ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

HANOVER COUNTY, VIRGINIA

HANOVER COUNTY
Birthplace of Patrick Henry-Henry Clay
Hanover Courthouse built 1735
Formed in 1720
VIRGINIA

Hanovercounty.gov

COUNTY OF HANOVER, VIRGINIA

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2022

Hanover: People, Tradition, and Spirit

This document was prepared by the Department of Finance and Management Services, County of Hanover, Virginia, Post Office Box 470, 7507 Library Drive, Hanover, Virginia 23069-0470. For additional information, contact Amanda L. Six, Director of Finance and Management Services, at (804) 365-6015 or by e-mail at fms@hanovercounty.gov. For information about the County, including the WEB-based version of this and other financial documents, refer to the County's web page at www.hanovercounty.gov.

COUNTY OF HANOVER, VIRGINIA
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2022

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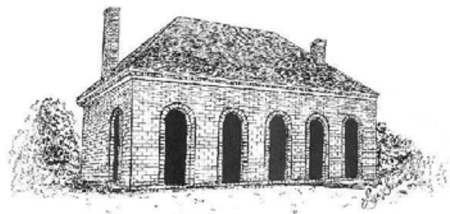

HANOVER COURTHOUSE

HANOVER COUNTY

ESTABLISHED IN 1720

FINANCE AND MANAGEMENT SERVICES DEPARTMENT

AMANDA L. SIX
DIRECTOR

P. O. BOX 470
7507 LIBRARY DRIVE
HANOVER, VA 23069

SHELLY H. WRIGHT
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LAUREN K. NULL
FINANCE DIVISION DIRECTOR

STEVEN K. RUSCH
PURCHASING DIVISION DIRECTOR

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November 9, 2022

The Honorable Members of the Board of Supervisors
Citizens of the County
County of Hanover, Virginia

Honorable Members of the Board of Supervisors and Residents of the County of Hanover:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) for the County of Hanover (the County) for the fiscal year ended June 30, 2022. The *Code of Virginia* requires that local governments publish, within six months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with government auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. This ACFR has been prepared by the County's Department of Finance and Management Services in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA).

This ACFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and fairness of presentation of the information presented in this financial report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and accurate, in all material respects, and presents fairly the financial position and results of operations of the various funds and component units of the County.

This ACFR is intended to provide informative and relevant financial information for the citizens of the County, the Board of Supervisors (the Board), investors, creditors and other interested readers. All are encouraged to contact the Department of Finance and Management Services with any comments or questions concerning this financial report.

The County's financial statements have been audited by Cherry Bekaert LLP, a firm of licensed certified public accountants. The independent auditors' responsibility is to express opinions on the County's financial statements based on their audit. The auditors conducted the audit in accordance with professional auditing standards, which require that the auditors plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors concluded, based upon the audit evidence they obtained, that there was a reasonable basis for forming and expressing unmodified opinions that the County's financial statements as of and for the fiscal year ended June 30, 2022 are fairly presented, in all material respects, in conformity with GAAP. The independent auditor's report on the financial statements is presented as the first component of the Financial Section of this financial report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the County's compliance with federal requirements for each major program as well as on internal control over compliance pursuant to the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *U.S. Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The independent auditors' report on the Single Audit for the County will be available in a separate report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the independent auditors' report on the financial statements.

