019	0.03573%	581,422	7,003,694	8.30%	52.00%
2018	0.03470%	527,000	6,598,082	7.99%	51.22%
2017	0.03578%	539,000	6,599,563	8.17%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Employer Contributions
Group Life Insurance(GLI) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2022	\$ 19,519	\$ 19,519	\$ -	\$ 3,614,544	0.54%
2021	17,304	17,304	-	3,204,359	0.54%
2020	15,707	15,707	-	3,020,649	0.52%
2019	15,298	15,298	-	2,941,892	0.52%
2018	15,156	15,156	-	2,914,636	0.52%
2017	14,007	14,007	-	2,693,648	0.52%
2016	12,493	12,493	-	2,602,804	0.48%
2015	12,783	12,783	-	2,663,210	0.48%
2014	12,467	12,467	-	2,597,287	0.48%
2013	11,924	11,924	-	2,484,208	0.48%
Component Unit School Board (nonprofessional):					
2022	\$ 483	\$ 483	\$ -	\$ 89,506	0.54%
2021	462	462	-	85,480	0.54%
2020	385	385	-	74,126	0.52%
2019	424	424	-	81,627	0.52%
2018	337	337	-	64,888	0.52%
2017	375	375	-	72,168	0.52%
2016	455	455	-	94,878	0.48%
2015	1,106	1,106	-	230,452	0.48%
2014	1,031	1,031	-	214,727	0.48%
2013	1,146	1,146	-	238,694	0.48%
Component Unit School Board (professional):					
2022	\$ 43,255	\$ 43,255	\$ -	\$ 8,010,229	0.54%
2021	39,634	39,634	-	7,339,714	0.54%
2020	37,628	37,628	-	7,236,109	0.52%
2019	36,419	36,419	-	7,003,694	0.52%
2018	34,574	34,574	-	6,598,082	0.52%
2017	34,318	34,318	-	6,599,563	0.52%
2016	30,267	30,267	-	6,305,596	0.48%
2015	30,032	30,032	-	6,256,592	0.48%
2014	29,498	29,498	-	6,145,391	0.48%
2013	29,426	29,426	-	6,130,403	0.48%

County of Richmond, Virginia
Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Richmond, Virginia
Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2020 through June 30, 2021

	2021	2020
Total HIC OPEB Liability		
Service cost	\$ 47	\$ -
Interest	497	-
Changes in benefit terms	-	7,366
Differences between expected and actual experience	-	-
Changes of assumptions	495	-
Benefit payments	-	-
Net change in total HIC OPEB liability	\$ 1,039	\$ 7,366
Total HIC OPEB Liability - beginning	7,366	-
Total HIC OPEB Liability - ending (a)	\$ 8,405	\$ 7,366
 Plan fiduciary net position		
Contributions - employer	\$ 521	\$ -
Net investment income	76	-
Benefit payments	-	-
Administrator charges	(2)	-
Other	-	-
Net change in plan fiduciary net position	\$ 595	\$ -
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	\$ 595	\$ -
 School Board's net HIC OPEB liability - ending (a) - (b)	\$ 7,810	\$ 7,366
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	7.62%	0.00%
 Covered payroll	\$ 85,480	\$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	9.14%	0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2021 through June 30, 2022

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2022	\$ 546	\$ 546	-	\$ 89,506	0.61%
2021	521	521	-	85,480	0.61%

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

County of Richmond, Virginia
Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased 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 Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Richmond, Virginia
Schedule of Component Unit School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through June 30, 2021

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2021	0.08299% \$	1,065,234 \$	7,339,714	14.51%	13.15%
2020	0.08254%	1,076,748	7,236,109	14.88%	9.95%
2019	0.08334%	1,091,002	6,990,664	15.61%	8.97%
2018	0.08134%	1,033,000	6,578,062	15.70%	8.08%
2017	0.08362%	1,061,000	6,599,563	16.08%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Employer Contributions - Component Unit School Board
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)		
2022	\$ 96,924	\$ 96,924	\$ -	\$ 8,010,229	1.21%
2021	88,811	88,811	-	7,339,714	1.21%
2020	86,833	86,833	-	7,236,109	1.20%
2019	83,888	83,888	-	6,990,664	1.20%
2018	80,910	80,910	-	6,578,062	1.23%
2017	73,255	73,255	-	6,599,563	1.11%
2016	66,839	66,839	-	6,305,596	1.06%
2015	66,320	66,320	-	6,256,592	1.06%
2014	68,214	68,214	-	6,145,391	1.11%
2013	67,224	67,224	-	6,056,216	1.11%

County of Richmond, Virginia
Notes to Required Supplementary Information -Component Unit School Board
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2022

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

County of Richmond, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 17,450	\$ 15,527	\$ 8,311	\$ 7,912	\$ 9,704
Interest	7,967	3,716	5,108	6,543	6,179
Effect of economic/demographic gains or losses	-	171,699	-	(7,271)	-
Changes of assumptions	(38,982)	28,193	15,531	(29,129)	(6,057)
Benefit payments	(22,337)	(18,390)	(9,600)	(8,082)	(8,370)
Net change in total OPEB liability	\$ (35,902)	\$ 200,745	\$ 19,350	\$ (30,027)	\$ 1,456
Total OPEB liability - beginning	362,511	161,766	142,416	172,443	170,987
Total OPEB liability - ending	\$ 326,609	\$ 362,511	\$ 161,766	\$ 142,416	\$ 172,443
 Covered payroll	 \$ 3,269,443	 \$ 3,269,443	 \$ 2,985,128	 \$ 2,985,128	 \$ 2,541,300
 County's total OPEB liability as a percentage of covered payroll	 9.99%	 11.09%	 5.42%	 4.77%	 6.79%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Richmond, Virginia
Schedule of Changes in Total OPEB Liability and Related Ratios
Component Unit School Board
For the Years Ended June 30, 2018 through June 30, 2021

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 67,962	\$ 48,507	\$ 26,960	\$ 32,999	\$ 38,500
Interest	18,990	13,678	18,348	24,008	24,705
Effect of economic/demographic gains or losses	-	87,180	-	(68,794)	-
Changes of assumptions	(91,376)	125,887	55,275	(112,610)	(21,945)
Benefit payments	(40,140)	(28,799)	(26,076)	(42,782)	(61,983)
Net change in total OPEB liability	\$ (44,564)	\$ 246,453	\$ 74,507	\$ (167,179)	\$ (20,723)
Total OPEB liability - beginning	831,139	584,686	510,179	677,358	698,081
Total OPEB liability - ending	\$ 786,575	\$ 831,139	\$ 584,686	\$ 510,179	\$ 677,358
 Covered payroll	 \$ 7,150,416	 \$ 7,150,416	 \$ 6,522,584	 \$ 6,522,584	 \$ 5,904,727
 School Board's total OPEB liability (asset)					
as a percentage of covered payroll	11.00%	11.62%	8.96%	7.82%	11.47%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Richmond, Virginia
Notes to Required Supplementary Information - Primary Government OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2020
Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 12.30% graded down to 4.00% over 55 years
Salary Increase Rates	The salary increase rate was 3.50% to 5.35% per annum for non-law officers and 3.50% to 4.75% per annum for law officers.
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates projected to 2020 using Scale BB with males set back one year and females set back one year for pre-retirement, and RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at age 50 and older projected to 2020 using Scale BB with males set forward one year and females set back one year for post-retirement.