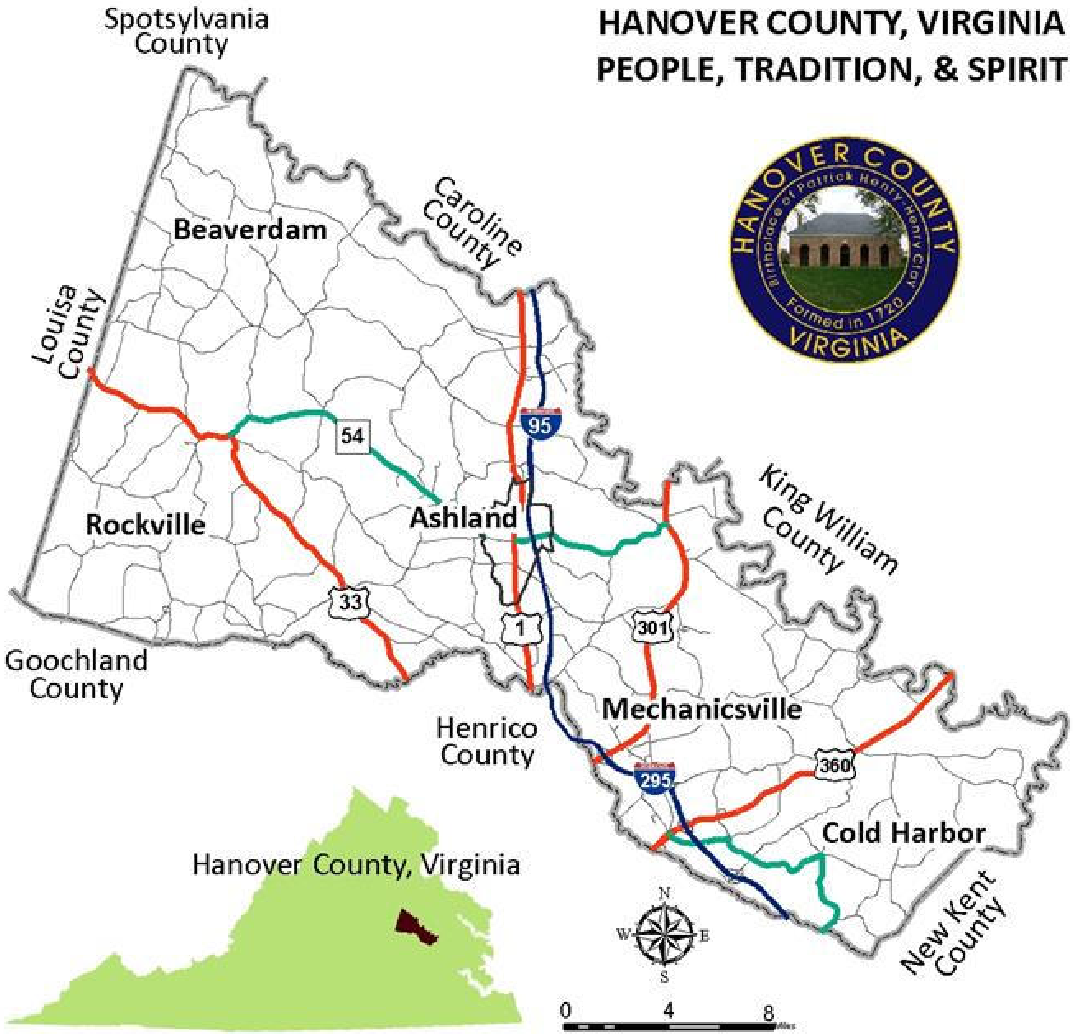
Hanover County VA

Profile of the County

The County was formed on November 26, 1720, by the Virginia General Assembly in "An Act for dividing New Kent County." It is named for King George I of England, who, at the time he came to the throne, was Elector of Hanover in Germany. Two of the County's native sons, Patrick Henry and Henry Clay, distinguished themselves as orators, patriots and statesmen in the early history of this Country. Prior to English colonization in the seventeenth century, the Pamunkey Indians populated this area. The northern boundary, the Pamunkey River, carries their name and they maintain a reservation on the lower part of the river in neighboring King William County. The Town of Ashland is located in central Hanover County and was incorporated in 1858.

The County currently employs the traditional board form of county government with a county administrator. Policies governing the administration of the County are set by a seven-member Board of Supervisors, each elected from the County's seven magisterial districts. This body also has responsibility for appointing the County Administrator. The County has taxing powers subject to statewide restrictions and tax limits.

Located in central Virginia, Hanover County is a 90-minute drive south of the nation's capital, Washington D.C., and 15 minutes north of the Commonwealth's capital, Richmond. Hanover County is more than 470 square miles in area, and is strategically located in the northern Greater Richmond Region, which also includes the City of Richmond and the counties of Chesterfield and Henrico. Hanover is bordered by the counties of Caroline, King William, New Kent, Henrico, Goochland, Spotsylvania and Louisa and by the Pamunkey, North Anna and Chickahominy Rivers. The South Anna River is also located in the County. Home of the internationally renowned Hanover tomato, the County offers an appealing blend of both historic houses and the latest new home developments, a nationally recognized suburban school system, and a resilient economy with a balance between residential, commercial, industrial and agricultural tax bases.



The offices of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, Registrar, and the departments of Human Resources, Finance and Management Services, Internal Audit, Assessor, and Information Technology constitute the general government administration of the County. The elected and appointed officials, along with the staff of the various departments, implement the laws and policies of the County by developing and executing the procedures that are necessary to provide general support services to residents of the County.

The Court system is made up of the Circuit Court, General District Court, Magistrate, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Court Services, and Commonwealth's Attorney. The public safety operations of the County include the Sheriff, Pamunkey Regional Jail, Juvenile Court Services Unit, Community Corrections, Emergency Communications, Fire and Emergency Medical Services, Animal Control and Building Inspections.

Public Works administers capital projects of the County, maintains the stormwater management program, administers the State-sponsored erosion and sediment control law, and oversees solid waste management, the Cannery, the County Airport and the recycling service district operations. General Services provides property management of all County-owned, non-school related properties, as well as, preventative maintenance and repair services for County and School vehicles and motorized equipment.

The Department of Social Services determines eligibility for public assistance programs, which are mandated by federal and state law and expenditures for services required by the Children's Services Act. The Community Services Board provides prevention, treatment, employment and support services for Hanover citizens and families with mental health, substance use and developmental disabilities. In addition, it provides adult services and supervised living services. Hanover is served by the Regional Health District of Hanover, Goochland, New

Kent, and Charles City. Also included within human services expenditures is tax relief provided under the Tax Relief for the Elderly and Disabled Program.

Parks and Recreation provides and promotes leisure services such as park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, bus tours, special events, and other activities for County residents in addition to maintenance of the County's grounds. Parks and Recreation oversees and operates the Hanover Museum of History and Culture. The Pamunkey Regional Library provides public library service to the County through six branch libraries, and remote access to the library collection through the library's web site.

The Planning Department is responsible for the Comprehensive Plan, demographics, and the acceptance, review, and disposition of all land use and subdivision applications. The services of the Economic Development Department are designed to attract, retain, generate, and facilitate expansion of high quality business and industry resulting in a stable and diverse local economy and an improved standard of living for the residents of the County.

The County's Department of Public Utilities operates and maintains public water and sanitary sewer systems in the "Suburban Service Area" (the crescent-shaped area north of the Chickahominy River, generally between Route 1 and Creighton Road including the Town of Ashland), the Doswell area, the Route 33 area, and the Hanover Courthouse area. The County provides utility service to approximately 22,500 water and 22,000 wastewater customers.

The County provides education through its public school system administered by the Hanover County School Board (School Board) and promotes industry and commerce through the Economic Development Authority of Hanover County, Virginia (the EDA). In accordance with GASB pronouncements, these agencies have been classified as discretely presented component units in the accompanying financial statements because they are legally separate entities for which the County is financially accountable. The School Board administers the County's schools and administers its own appropriations within the categories defined by the Code of Virginia, but is fiscally dependent upon the County because the Board of Supervisors appropriates the annual budget, levies the necessary taxes to finance operations and issues debt to finance school capital projects. The Board of Supervisors also approves transfers between education funds, and appoints School Board members. The EDA has the power to issue tax-exempt industrial development revenue bonds on behalf of qualifying enterprises wishing to utilize that form of financing, as well as to finance County facilities. Those bonds do not constitute a debt or pledge of the faith and credit of the County or the EDA, but represent limited obligations of the EDA payable solely from the revenue and receipts derived from the projects funded with the proceeds.

The annual budget serves as the foundation of the County's financial planning and control. All agencies of the County generally submit requests for appropriation to the County Administrator on or before December 1st each year. The County Administrator uses these requests as the starting point for developing a proposed budget. The County Administrator then presents the proposed budget to the Board. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget no later than June 30, the close of the County's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., Sheriff's office) with the budget appropriation resolution adopted by the Board of Supervisors placing legal restrictions on expenditures at the fund level.

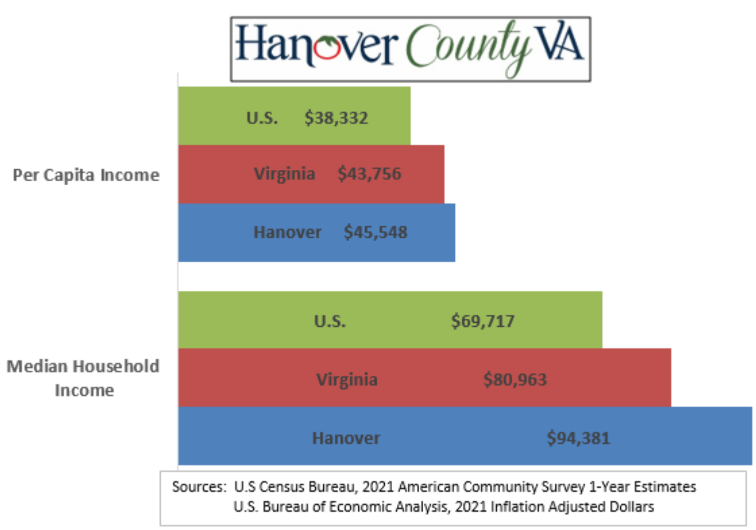
The County's adopted budget policy also requires Board of Supervisors approval of certain budget transfers above established thresholds and all requests for supplemental appropriations. The School Board is authorized to transfer budgeted amounts within the school funds, with any transfer that increases total revenues requiring subsequent Board of Supervisors approval. Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented at Exhibit 6 as part of the basic financial statements. A more detailed General Fund budget-to-actual comparison by department is presented at Exhibit 13, and budget-to-actual comparisons for other governmental funds with appropriated annual budgets are presented in the Supplementary Information subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates. Hanover **County's municipal bond rating continues to be AAA from the rating agencies, Fitch, Moody's and Standard & Poor's.** All three agencies noted the County's sound financial management, solid economic indicators, low debt burden and strong reserves in affirming the AAA rating.

Local Economy:
Based on its strategic location in the northern Greater Richmond region of the mid-Atlantic and its suburban/rural character, the County is an attractive location for businesses relocating or expanding and for developers interested in the opportunities in the area's residential and commercial markets. The County is primarily served by Interstates 95 and 295, with Interstate 95 connecting the County to the metropolitan Richmond area to the south and providing the passage to Washington, D.C. to the north. Interstate 295 connects the eastern and western portions of the County together and represents the northern "loop" around the Richmond metropolitan area.

The County continued to show strong economic conditions in 2022 even as impacts from the pandemic and inflationry and supply chain impacts came to the forefront of consumer discussions. Real estate and personal property tax revenues remained strong while sales tax revenues outpaced projections once again. These higher than budgeted revenues coupled with expenditure savings resulted in the County adding funds to its reserves at year-end. Hanover has remained in a favorable financial position due in large part to the financial strength and diversification of the County's business community, its low reliance on federal jobs or procurement, its low debt levels and growing property tax base.