County of Richmond, Virginia
Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2022

Valuation Date: 7/1/2020
Measurement Date: 6/30/2022

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	3.54% based on the Bond Buyer 20-Year Bond GO Index as of their respective measurement dates.
Inflation	2.50% per year
Healthcare Trend Rate	The healthcare trend rate assumption starts at 12.30% graded down to 4.00% over 55 years
Salary Increase Rates	The salary increase rate was 3.50% to 5.35% per annum.
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates projected to 2020 using Scale BB with males set back one year and females set back one year for pre-retirement, and RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at age 50 and older projected to 2020 using Scale BB with males set forward one year and females set back one year for post-retirement.

County of Richmond, Virginia
Combining Balance Sheet - Governmental Funds
Discretely Presented Component Unit - School Board
June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 629,225	\$ 288,868	\$ 918,093
Receivables (net of allowance for uncollectibles):				
Accounts receivable	30,366	17,256	-	47,622
Due from other governmental units	690,195	-	-	690,195
Inventories	-	8,460	-	8,460
Total assets	<u>\$ 720,561</u>	<u>\$ 654,941</u>	<u>\$ 288,868</u>	<u>\$ 1,664,370</u>
LIABILITIES				
Accounts payable	\$ 53,784	\$ -	\$ -	\$ 53,784
Accrued liabilities	661,875	-	-	661,875
Due to other governmental units	4,902	-	-	4,902
Total liabilities	<u>\$ 720,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 720,561</u>
FUND BALANCES				
Nonspendable	\$ -	\$ 8,460	\$ -	\$ 8,460
Committed:				
School Cafeteria Fund	-	646,481	-	646,481
School Activity Funds	-	-	288,868	288,868
Total fund balances	<u>\$ -</u>	<u>\$ 654,941</u>	<u>\$ 288,868</u>	<u>\$ 943,809</u>
Total liabilities and fund balances	<u>\$ 720,561</u>	<u>\$ 654,941</u>	<u>\$ 288,868</u>	<u>\$ 1,664,370</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:				
Total fund balances per above				\$ 943,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				
Capital assets, cost			\$ 12,889,366	
Accumulated depreciation			<u>(5,725,487)</u>	7,163,879
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.				
Net pension asset				181,960
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.				
Pension related items			\$ 2,636,132	
OPEB related items			<u>470,145</u>	3,106,277
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.				
Compensated absences			\$ (225,922)	
Capital leases			(75,791)	
Net pension liability			(6,508,581)	
Net OPEB liabilities			<u>(2,278,407)</u>	(9,088,701)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.				
Pension related items			\$ (4,888,301)	
OPEB related items			<u>(388,360)</u>	(5,276,661)
Net position of governmental activities				<u><u>\$ (2,969,437)</u></u>

County of Richmond, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Funds	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ -	\$ 43	\$ -	\$ 43
Charges for services	-	14,703	-	14,703
Miscellaneous	407,952	7,006	306,560	721,518
Recovered costs	121,652	-	-	121,652
Intergovernmental:				
Local government	4,442,900	-	-	4,442,900
Commonwealth	10,803,749	-	-	10,803,749
Federal	3,388,951	59,269	-	3,448,220
Total revenues	\$ 19,165,204	\$ 81,021	\$ 306,560	\$ 19,552,785
EXPENDITURES				
Current:				
Education	\$ 18,266,370	\$ 727,082	\$ 381,145	\$ 19,374,597
Debt service:				
Principal retirement	35,872	-	-	35,872
Interest and other fiscal charges	4,154	-	-	4,154
Total expenditures	\$ 18,306,396	\$ 727,082	\$ 381,145	\$ 19,414,623
Excess (deficiency) of revenues over (under) expenditures	\$ 858,808	\$ (646,061)	\$ (74,585)	\$ 138,162
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 858,808	\$ -	\$ 858,808
Transfers out	(858,808)	-	-	(858,808)
Total other financing sources (uses)	\$ (858,808)	\$ 858,808	\$ -	\$ -
Net change in fund balances	\$ -	\$ 212,747	\$ (74,585)	\$ 138,162
Fund balances - beginning	-	442,194	363,453	805,647
Fund balances - ending	\$ -	\$ 654,941	\$ 288,868	\$ 943,809
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balances - total governmental funds - per above			\$	138,162
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.				
Capital asset additions			\$ 878,805	
Depreciation expense			(467,835)	
Transfer of joint tenancy assets to Component Unit School Board from Primary Government			522,879	933,849
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.				
Principal retirement on capital lease				35,872
Some expenses 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			\$ (11,464)	
Pension expense			1,248,139	
OPEB expense			(2,703)	1,233,972
Change in net position of governmental activities			\$	2,341,855

County of Richmond, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2022

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Miscellaneous	308,288	308,288	407,952	99,664
Recovered costs	293,943	293,943	121,652	(172,291)
Intergovernmental:				
Local government	4,921,727	4,977,921	4,442,900	(535,021)
Commonwealth	9,255,249	10,372,903	10,803,749	430,846
Federal	1,831,100	3,315,594	3,388,951	73,357
Total revenues	\$ 16,610,307	\$ 19,268,649	\$ 19,165,204	\$ (103,445)
EXPENDITURES				
Current:				
Education	\$ 15,728,364	\$ 18,386,706	\$ 18,266,370	\$ 120,336
Debt service:				
Principal retirement	-	-	35,872	(35,872)
Interest and other fiscal charges	-	-	4,154	(4,154)
Total expenditures	\$ 15,728,364	\$ 18,386,706	\$ 18,306,396	\$ 80,310
Excess (deficiency) of revenues over (under) expenditures	\$ 881,943	\$ 881,943	\$ 858,808	\$ (23,135)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(881,943)	(881,943)	(858,808)	23,135
Total other financing sources (uses)	\$ (881,943)	\$ (881,943)	\$ (858,808)	\$ 23,135
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>	
\$ -	\$ -	\$ 43	\$	43
-	-	14,703		14,703
-	-	7,006		7,006
-	-	-		-
-	-	-		-
-	-	-		-
-	59,269	59,269		-
\$ -	\$ 59,269	\$ 81,021	\$	21,752
\$ 881,943	\$ 941,212	\$ 727,082	\$	214,130
-	-	-		-
-	-	-		-
\$ 881,943	\$ 941,212	\$ 727,082	\$	214,130
\$ (881,943)	\$ (881,943)	\$ (646,061)	\$	235,882
\$ 881,943	\$ 881,943	\$ 858,808	\$	(23,135)
-	-	-		-
\$ 881,943	\$ 881,943	\$ 858,808	\$	(23,135)
\$ -	\$ -	\$ 212,747	\$	212,747
-	-	442,194		442,194
\$ -	\$ -	\$ 654,941	\$	654,941

County of Richmond, Virginia
Statement of Net Position
Discretely Presented Component Unit - Industrial Development Authority
June 30, 2022