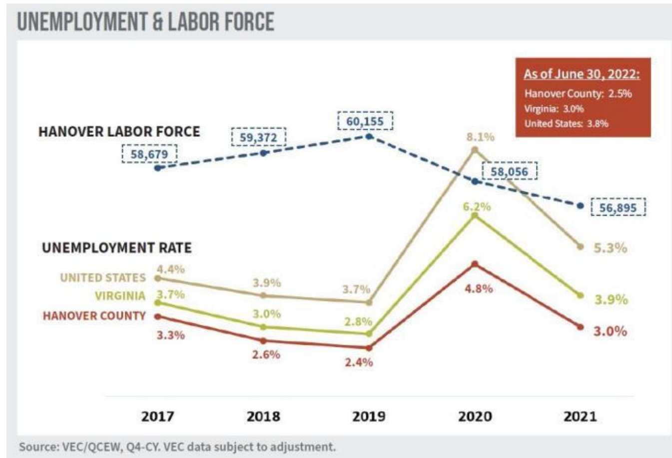


As the chart to the left illustrates, based on the most recent estimates available, Hanover, even when adjusted down for the impacts on inflations, displays a higher per capita income and median household income than the national and State averages. Comparatively, Hanover's per capita income of $45,548 is consistent with the Commonwealth's $43,756, while its median (mid-point) household income is 16.6% above the Commonwealth's and 35.4% above the national average. In addition, the U.S. Census Bureau's estimate of Hanover's mean (average) household income of $132,692 in 2021 is 19.2% above the Commonwealth's $111,287 and 35.5% higher than the United States' of $97,962.

The County also continues to attract and maintain diverse sectors of employment. The County's major employment sectors have been in trade, transportation and utilities; health and education services; and professional and business services. The County continues to add to its labor force while maintaining low unemployment well below the state and federal rates.

The County continues to target key industries poised for growth including: Professional Services, Advanced Manufacturing, Healthcare, and Supply Chain and Logistics. Within these growth industries, Hanover specifically works to recruit those with higher wage jobs.

<u>Economic Development Update:</u>
During the last five years, Hanover County has experienced some of the most significant growth in our commercial tax base on record. In fiscal year 2022, we added more than 1,960 net new jobs across all industry sectors and announced over $243 million dollars in new projects. Additionally, tangible capital investment in commercial construction permits exceeded $297 million which is up more than 370% from the previous year. Tourism and travel spending rebounded strongly from the depths of the pandemic as local hotel tax revenues of $1.35 million were up over 75% since 2021 and at a new all-time high. The County also maintained an average 2021 annual unemployment rate of 3.0% that is well below the State and national averages.



Building off the momentum we experienced in FY-21, the County had 151 new business announcements and expansion projects in FY-22 which remained on the same trajectory as the previous year. We also continue to see significant growth in our industrial tax base along with strong performance in the real estate segments of the market. Finance and insurance, along with professional and technical services, are emerging clusters that are also seeing healthy sustained growth which is promising in developing a well-rounded, diversified commercial tax base. Interestingly, vacancy rates across all sectors of our economy including retail, office, industrial and flex are at all-time lows. These are extremely positive economic indicators as we emerge from the downturn.
The growth in our speculative industrial market has not subsided as we have over 5.4 million square feet of new space positioned to come online in the next 24-36 months. Conservatively, just the value of these buildings alone will generate over $3.5 million in new real estate tax revenues for the County.

Some of our major business announcements and expansions over the past year include: Performance Food Group, Beam Distributing, Walgreens, East Coast Commerce Center, ITL, P.D. Brooks, Green Analytics, Bon Secours Memorial Regional Medical Center, Charred, Wigwam Crossing, Kings Dominion, Center of the Universe Brewing, Owens & Minor, Boot Barn, SuperValu, Burke's Outlet, Casa Herradura and Starbucks.

The support of our small business community continues to be some of the most important work we do. Over the last year, we were able to assist 149 local companies and agriculture-based businesses through programs developed and/or sponsored by the Hanover County Department of Economic Development which include: Hanover Shopping Week, Zoom Business Hanover, Business First business walks, Ag-X workshops and scholarships, along with our Hiring in Hanover application. Through these critical retention and expansion programs, we have been able to assist more than 1,500 small businesses over the last five years.

As we move into 2023, our department will concentrate a major portion of our efforts on the comprehensive plan update as this critical work will help position us for sustained economic success over the coming years. Our team will also continue to leverage our local partners including the Hanover County Chamber of Commerce, Dominion Energy Innovation Center, Virginia Economic Development Partnership, Richmond Region Tourism, Greater Richmond Partnership and Chamber RVA to support our existing businesses while working to attract new corporate investment to Hanover County.

Additional information can be found at https://www.hanovervirginia.com/news-events/.

Long-Term Financial Planning:
The County has long been recognized as formulating detailed public plans for its long-term financial planning. Planning enables the County to appropriately analyze issues and initiatives, receive public comment during public hearings, and formulate desired service level plans and phase-in funding to attain desired goals over the long term. Primarily, these long-term financial plans include the Five-Year Capital Improvements Program and Five-Year Financial Plan:

- Capital Improvements Program (CIP): The CIP is the County's plan for investing in facilities, equipment, and vehicles over the next five years, and includes those items with a unit cost greater than $50,000. The fiscal year 2023 capital budget for County, School and Public Utilities projects is $125.3 million. The County's budget policies recommend the use of "pay-as-you-go" CIP funding of 10% or more, to recognize the need to balance the use of debt with the use of other resources for funding. The fiscal year 2023 CIP includes 66% of "pay-as-you-go" funding (from non-debt sources) for County and School capital projects.