	Industrial Development Authority
ASSETS	
Cash and cash equivalents	\$ 53,267
Capital assets:	
Land	149,907
Buildings and improvements	598,470
Machinery, equipment and vehicles	27,285
Accumulated depreciation	(373,239)
Total assets	<u>\$ 455,690</u>
NET POSITION	
Investment in capital assets	\$ 402,423
Unrestricted	53,267
Total net position	<u>\$ 455,690</u>

County of Richmond, Virginia
Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2022

	Industrial Development <u>Authority</u>
OPERATING REVENUES	
Charges for services:	
Rents	\$ 14,400
Miscellaneous	20,000
Total operating revenues	<u>\$ 34,400</u>
OPERATING EXPENSES	
Other charges	\$ 25,069
Depreciation	14,486
Total operating expenses	<u>\$ 39,555</u>
Operating income (loss)	<u>\$ (5,155)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	\$ 6
Total nonoperating revenues (expenses)	<u>\$ 6</u>
Changes in net position	\$ (5,149)
Net position - beginning	460,839
Net position - ending	<u><u>\$ 455,690</u></u>

County of Richmond, Virginia
Statement of Cash Flows
Discretely Presented Component Unit - Industrial Development Authority
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 34,400
Other receipts (payments)	(25,069)
Net cash provided by (used for) operating activities	<u>\$ 9,331</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 6
Net cash provided by (used for) investing activities	<u>\$ 6</u>

Net increase (decrease) in cash and cash equivalents \$ 9,337

Cash and cash equivalents - beginning 43,930

Cash and cash equivalents - ending \$ 53,267

Reconciliation of operating income (loss) to net cash**provided by (used for) operating activities:**

Operating income (loss) \$ (5,155)

Adjustments to reconcile operating income (loss) to net cash

provided (used) by operating activities:

Depreciation 14,486

Total adjustments \$ 14,486

Net cash provided by (used for) operating activities \$ 9,331

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 5,605,000	\$ 5,750,000	\$ 5,902,752	\$ 152,752
Real and personal public service corporation taxes	636,000	822,000	661,878	(160,122)
Personal property taxes	1,990,000	2,128,000	2,362,573	234,573
Mobile home taxes	12,656	13,690	13,151	(539)
Merchant's capital taxes	66,000	75,547	95,015	19,468
Machinery and tools taxes	37,000	43,320	54,936	11,616
Penalties	67,000	80,000	78,543	(1,457)
Interest	36,000	44,000	37,346	(6,654)
Total general property taxes	\$ 8,449,656	\$ 8,956,557	\$ 9,206,194	\$ 249,637
Other local taxes:				
Local sales and use taxes	\$ 1,500,000	\$ 1,750,000	\$ 1,546,861	\$ (203,139)
Consumers' utility taxes	122,000	122,000	126,074	4,074
Consumption tax	20,000	20,000	21,150	1,150
Taxes on recordation and wills	60,000	115,000	88,423	(26,577)
Total other local taxes	\$ 1,702,000	\$ 2,007,000	\$ 1,782,508	\$ (224,492)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 5,000	\$ 5,000	\$ 2,766	\$ (2,234)
Transfer fees	350	350	317	(33)
Permits and other licenses	59,250	64,650	204,227	139,577
Total permits, privilege fees, and regulatory licenses	\$ 64,600	\$ 70,000	\$ 207,310	\$ 137,310
Fines and forfeitures:				
Court fines and forfeitures	\$ 35,000	\$ 35,000	\$ 53,780	\$ 18,780
Revenue from use of money and property:				
Revenue from use of money	\$ 20,000	\$ 2,000	\$ (13,942)	\$ (15,942)
Revenue from use of property	23,000	23,000	27,989	4,989
Total revenue from use of money and property	\$ 43,000	\$ 25,000	\$ 14,047	\$ (10,953)
Charges for services:				
Sheriff's fees	\$ 1,000	\$ 1,000	\$ 1,006	\$ 6
Charges for courthouse maintenance	4,000	4,000	4,238	238
Charges for courthouse security	16,000	16,000	44,528	28,528
Charges for other court costs	350	350	6,892	6,542
Charges for Commonwealth's Attorney	500	500	810	310
Charges for EMS billings	330,000	315,000	372,400	57,400
Charges for correction and detention	-	-	683	683
Charges for other protection	4,150	4,150	5,206	1,056
Charges for sales of publications	500	500	-	(500)
Charges for DMV fees	-	-	1,623	1,623
Total charges for services	\$ 356,500	\$ 341,500	\$ 437,386	\$ 95,886

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 5,000	\$ 443,198	\$ 45,054	\$ (398,144)
Recovered costs:				
Streetlights	\$ -	\$ -	\$ 3,265	\$ 3,265
Solar project	-	113,082	91,712	(21,370)
Special education program	-	350,000	16,771	(333,229)
Court services unit	15,750	15,750	11,095	(4,655)
Other recovered costs	902,000	902,000	890,285	(11,715)
Total recovered costs	\$ 917,750	\$ 1,380,832	\$ 1,013,128	\$ (367,704)
Total revenue from local sources	\$ 11,573,506	\$ 13,259,087	\$ 12,759,407	\$ (499,680)
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Mobile home titling tax	12,000	12,000	13,145	1,145
Rolling stock tax	-	-	1,550	1,550
Motor vehicle rental tax	-	-	23,386	23,386
State recordation tax	14,000	14,000	-	(14,000)
Moped and all-terrain vehicle tax	-	-	145	145
Games of skill	-	-	720	720
Communications tax	275,000	275,000	219,736	(55,264)
Personal property tax relief funds	803,954	803,954	803,955	1
Total noncategorical aid	\$ 1,105,954	\$ 1,105,954	\$ 1,062,637	\$ (43,317)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 185,000	\$ 176,400	\$ 185,359	\$ 8,959
Sheriff	705,000	692,000	725,877	33,877
Commissioner of revenue	81,500	76,800	81,145	4,345
Treasurer	83,500	81,000	105,022	24,022
Medical examiner	90	90	-	(90)
Registrar/electoral board	55,000	40,000	57,192	17,192
Clerk of the Circuit Court	190,000	178,000	230,644	52,644
Total shared expenses	\$ 1,300,090	\$ 1,244,290	\$ 1,385,239	\$ 140,949
Other categorical aid:				
Four for life grant	\$ 9,739	\$ 9,739	\$ -	\$ (9,739)
Fire program funds	19,500	19,500	31,336	11,836
Children's services act	320,000	320,000	256,766	(63,234)
Public assistance and welfare administration	618,858	618,858	311,968	(306,890)
Litter control grant	6,300	6,300	-	(6,300)

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Categorical aid: (Continued)				
Other categorical aid: (Continued)				
DMV selective enforcement	\$ 25,500	\$ 25,500	\$ -	\$ (25,500)
Emergency services grant	-	-	27,047	27,047
Wireless grant	40,000	40,000	54,603	14,603
Court security grant	22,000	22,000	-	(22,000)
Victim witness grant	57,000	57,000	18,136	(38,864)
Law enforcement grant	10,620	10,620	-	(10,620)
Other state grants	20,950	50,950	-	(50,950)
Total other categorical aid	\$ 1,150,467	\$ 1,180,467	\$ 699,856	\$ (480,611)
Total categorical aid	\$ 2,450,557	\$ 2,424,757	\$ 2,085,095	\$ (339,662)
Total revenue from the Commonwealth	\$ 3,556,511	\$ 3,530,711	\$ 3,147,732	\$ (382,979)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 26,000	\$ 26,000	\$ 25,129	\$ (871)
Categorical aid:				
Emergency management plan grant	\$ -	\$ -	\$ 24,804	\$ 24,804
Law enforcement grant	22,400	22,400	-	(22,400)
Disaster recovery	-	-	7,450	7,450
State and community highway safety	-	-	22,020	22,020
Public assistance and welfare administration	400,000	400,000	544,053	144,053
Children's services act	-	-	7,438	7,438
QSCB interest rate subsidy	216,847	216,847	220,848	4,001
Victim witness grant	-	-	42,317	42,317
ARP Act	-	-	597,492	597,492
CARES funding	-	1,607,355	363,025	(1,244,330)
CDBG broadband grant	-	48,750	-	(48,750)
USDA equipment grant	21,000	21,000	128,700	107,700
Total categorical aid	\$ 660,247	\$ 2,316,352	\$ 1,958,147	\$ (358,205)
Total revenue from the federal government	\$ 686,247	\$ 2,342,352	\$ 1,983,276	\$ (359,076)
Total General Fund	\$ 15,816,264	\$ 19,132,150	\$ 17,890,415	\$ (1,241,735)

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Workforce Investment Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Workforce Investment Act	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total revenue from the federal government	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total Primary Government	\$ 15,816,264	\$ 20,585,454	\$ 19,343,719	\$ (1,241,735)
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 308,288	\$ 308,288	\$ 407,952	\$ 99,664
Total miscellaneous	\$ 308,288	\$ 308,288	\$ 407,952	\$ 99,664
Recovered costs:				
Cafeteria funds	\$ 293,943	\$ 293,943	\$ -	\$ (293,943)
Other recovered costs	-	-	121,652	121,652
Total recovered costs	\$ 293,943	\$ 293,943	\$ 121,652	\$ (172,291)
Total revenue from local sources	\$ 602,231	\$ 602,231	\$ 529,604	\$ (72,627)
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Richmond, Virginia	\$ 4,921,727	\$ 4,977,921	\$ 4,442,900	\$ (535,021)

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 456,943	\$ 1,634,598	\$ 1,668,826	\$ 34,228
Basic school aid	4,844,686	4,844,686	4,690,825	(153,861)
At risk payments	490,944	490,944	508,161	17,217
Compensation supplement	297,042	297,042	305,637	8,595
Early reading intervention	31,796	31,796	83,159	51,363
English as a second language	43,445	43,445	51,344	7,899
Fringe benefits	903,671	903,671	925,794	22,123
GED preparation assistance	-	-	8,233	8,233
Gifted and talented	45,398	45,398	46,509	1,111
Industry certification	-	-	1,608	1,608
Lottery	325,030	325,030	356,631	31,601
Mentor teacher program	1,126	1,126	297	(829)
No loss enrollment	-	-	42,180	42,180
Primary class size	207,851	207,851	221,591	13,740
Project graduation	3,733	3,733	3,863	130
Regular foster care	5,594	5,594	4,811	(783)
Remedial education	183,304	183,304	187,791	4,487
Remedial summer education	149,997	149,997	149,984	(13)
School food	18,000	18,000	18,583	583
Special education	470,251	470,251	481,764	11,513
Special education - homebound	2,272	2,272	335	(1,937)
Special education - northern neck regional SPED	-	-	228,225	228,225
Special education - jails	5,592	5,592	-	(5,592)
SOL algebra readiness	29,648	29,648	27,225	(2,423)
Technology	102,000	102,000	102,000	-
Textbook payment	92,055	92,055	94,308	2,253
Vocational education	253,305	253,305	326,657	73,352
VPSI one time grant	179,066	179,066	200,133	21,067
Workforce readiness	-	-	373	373
Other state funds	112,500	52,499	66,902	14,403
Total categorical aid	\$ 9,255,249	\$ 10,372,903	\$ 10,803,749	\$ 430,846
Total revenue from the Commonwealth	\$ 9,255,249	\$ 10,372,903	\$ 10,803,749	\$ 430,846

County of Richmond, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 315,703	\$ 315,703	\$ 297,382	\$ (18,321)
Preschool	-	-	17,837	17,837
Title VI-B, rural and low income	44,142	44,142	43,115	(1,027)
Vocational education	24,748	24,748	-	(24,748)
Title I	321,317	321,317	309,159	(12,158)
Title II, Part A	69,431	69,431	40,220	(29,211)
Title III	7,982	7,982	3,858	(4,124)
JROTC	60,705	60,705	20,946	(39,759)
School lunch and breakfast programs	570,000	570,000	835,747	265,747
ESSER funding	347,072	1,831,566	1,817,624	(13,942)
Other federal funds	70,000	70,000	3,063	(66,937)
Total categorical aid	<u>\$ 1,831,100</u>	<u>\$ 3,315,594</u>	<u>\$ 3,388,951</u>	<u>\$ 73,357</u>
Total revenue from the federal government	<u>\$ 1,831,100</u>	<u>\$ 3,315,594</u>	<u>\$ 3,388,951</u>	<u>\$ 73,357</u>
Total School Operating Fund	<u><u>\$ 16,610,307</u></u>	<u><u>\$ 19,268,649</u></u>	<u><u>\$ 19,165,204</u></u>	<u><u>\$ (103,445)</u></u>
Special Revenue Fund:				
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 43	\$ 43
Charges for services:				
Cafeteria sales	\$ -	\$ -	\$ 14,703	\$ 14,703
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 7,006	\$ 7,006
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,752</u>	<u>\$ 21,752</u>
Revenue from the federal government:				
Categorical aid:				
Commodities	\$ -	\$ 59,269	\$ 59,269	\$ -
Total categorical aid	<u>\$ -</u>	<u>\$ 59,269</u>	<u>\$ 59,269</u>	<u>\$ -</u>
Total School Cafeteria Fund	<u><u>\$ -</u></u>	<u><u>\$ 59,269</u></u>	<u><u>\$ 81,021</u></u>	<u><u>\$ 21,752</u></u>
School Activity Funds:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 306,560	\$ 306,560
Total School Activity Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,560</u>	<u>\$ 306,560</u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 16,610,307</u></u>	<u><u>\$ 19,327,918</u></u>	<u><u>\$ 19,552,785</u></u>	<u><u>\$ 224,867</u></u>