- Five-Year Financial Plan: The County's Five-Year Financial Plan represents the County's effort to quantify the fiscal impacts of future needs, matched with a projection of General Fund resources available to meet those needs. Each year this plan is adopted by the Board of Supervisors, thereby indicating to the public the County's expected tax rates, operating costs, capital improvements, debt service requirements, school allocations and service level plans. The plan is illustrated with detailed assumptions in the overview section of the budget document. Generally, the plan seeks to maintain or enhance all current budgetary objectives and Board-adopted initiatives.

Relevant Financial Policies:
The Hanover County Financial Policies are approved by the County Administrator and adopted by the Board of Supervisors. These policies apply to all County and School funds except the School Activity Funds as defined by the Department of Education. The financial policies address the methods for accounting, internal controls, procurement, revenues and grant management, guidelines for appropriate fund balance to maintain positive financial position as well as debt issuance and post-issuance compliance. The financial policies prescribe budget formulation and sound financial practices that include the adoption of a Five-Year Financial Plan and the Capital Improvements Program (CIP). Additionally, the Board has adopted a joint Deposit and Investment policy between the County and the Treasurer, as well as, a Deferred Compensation 457(b) and 403(b) Plan investment policy. These policies are periodically reviewed, with amendments approved by the Board, as necessary. To add clarification and more detail, most policies have associated regulations which are approved by the County Administrator.

Major Initiatives and Accomplishments:
Hanover County opened its new 7,000 square foot terminal building on the east side of the Airport in April 2022. The facility includes many new spaces including a spacious lobby for air travelers, conference room facilities, a pilot lounge and flight planning and vending facilities in addition to a new front line counter and Fixed Base Operator spaces. The new terminal building has been primarily funded through federal and state sources including a more than $2 million grant provided by the Virginia Department of Aviation.

The process of updating the County's Comprehensive Plan, "Envision Hanover", continues with significant public participation. Nearly 80 citizens attended Land Use Visioning Workshops in July and August. Planning staff conducted "Stop and Chat" outreach opportunities in September and the Community Participation Team appointed by the Board of Supervisors has met monthly. We are currently in the early stages of the planning process, with multiple opportunities for public engagement. The objective is to have a draft plan in early 2023, with the Board of Supervisors being able to potentially hold a public hearing in the summer of 2023.

ENVISION HANOVER

Montpelier Recreation Center and Library was approved by the Board of Supervisors in May and design is underway. The new center will be a 20,000 square foot building containing a new library, several classrooms, study rooms, conference room and a full-size gym with side stage. The project also includes a new ballfield with restrooms to be available. Once a bid for construction is awarded, construction of the project is expected to take about 18 months.

New Fire Station in the Mechanicsville area is proposed. In July, the Board accepted the donation of 3.5 acres in surplus property from the School Board for the site, which is adjacent to Laurel Meadow Elementary School. A public hearing before the Board of Supervisors is scheduled for November 17. If approved, design and permitting would take about 6 months with construction potentially beginning in the summer of 2023. The new station would enable Hanover Fire/EMS to meet emergency needs in that area and improve response times.

Awards and Acknowledgements

Hanover County continued to be recognized for excellence in operational and fiscal management during fiscal year 2022. The County's adopted mission (seen in the graphic below) is exemplified by the awards and acknowledgements noted in this section.

Community Services Board and Hanover County Public Schools

The Virginia Association of Counties presented the Hanover Community Services Board and Hanover County Public Schools with an Achievement Award for their Student Mental Health Initiative. Hanover's school-based mental health services was named a model program in the area of health and human services. The program was created to enhance the overall emotional, behavioral, and academic wellbeing of students by providing access to therapeutic supports within a familiar and reassuring setting by putting placing clinically trained CSB staff in Hanover County High Schools.

Public Utilities

All four of Hanover County's wastewater treatment plants have been recognized by the National Association of Clean Water Agencies (NACWA) for exceptional performance. The facilities have been honored with the NACWA's Peak Performance Awards. The Peak Performance Awards reflect permit compliance for the 2021 calendar year. The Hanover County Department of Public Utilities Totopotomoy Wastewater Treatment Plant earned a Platinum 17 award. Hanover Courthouse Sewage Treatment Plant achieved a Gold Award; and the Ashland Wastewater Treatment Plant and Doswell Wastewater Treatment plant each earned a Silver Award.

Sheriff's Office

Hanover County Sheriff Colonel David R. Hines was named the top D.A.R.E. administrator in Virginia for 2022 and was recognized at the Virginia School Safety Conference. The Gary Payne Administrator of the Year award is given annually to a law enforcement administrator who has demonstrated a high degree of commitment to the D.A.R.E., or Drug Abuse Resistance Education program in his or her community and state. It is given by the Virginia D.A.R.E. Association Inc.

Hanover County Public Schools

The Association of School Business Officials (ASBO) honored, Christina Berta, Assistant Superintendent of Business and Operations with its Distinguished Eagle Award for leadership and service to the school business profession.