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2022

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
Board of Supervisors	\$ 180,324	\$ 1,182,230	\$ 1,208,980	\$ (26,750)
General and financial administration:				
County administrator	\$ 254,999	\$ 254,999	\$ 270,708	\$ (15,709)
Information technology	334,996	401,996	406,869	(4,873)
Commissioner of revenue	206,364	206,364	206,791	(427)
Assessor	20,000	20,000	-	20,000
Treasurer	255,109	255,109	244,473	10,636
Total general and financial administration	\$ 1,071,468	\$ 1,138,468	\$ 1,128,841	\$ 9,627
Board of elections:				
Electoral board and officials	\$ 18,175	\$ 38,145	\$ 37,683	\$ 462
Registrar	90,331	101,227	101,297	(70)
Total board of elections	\$ 108,506	\$ 139,372	\$ 138,980	\$ 392
Total general government administration	\$ 1,360,298	\$ 2,460,070	\$ 2,476,801	\$ (16,731)
Judicial administration:				
Courts:				
Circuit court	\$ 27,000	\$ 28,603	\$ 28,603	\$ -
General district court	6,485	6,485	1,314	5,171
Magistrate	100	100	-	100
Court services unit	25,148	25,148	23,027	2,121
Clerk of the circuit court	323,974	333,993	330,657	3,336
Total courts	\$ 382,707	\$ 394,329	\$ 383,601	\$ 10,728
Commonwealth's attorney:				
Commonwealth's attorney	\$ 340,525	\$ 340,525	\$ 309,389	\$ 31,136
Total judicial administration	\$ 723,232	\$ 734,854	\$ 692,990	\$ 41,864
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 1,700,560	\$ 1,897,959	\$ 1,903,011	\$ (5,052)
Fire and rescue services:				
Volunteer fire department	\$ 167,000	\$ 178,836	\$ 178,836	\$ -
Volunteer rescue squad	924,665	1,603,111	1,578,095	25,016
Total fire and rescue services	\$ 1,091,665	\$ 1,781,947	\$ 1,756,931	\$ 25,016
Correction and detention:				
Juvenile group home	\$ 12,500	\$ 12,500	\$ 12,500	\$ -

County of Richmond, Virginia
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Inspections:				
Building	\$ 80,096	\$ 80,086	\$ 77,872	\$ 2,214
Other protection:				
Animal control	\$ 117,723	\$ 110,000	\$ 108,213	\$ 1,787
Medical examiner	400	400	140	260
E-911 system	119,200	107,200	94,073	13,127
Total other protection	\$ 237,323	\$ 217,600	\$ 202,426	\$ 15,174
Total public safety	\$ 3,122,144	\$ 3,990,092	\$ 3,952,740	\$ 37,352
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
Streetlights	\$ 4,150	\$ 5,200	\$ 5,195	\$ 5
Sanitation and waste removal:				
Refuse collection and disposal	\$ 649,084	\$ 699,084	\$ 701,553	\$ (2,469)
Maintenance of general buildings and grounds:				
General properties	\$ 360,354	\$ 378,021	\$ 375,140	\$ 2,881
Total public works	\$ 1,013,588	\$ 1,082,305	\$ 1,081,888	\$ 417
Health and welfare:				
Health:				
Supplement of local health department	\$ 141,000	\$ 153,943	\$ 153,943	\$ -
Mental health and mental retardation:				
Community services board	\$ 34,253	\$ 34,253	\$ 34,253	\$ -
Welfare:				
Area agency on aging	\$ 7,890	\$ 7,890	\$ 7,890	\$ -
Virginia public assistance	1,948,858	1,948,858	1,975,234	(26,376)
Tax relief for the elderly	-	-	49,001	(49,001)
Children's services act	462,500	462,500	369,729	92,771
Total welfare	\$ 2,419,248	\$ 2,419,248	\$ 2,401,854	\$ 17,394
Total health and welfare	\$ 2,594,501	\$ 2,607,444	\$ 2,590,050	\$ 17,394
Education:				
Other instructional costs:				
Contributions to Rappahannock Community College	\$ 11,142	\$ 29,892	\$ 29,892	\$ -
Contribution to County School Board	4,921,727	4,977,921	4,442,900	535,021
Total education	\$ 4,932,869	\$ 5,007,813	\$ 4,472,792	\$ 535,021

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
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For the Year Ended June 30, 2022

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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreational programs	\$ 38,500	\$ 38,500	\$ 37,500	\$ 1,000
Cultural enrichment:				
Richmond County museum	\$ 18,129	\$ 19,629	\$ 15,226	\$ 4,403
Library:				
Contribution to county library	\$ 103,525	\$ 103,525	\$ 103,525	\$ -
Total parks, recreation, and cultural	\$ 160,154	\$ 161,654	\$ 156,251	\$ 5,403
Community development:				
Planning and community development:				
Planning	\$ 199,380	\$ 286,283	\$ 273,256	\$ 13,027
Economic development	19,000	20,200	11,915	8,285
Northern Neck planning district commission	9,500	9,500	9,500	-
Total planning and community development	\$ 227,880	\$ 315,983	\$ 294,671	\$ 21,312
Environmental management:				
Contribution to soil and water conservation district	\$ 15,000	\$ 15,000	\$ 15,000	\$ -
Wetlands board	3,172	3,172	2,622	550
Total environmental management	\$ 18,172	\$ 18,172	\$ 17,622	\$ 550
Cooperative extension program:				
Extension office	\$ 43,876	\$ 43,876	\$ 30,771	\$ 13,105
Total community development	\$ 289,928	\$ 378,031	\$ 343,064	\$ 34,967
Nondepartmental:				
Other nondepartmental	\$ 238,552	\$ 256,772	\$ 47,500	\$ 209,272
Capital projects:				
Other capital projects	\$ -	\$ -	\$ 638,543	\$ (638,543)
Debt service:				
Principal retirement	\$ 1,415,998	\$ 1,415,998	\$ 1,111,192	\$ 304,806
Interest and other fiscal charges	-	1,072,117	588,054	484,063
Total debt service	\$ 1,415,998	\$ 2,488,115	\$ 1,699,246	\$ 788,869
Total General Fund	\$ 15,851,264	\$ 19,167,150	\$ 18,151,865	\$ 1,015,285

Special Revenue Funds:

County of Richmond, Virginia
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Workforce Investment Act Fund:				
Community development:				
Bay Consortium Workforce Investment Board				
Other protection	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total community development	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total Workforce Investment Act Fund	\$ -	\$ 1,453,304	\$ 1,453,304	\$ -
Total Primary Government	\$ 15,851,264	\$ 20,620,454	\$ 19,605,169	\$ 1,015,285
Discretely Presented Component Unit - School Board:				
School Operating Fund:				
Education:				
Instruction costs:				
Instructional costs	\$ 11,740,742	\$ 14,342,890	\$ 14,004,765	\$ 338,125
Operating costs:				
Administration, attendance and health services	\$ 1,100,432	\$ 1,100,432	\$ 1,079,816	\$ 20,616
Pupil transportation	1,343,574	1,343,574	1,564,211	(220,637)
Operation and maintenance of school plant	1,543,616	1,599,810	1,617,578	(17,768)
Total operating costs	\$ 3,987,622	\$ 4,043,816	\$ 4,261,605	\$ (217,789)
Total education	\$ 15,728,364	\$ 18,386,706	\$ 18,266,370	\$ 120,336
Debt service:				
Principal retirement	\$ -	\$ -	\$ 35,872	\$ (35,872)
Interest and other fiscal charges	-	-	4,154	(4,154)
Total debt service	\$ -	\$ -	\$ 40,026	\$ (40,026)
Total School Operating Fund	\$ 15,728,364	\$ 18,386,706	\$ 18,306,396	\$ 80,310
Special Revenue Fund:				
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 881,943	\$ 881,943	\$ 667,813	\$ 214,130
Commodities	-	59,269	59,269	-
Total school food services	\$ 881,943	\$ 941,212	\$ 727,082	\$ 214,130
Total education	\$ 881,943	\$ 941,212	\$ 727,082	\$ 214,130
Total School Cafeteria Fund	\$ 881,943	\$ 941,212	\$ 727,082	\$ 214,130

County of Richmond, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Elements</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
School Activity Funds:				
Education:				
Instruction	\$ -	\$ -	\$ 381,145	\$ (381,145)
Total education	\$ -	\$ -	\$ 381,145	\$ (381,145)
Total School Activity Funds	\$ -	\$ -	\$ 381,145	\$ (381,145)
Total Discretely Presented Component Unit - School Board	\$ 16,610,307	\$ 19,327,918	\$ 19,414,623	\$ (86,705)

Table 1

County of Richmond, Virginia
Government-Wide Expenses by Function
Last Ten Fiscal Years

Fiscal Year	General		Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Development	Interest on Long-Term Debt	Total
	Government Administration	Judicial Administration								
2022	\$ 1,644,874	\$ 810,671	\$ 4,415,169	\$ 1,110,140	\$ 1,676,140	\$ 5,175,333	\$ 156,251	\$ 1,700,927	\$ 532,201	\$ 17,221,706
2021	2,612,721	780,515	3,459,679	1,168,914	1,596,157	5,331,834	162,210	1,423,998	692,900	17,228,928
2020	1,615,192	737,081	2,966,810	1,155,898	1,514,695	5,210,228	158,884	2,158,471	692,599	16,209,858
2019	1,115,970	676,827	2,692,882	1,366,630	1,712,735	5,482,484	150,976	2,035,917	612,099	15,846,520
2018	1,156,714	702,259	2,810,860	1,200,647	1,655,037	5,093,707	142,795	2,181,334	676,629	15,619,982
2017	1,199,922	679,860	2,565,301	1,001,652	1,553,210	5,561,858	128,334	2,336,174	546,455	15,572,766
2016	1,201,406	670,488	2,493,259	1,023,874	1,630,672	7,274,186	88,765	229,255	583,898	15,195,803
2015	1,010,419	672,506	2,387,427	895,848	1,570,764	5,215,355	115,768	233,541	589,396	12,691,024
2014	1,120,423	710,582	2,402,184	846,800	1,690,009	5,642,298	162,972	228,685	575,697	13,379,650
2013	1,073,266	685,595	2,363,407	862,389	1,444,859	5,316,656	614,679	296,212	666,508	13,323,571

Table 2

County of Richmond, Virginia
Government-Wide Revenues
Last Ten Fiscal Years

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						
	Charges for Services	Operating Grants and Contributions	General Property Taxes	Other Local Taxes	Unrestricted Investment Earnings	Miscellaneous	Grants and Contributions			Total
							Not Restricted	Contributions to Specific Programs	Contributions from Richmond IDA	
2022	\$ 698,476	\$ 4,899,054	\$ 9,274,101	\$ 1,782,508	\$ 14,047	\$ 45,054	\$ 1,685,258	\$ -	\$ -	\$ 18,398,498
2021	508,706	5,242,855	9,016,703	1,976,648	39,202	312,974	1,246,390	-	-	18,343,478
2020	440,318	4,689,466	8,518,390	1,813,034	95,099	339,758	1,196,507	10,000	-	17,102,572
2019	502,285	4,597,607	8,475,342	1,712,840	95,241	56,022	1,133,335	-	-	16,572,672
2018	496,099	4,946,946	8,298,459	1,504,943	46,929	165,675	1,145,684	-	-	16,604,735
2017	464,313	4,775,138	8,097,044	1,595,454	22,904	80,301	1,118,371	-	-	16,153,525
2016	436,188	2,933,962	7,682,309	1,508,226	16,539	149,040	1,144,085	-	-	13,870,349
2015	413,529	2,600,508	7,360,601	1,323,118	31,078	184,290	1,204,750	75,000	-	13,192,874
2014	421,007	3,055,840	7,157,053	1,491,479	232,585	119,088	1,146,354	-	-	13,623,406
2013	434,520	2,353,317	7,171,701	1,368,449	62,614	59,131	1,151,877	-	-	12,601,609

Table 3

County of Richmond, Virginia
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years

Fiscal Year	General Government Administration		Public Safety	Public Works	Health and Welfare		Education (2)	Parks, Recreation, and Cultural		Community Development	Non-departmental	Debt Service		Total
	Government	Judicial Administration												
2022	\$ 2,476,801	\$ 692,990	\$ 3,952,740	\$ 1,081,888	\$ 2,590,050	\$ 19,404,489	\$ 156,251	\$ 1,796,368	\$ 47,500	\$ 1,739,272	\$ 33,938,349			
2021	2,530,108	643,211	3,181,384	1,128,221	2,408,671	16,943,328	161,520	1,534,561	111,441	3,831,992	32,474,437			
2020	1,477,139	623,833	2,987,688	1,127,992	2,304,703	15,848,844	159,179	2,158,112	81,861	1,845,363	28,614,714			
2019	1,129,077	594,757	3,137,698	1,029,423	2,546,282	15,250,992	152,620	2,045,011	68,228	1,810,162	27,764,250			
2018	1,076,488	571,533	3,006,303	1,034,255	2,505,914	14,751,040	142,532	2,177,947	49,128	1,808,739	27,123,879			
2017	1,138,798	557,419	2,661,534	991,323	2,174,990	14,691,720	128,386	2,334,403	67,957	1,718,644	26,465,174			
2016	1,221,390	629,439	2,732,816	1,041,407	2,222,780	14,466,568	167,886	2,17,722	66,227	1,633,827	24,400,062			
2015	1,001,344	654,643	2,564,027	904,524	2,170,967	13,961,741	146,032	242,690	43,544	1,597,674	23,287,186			
2014	1,090,274	632,107	2,590,816	848,147	2,390,932	13,857,177	141,032	228,823	68,970	1,474,862	23,323,140			
2013	1,020,637	606,017	2,540,282	864,220	2,060,587	13,279,129	140,886	267,170	168,483	1,057,085	22,004,496			

(1) Includes general and special revenue funds of the Primary Government, and its Discretely Presented Component Unit-School Board; excludes capital projects expenditures.