Finance and Management Services

The Government Finance Officers Association (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to Hanover County for its ACFR for the fiscal year ended June 30, 2021. The County has received this prestigious award each fiscal year since 1985. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting. Hanover County's ACFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the ACFR. The GFOA is a non-profit professional association serving nearly 19,000 appointed and elected government finance professionals throughout North America.

The GFOA awarded a **Distinguished Budget Presentation Award** to Hanover County for its FY2021 budget. The County has received this prestigious award each fiscal year since 1990. This award reflects the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, Hanover County had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document; a financial plan; an operations guide; and a communications device.

The County utilizes its website www.hanovercounty.gov for presentation of the ACFR and budget document. The budget document serves as the best source of information for County's current and five-year financial plan, new initiatives, capital improvements program and changes in service levels. In addition, the website provides many other topics of interest to County residents and service providers, and provides an excellent forum to recognize outstanding employees and their accomplishments. While many of those accomplishments could also be highlighted in this report, the remainder of this financial report will focus on the County's fiscal year 2022 results of operations and on an analysis of the financial statements.

The preparation of this report would not have been possible without the efficient and dedicated services of the Department of Finance and Management Services. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report, especially the Accounting Division team for their important contributions. Credit also must be given to the Board for their unfailing support for maintaining high standards of professionalism in the oversight of the County's finances.

Respectfully submitted,

John A. Budesky
County Administrator

Amanda L. Six
Director of Finance and Management Services

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Hanover
Virginia

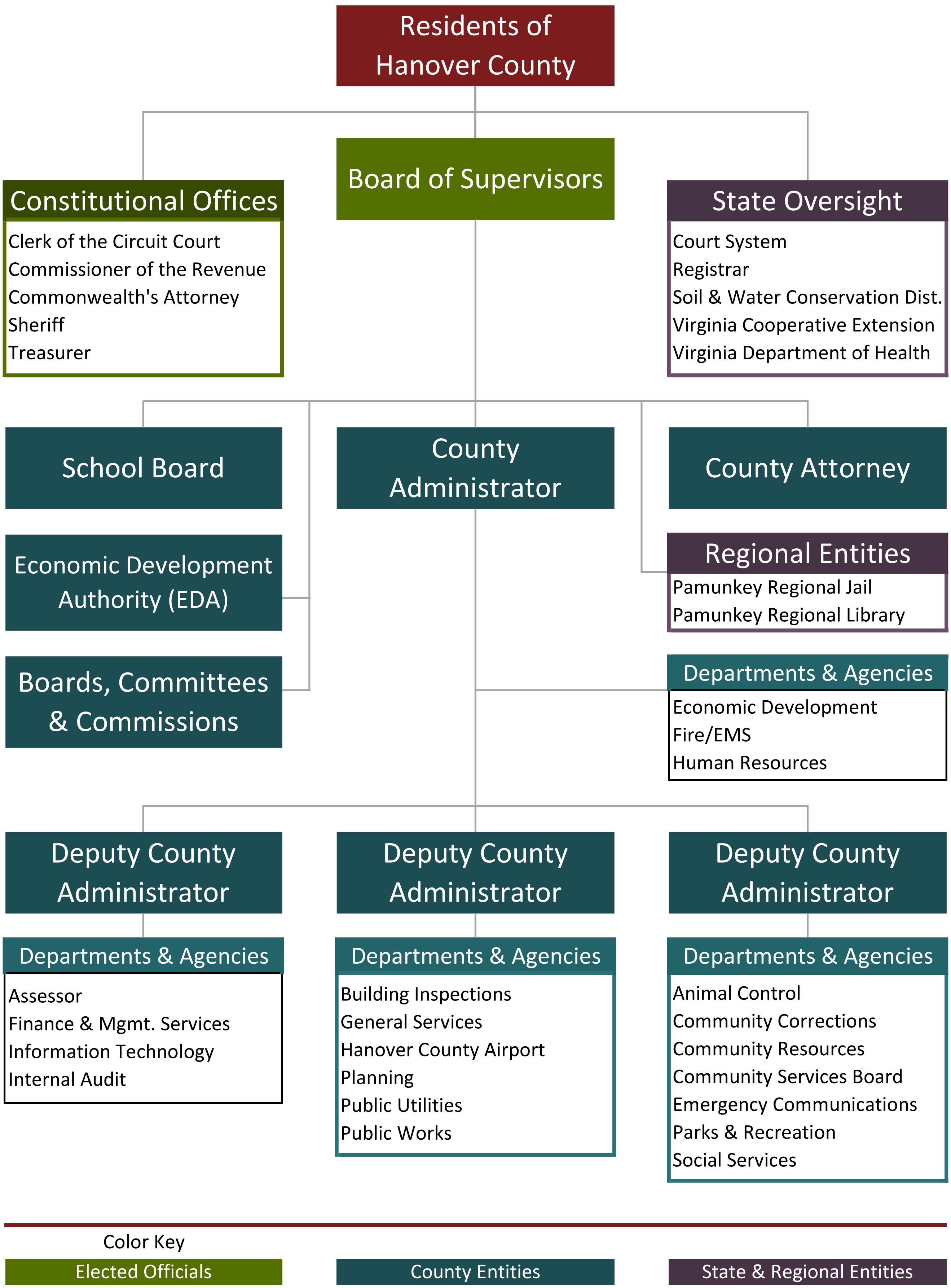
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