Table 4

County of Richmond, Virginia
General Governmental Revenues by Source (1)
Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, Regulatory Licenses	Fines and Forfeitures	Revenue from the Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-governmental (2)	Total
2022	\$ 9,206,194	\$ 1,782,508	\$ 207,310	\$ 53,780	\$ 14,090	\$ 452,089	\$ 766,572	\$ 1,134,780	\$ 20,836,281	\$ 34,453,604
2021	9,080,147	1,976,648	71,301	48,578	39,228	393,257	766,512	1,415,505	18,346,373	32,137,549
2020	8,425,987	1,813,034	74,400	25,433	95,126	372,732	477,651	908,436	16,844,920	29,037,719
2019	8,449,105	1,712,840	57,859	42,323	99,632	438,830	222,081	904,762	16,080,401	28,007,833
2018	8,369,159	1,504,943	80,149	50,298	47,622	455,063	336,932	992,723	16,069,022	27,905,911
2017	8,196,389	1,595,454	46,744	42,184	37,418	472,121	302,813	688,818	15,389,005	26,770,946
2016	7,647,553	1,508,226	54,875	41,110	20,598	460,271	555,726	829,382	13,047,621	24,165,362
2015	7,431,289	1,323,118	58,390	37,152	25,025	436,648	275,897	946,669	12,554,441	23,088,629
2014	7,118,755	1,491,479	53,928	29,785	207,402	447,874	152,141	1,002,971	12,205,371	22,709,706
2013	7,184,262	1,368,449	55,131	26,108	28,612	478,419	206,356	1,186,869	11,059,627	21,593,833

(1) Includes general and special revenue funds of the Primary Government and its Discretely Presented Component Unit-School Board; excludes capital projects funds.

Table 5

County of Richmond, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Delinquent Tax Collections (1,2)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes (1, 2)	Percent of Delinquent Taxes to Tax Levy
2022	\$ 9,989,882	\$ 9,948,145	99.58%	\$ 164,297	10,112,442	101.23%	\$ 330,480	3.31%
2021	9,425,511	9,301,600	98.69%	446,688	9,748,288	103.42%	281,200	2.98%
2020	9,174,934	8,866,262	96.64%	187,327	9,053,589	98.68%	335,685	3.66%
2019	9,132,382	8,815,793	96.53%	203,967	9,019,760	98.77%	267,301	2.93%
2018	8,965,692	8,739,107	97.47%	248,563	8,987,670	100.25%	254,106	2.83%
2017	8,808,383	8,427,059	95.67%	358,576	8,785,635	99.74%	292,770	3.32%
2016	8,357,577	7,995,339	95.67%	244,771	8,240,110	98.59%	410,884	4.92%
2015	8,129,588	7,772,456	95.61%	294,468	8,066,924	99.23%	385,381	4.74%
2014	7,972,187	7,599,200	95.32%	223,201	7,822,401	98.12%	443,024	5.56%
2013	7,850,271	7,630,099	97.20%	240,504	7,870,603	100.26%	362,749	4.62%

(1) Exclusive of penalties and interest.

(2) Delinquent tax collections are exclusive of land redemptions.

Table 6

County of Richmond, Virginia
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property and Mobile Homes					Public Utility (2)			Total
		Real Estate (1)	Machinery and Tools	Merchant's Capital	Real Estate	Personal Property				
2022	\$ 842,831,910	\$ 82,066,680	\$ 14,043,010	\$ 2,679,000	\$ 84,211,938	\$ 1,930,469	\$ 1,027,763,007			
2021	826,222,795	77,798,108	11,370,210	2,264,830	75,161,362	2,010,857	994,828,162			
2020	806,371,551	70,823,970	10,771,210	1,990,350	69,092,906	1,556,117	960,606,104			
2019	803,825,024	70,041,071	4,721,940	1,947,780	75,657,362	1,686,879	957,880,056			
2018	802,339,284	66,559,619	4,711,590	1,879,500	73,189,440	1,786,937	950,466,370			
2017	795,835,664	64,488,034	4,049,620	1,827,220	63,132,163	1,614,273	930,946,974			
2016	791,569,124	61,822,591	3,405,019	1,798,680	59,110,301	1,499,177	919,204,892			
2015	782,102,928	60,970,573	3,317,151	1,769,910	61,611,846	1,384,915	911,157,323			
2014	784,551,166	59,139,690	3,485,854	1,736,997	53,094,641	1,530,251	903,538,599			
2013	783,877,464	56,013,615	3,316,309	1,626,543	54,904,120	1,478,343	901,216,394			

(1) Real estate is assessed at 100% of fair market value.

(2) Assessed values are established by the State Corporation Commission.

Table 7

**County of Richmond, Virginia
Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Real Estate	Personal Property	Machinery and Tools	Merchant's Capital	Public Utility	
					Real Estate	Personal Property
2022	\$ 0.70	\$ 3.75	\$ 0.40	\$ 3.50	\$ 0.70	\$ 3.75
2021	0.70	3.75	0.40	3.50	0.70	3.75
2020	0.70	3.75	0.40	3.50	0.70	3.75
2019	0.70	3.75	0.40	3.50	0.70	3.75
2018	0.70	3.75	0.40	3.50	0.70	3.75
2017	0.70	3.75	0.40	3.50	0.70	3.75
2016	0.67	3.75	0.40	3.50	0.67	3.75
2015	0.67	3.50	0.01	3.50	0.67	3.50
2014	0.67	3.50	0.01	3.50	0.67	3.50
2013	0.67	3.50	0.01	3.50	0.67	3.50

Table 8

County of Richmond, Virginia
Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (in thousands)(2)	Gross and Net Bonded Debt (3)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2022	8,947	\$ 1,027,763	\$ 13,017,992	1.27%	\$ 1,455
2021	8,923	994,828	13,017,992	1.31%	1,459
2020	9,254	960,606	13,872,551	1.44%	1,499
2019	9,254	957,880	14,433,868	1.51%	1,560
2018	9,254	950,466	14,987,305	1.58%	1,620
2017	9,254	930,947	15,528,235	1.67%	1,678
2016	9,254	919,205	16,061,983	1.75%	1,736
2015	9,254	911,157	16,588,442	1.82%	1,793
2014	9,254	903,539	17,107,931	1.89%	1,849
2013	9,254	901,216	17,564,950	1.95%	1,898

(1) Center for Weldon Cooper Public Service at the University of Virginia from 2010 and 2020 census.

(2) From Table 6.

(3) Includes all long-term general obligation bonded debt and literary fund loans.

Excludes revenue bonds, landfill closure/post-closure care liability, capital leases, and compensated absences.



**Independent Auditors' 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 the Board of Supervisors
County of Richmond
Warsaw, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Richmond, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise County of Richmond, Virginia's basic financial statements and have issued our report thereon dated December 9, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Richmond, Virginia'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 County of Richmond, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Richmond, Virginia's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Richmond, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

County of Richmond, Virginia's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 9, 2022



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Board of Supervisors
County of Richmond
Warsaw, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Richmond, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Richmond, Virginia's major federal programs for the year ended June 30, 2022. County of Richmond, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Richmond, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Richmond, Virginia and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Richmond, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Richmond, Virginia's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Richmond, Virginia's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Richmond, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County of Richmond, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Richmond, Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Richmond, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Report on Internal Control over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
December 9, 2022