County Organizational Chart



DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2022

Board of Supervisors

Angela Kelly-Wiecek, Chair	Chickahominy District
Sean Davis, Vice Chair	Henry District
Susan P. Dibble	South Anna District
F. Michael Herzberg	Cold Harbor District
W. Canova Peterson	Mechanicsville District
Faye O. Prichard	Ashland District
R. Allen Davidson	Beaverdam District

Constitutional Officers

Frank D. Hargrove, Jr.	Clerk of the Circuit Court
T. Scott Harris	Commissioner of Revenue
R. E. “Trip” Chalkley, III	Commonwealth’s Attorney
Colonel David R. Hines	Sheriff
M. Scott Miller	Treasurer

County Administrative Officials

John A. Budesky	County Administrator
Dennis A. Walter	County Attorney
Todd E. Kilduff	Deputy County Administrator
James P. Taylor	Deputy County Administrator
Jay A. Brown	Deputy County Administrator
Amanda L. Six	Director of Finance & Management Services

School Board

John F. Axselle III, Chair	Beaverdam District
Robert J. (Bob) May, Vice Chair	South Anna District
Ola J. Hawkins	Ashland District
Robert L. Hundley, Jr.	Chickahominy District
Steven Ikenberry	Cold Harbor District
John E. Redd, Jr.	Mechanicsville District
George E. Sutton	Henry District

School Administrative Officials

Dr. Michael B. Gill	Superintendent of Schools
Cristina Berta	Asst. Superintendent of Business and Operations
Jennifer E. Greif	Asst. Superintendent of Instructional Leadership
Mandy Baker	Asst. Superintendent of Human Resources
Brook Thomas	Director of Finance
Lisa Seward	School Board Attorney
Chris Whitley	Asst. Supt. of Cmty. Engagement & Legislative Affairs

FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Cherry Bekaert LLP

Richmond, Virginia
November 9, 2022

County of Hanover, Virginia
Management's Discussion and Analysis
(Unaudited)

As management of the County of Hanover, Virginia (the County), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2022. We encourage readers to consider this discussion and analysis in conjunction with our letter of transmittal in the Introductory Section of this report and the County's basic financial statements, which follow this discussion and analysis.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2022 by $553.6 million (*net position*). Of this amount, $169.6 million (*unrestricted net position*) may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by $63.1 million, of which the governmental activities increased by $51.8 million and business-type activities increased by $11.3 million.
- As of the close of fiscal year 2022, the County's governmental funds reported combined ending fund balances of $174.5 million, an increase of $29.4 million from prior year. Of the $174.5 million total, 72.6% ($126.7 million) is available for spending in compliance with County policies (sum of *committed, assigned* and *unassigned fund balances*), while *nonspendable and restricted fund balances* were 27.4% or $47.8 million of the total.
- The General Fund's unassigned fund balance was 13.5% of total General Fund revenues, which reflects an increase of $2.4 million to $40.3 million at June 30, 2022. This balance continues to meet and exceed the County's unassigned fund balance policy minimum of 10% of total General Fund revenues. In addition, the General Fund's assigned fund balance increased $12.1 million to $60.8 million at June 30, 2022. The $12.1 million increase is the net of increases and decreases to amounts assigned for various purposes, including education, public works, economic development, the subsequent fiscal year's adopted budget, the subsequent five-year financial plan, capital projects, and other County services.
- The County's total debt decreased by $14.4 million (9.67%) to $134.5 million during fiscal year 2022. The decrease is related to the principal payments on existing debt of $14.4 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of 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.

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 resulting difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; however, even decreases in net position may reflect a changing manner in which the County may have used previously accumulated funds.

The *Statement of Activities* presents information showing how the County's total 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 this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the County, which are principally supported by taxes, intergovernmental revenues, and other non-exchange transactions (*governmental activities)* from other activities, which are intended to recover all or a significant portion of their costs primarily through user fees charged to external parties (*business-type activities*). The governmental activities of the County include general government administration; judicial administration; public safety; public works; human services; parks, recreation and cultural; community development; education; and interest on long-term debt, as well as the County's self-insurance activities. The business-type activities consist of public utilities and airport operations.

The government-wide financial statements (Exhibits 1 and 2) include not only the County itself (known as the *Primary Government*), but also a legally separate School Board and a legally separate Economic Development Authority for which the County is financially accountable. Financial information for these *component units* is 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, like other state and 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

With the exception of *internal service fund* activity, (described under *Proprietary Funds which follows)*, ***Governmental Funds*** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

During fiscal year 2022, the County maintained four individual governmental funds. Information is presented separately in the governmental funds' financial statements for the General Fund, the County Improvements Fund, the Debt Service Fund, and the School Improvements Fund; all four of which are considered to be *major funds*. The County did not maintain any *nonmajor* governmental funds as of and for the year ended June 30, 2022. The governmental fund financial statements can be found at Exhibits 3 through 6 of this report.