County of Richmond, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 1 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services:				
Pass-Through Payments:				
<i>Department of Social Services:</i>				
Guardianship Assistance	93.090	1110121/1110122		\$ 99
Title IV-E Prevention Program	93.472	1140122		1,302
		0950120/950121/		
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950221		12,055
Temporary Assistance for Needy Families	93.558	0400121/0400122		84,802
Refugee and Entrant Assistance State/Replacement Designee				
Administered Programs	93.566	0500122		424
Low-Income Home Energy Assistance	93.568	0400121/0400122		15,380
CCDF Cluster:				
Child Care Mandatory and Matching Funds of the Child				
Care and Development Fund	93.596	0760121/0760122	\$ 19,221	
Child Care Development Block Grant	93.575	0600421/0600421	(650)	18,571
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121		200
Foster Care - Title IV-E	93.658	1100121/1100122		49,556
Adoption Assistance	93.659	1120121/1120122		13,619
Social Services Block Grant	93.667	1000121/1000122		80,156
John H. Chafee Foster Care Program for Successful Transition				
to Adulthood	93.674	9150120/9150121		784
Elder Abuse Prevention Interventions Program	93.747	8000321		901
Children's Health Insurance Program	93.767	0540121/0540122		961
Medicaid Cluster:				
Medical Assistance Program	93.778	1200121/1200122		93,693
Total Department of Health and Human Services				\$ 372,503
Department of Homeland Security:				
Pass Through Payments:				
<i>Department of Emergency Management:</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	7760200-155		\$ 7,450
Emergency Management Performance Grants	97.042	7750100-52740		24,804
				\$ 32,254
Department of Agriculture:				
Direct Payments:				
Community, Facilities, Loans and Grants Cluster:				
Community Facilities Loans and Grants	10.766	N/A		\$ 163,700
Pass-Through Payments:				
Child Nutrition Cluster:				
<i>Department of Agriculture:</i>				
Summer Feeding Food Distribution	10.559	202121N11994	\$ 25,995	
Food Distribution	10.555	17901-45707	59,269	
<i>Department of Education:</i>				
National School Lunch Program	10.555	202121N11994/ 20222N11994	588,561	
			\$ 673,825	
School Breakfast Program	10.553	202121N11994/ 20222N11994	\$ 208,970	882,795
<i>Department of Agriculture:</i>				
Child and Adult Care Food Program (CACFP)	10.558	20221N20204/ 202222N1994		12,221
COVID-19 Pandemic EBT Administrative Costs	10.649	202121S900941		3,063
SNAP Cluster:				
State Administrative Matching Grants for the				
Supplemental Nutrition Assistance Program	10.561	BEN21085	\$ 34,559	\$ 34,559
<i>Department of Social Services:</i>				
State Administrative Matching Grants for the		0010121/0010122/		
Supplemental Nutrition Assistance Program	10.561	0040121/0040122	178,988	213,547
Total Department of Agriculture				\$ 1,275,326

County of Richmond, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Page 2 of 2

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Labor:				
Pass Through Payments:				
<i>Virginia Community College System:</i>				
WIOA Cluster:				
WIOA Adult Program	17.258	Not Available	\$ 534,535	\$ 534,535
WIOA Youth Activities	17.259	Not Available	535,883	535,883
WIOA Dislocated Worker Formula Grants	17.278	Not Available	318,627	<u>318,627</u>
				\$ 1,389,045
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	Not Available	29,700	<u>29,700</u>
Total Department of Labor				<u>\$ 1,418,745</u>
Department of Justice:				
Pass Through Payments:				
<i>Department of Criminal Justice Services:</i>				
Crime Victim Assistance	16.575	21-E4003VW19/ 22- O1239VW19		<u>\$ 42,317</u>
Total Department of Justice				<u>\$ 42,317</u>
Department of Transportation:				
Pass-Through Payments:				
<i>Department of Motor Vehicles:</i>				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	60507		\$ 7,680
Alcohol Open Container Requirements	20.607	60507		<u>14,340</u>
Total Department of Transportation				<u>\$ 22,020</u>
Department of Education:				
Pass-Through Payments:				
<i>Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	S010A210046		\$ 276,980
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A210107	\$ 297,382	
Special Education - Preschool Grants	84.173	H173A200112	<u>17,837</u>	315,219
Rural Education	84.358	S358B210046		43,115
English Language Acquisition State Grants	84.365	17901-60512		3,858
Supporting Effective Instruction State Grants	84.367	S367A190044		40,220
Student Support and Academic Enrichment Program	84.424	S424A200048		32,179
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	S425C200008	\$ 21,039	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D200008	1,282,103	
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425W200008	<u>514,482</u>	<u>1,817,624</u>
Total Department of Education				<u>\$ 2,529,195</u>
Department of Treasury:				
Pass-Through Payments:				
<i>Department of Accounts:</i>				
COVID-19 - Coronavirus Relief Fund (CRF)	21.019	10110-728021		\$ 325,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2206FFARPA		<u>635,517</u>
Total Department of Treasury				<u>\$ 960,517</u>
Department of Defense:				
Direct Payments:				
Junior ROTC	12.U01	N/A		<u>\$ 20,946</u>
Total Expenditures of Federal Awards			<u>\$ 1,453,304</u>	<u>\$ 6,673,823</u>

See accompanying notes to schedule of expenditures of federal awards.

County of Richmond, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Richmond, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Richmond, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Richmond, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$ 1,983,276
Special Revenue Funds:	
Workforce Investment Act Fund	1,453,304
Total primary government	<u>\$ 3,436,580</u>

Component Unit School Board:

School Operating Fund	\$ 3,388,951
School Cafeteria Fund	59,269
Total Component Unit School Board	<u>\$ 3,448,220</u>

Total federal expenditures per basic financial statements	<u>\$ 6,884,800</u>
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Add: USDA loan proceeds	\$ 35,000
Less: Federal interest subsidy	(220,848)
Less: Payment in Lieu of Taxes	<u>(25,129)</u>

Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u><u>\$ 6,673,823</u></u>
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Note 5 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 6 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

County of Richmond, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Noncompliance material to financial statements noted? _____ yes ✓ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ✓ no

Significant deficiency(ies) identified? _____ yes ✓ none reported

Type of auditors' report issued on compliance
for major programs: unmodified

Any findings disclosed that are required to be
reported in accordance with 2 CFR section 200.516(a)? _____ yes ✓ no

Identification of major programs:

Assistance Listing Number(s)
10.553/10.555/10.556
84.425
17.258/17.259/17.278

Name of Federal Program or Cluster
Child Nutrition Cluster
Education Stabilization Fund
WIOA Cluster

Dollar threshold used to distinguish between type A
and type B programs:

\$750,000

Auditee qualified as low-risk auditee? ✓ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

County of Richmond, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022

Section IV-Commonwealth of Virginia Findings and Questioned Costs

Finding 2022-001:

Criteria:	Section 22.1-92 of the Code of Virginia requires that, prior to any school board's final approval of its budget for submission to the governing body, the school board shall hold at least one public hearing to receive the views of the citizens within the school division. A public notice shall be given at least 10 days prior to any hearings by publication in a newspaper having a general circulation within the school division.
Condition:	We noted that one the School Board provided a public notice on the proposed budget on February 3, 2021 with a public hearing day of February 10, 2021. The School Board gave public notice 7 days prior to the public hearing.
Effect:	The School Board violated Section 22.1-92 of the Code of Virginia.
Cause:	Public notice of proposed budget hearing was given less than 10 days prior to the hearing.
Recommendation:	School Board management should have procedures in place to ensure that the School Board is in compliance with Section 22.1-92 of the Code of Virginia.
Management's Response:	The School Board office is making corrective action for FY23.

**County of Richmond, Virginia
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2022**

There were no prior year findings.