The County maintains two different types of ***Proprietary Funds***: enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its public utilities fund and its airport fund (a major fund). *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for its employee healthcare benefit activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements can be found at Exhibits 7 through 9 of this report along with data for the internal service fund.

Fiduciary funds are used to account for resources received and held in a fiduciary capacity for the benefit of individuals, private organizations, or other governments. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the County's own programs. However, the County is responsible for ensuring that fiduciary fund assets are used for their intended purposes. The County's fiduciary funds consist of the Retiree Medical Benefits Trust Fund and Custodial Funds. The Retiree Medical Benefits Trust Fund is used to account for the receipt and disbursement of employer contributions and assets held in trust to provide healthcare benefits to retirees and custodial funds are used to report resources held in a purely custodial capacity for individuals, private organizations or other governments. The fiduciary funds' financial statements can be found at Exhibits 10 and 11 of this report, while individual fund data for the custodial funds can be found in the form of combining statements at Exhibits 17 and 18 of this report.

Notes to the financial statements: The notes to the financial statements provide additional information that is essential for a full understanding of the County's government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes thereto, this report also presents certain *schedules of required supplementary information* concerning the County's pension and other postemployment benefits to its current and future retirees. These schedules of required supplementary information can be found at Exhibit 12 of this report.

Other *supplementary information* is presented immediately following the required supplementary information at Exhibits 13 through 25 of this report. The County adopts an annual appropriated General Fund budget, for which a budgetary comparison statement has been provided to demonstrate compliance with this budget, which can be found at Exhibit 13 of this report. The combining financial statements referred to earlier comprising individual fund statements and schedules are presented at Exhibits 17 through 25 of this report.

This report also contains a statistical section that supplements the basic financial statements by presenting detailed trend information, to assist the users to assess the economic condition of the County. We encourage our readers to review the statistical section, to better understand the County's operations, services and financial condition.

Compliance: The County's Schedule of Expenditures of Federal Awards and related notes thereto, and the independent auditors' required reports on compliance and internal control will be issued as a separate report for fiscal year 2022.

Financial Analysis of the County as a Whole

Statement of Net Position

Table 1 summarizes the Statements of Net Position for the Primary Government as of June 30, 2022 and 2021:

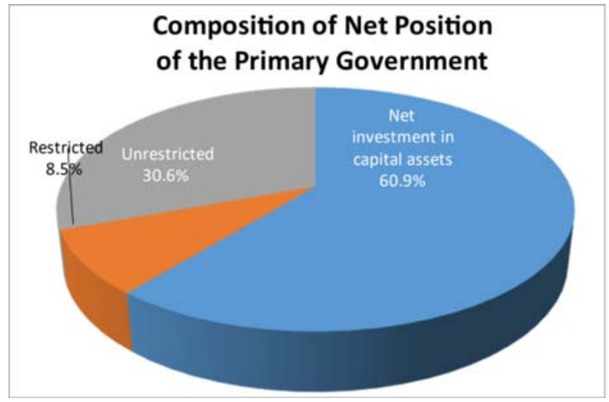
Table 1 — **County of Hanover, Virginia**
Summary of Net Position
($ in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Current and other assets	$ 337.3	268.1	61.6	47.5	398.9	315.6
Capital assets	224.2	224.3	249.9	247.5	474.1	471.8
Total assets	561.5	492.4	311.5	295.0	873.0	787.4
Deferred outflows of resources	23.1	25.2	2.1	2.3	25.2	27.5
Long-term liabilities outstanding	153.3	204.1	13.5	18.4	166.8	222.5
Other liabilities	42.1	29.5	4.5	4.1	46.6	33.6
Total liabilities	195.4	233.6	18.0	22.5	213.4	256.1
Deferred inflows of resources	121.7	68.3	9.4	-	131.1	68.3
Net position:						
Net investment in capital assets	98.4	90.7	238.7	234.2	337.1	324.9
Restricted	41.9	21.2	5.0	4.2	46.9	25.4
Unrestricted	127.2	103.8	42.4	36.4	169.6	140.2
Total net position	$ 267.5	215.7	286.1	274.8	553.6	490.5

Changes in net position is a useful indicator of a County's financial position. Of interest, the County's assets and deferred outflows exceeded liabilities and deferred inflows by $553.4 million at the close of fiscal year 2022, representing an increase of $62.9 million from the net position at June 30, 2021.

As the following graph shows, by far the largest portion of the County's total net position ($337.1 million, 60.9% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and intangibles); less any related debt and deferred loss on refunding used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens, like water and wastewater services, schools, libraries, law enforcement, and fire and emergency medical services. Consequently, these assets are *not* available for future spending, as capital assets are generally not sold or otherwise disposed of during their useful life.

As also shown, an additional portion of the County's total net position ($46.9 million, 8.5% of total) represents resources that are subject to external restrictions on how they may be used, including amounts restricted for capital projects, grant programs, debt covenants and postemployment healthcare benefits. The remaining balance of unrestricted net position ($169.6 million, 30.6% of total) may be used to meet the County's ongoing obligations to citizens and creditors.



Statement of Activities

Table 2 summarizes the Statements of Activities of the Primary Government for the fiscal years ended June 30, 2022 and 2021:

Table 2 — County of Hanover, Virginia, Summary of Changes in Net Position ($ in millions)

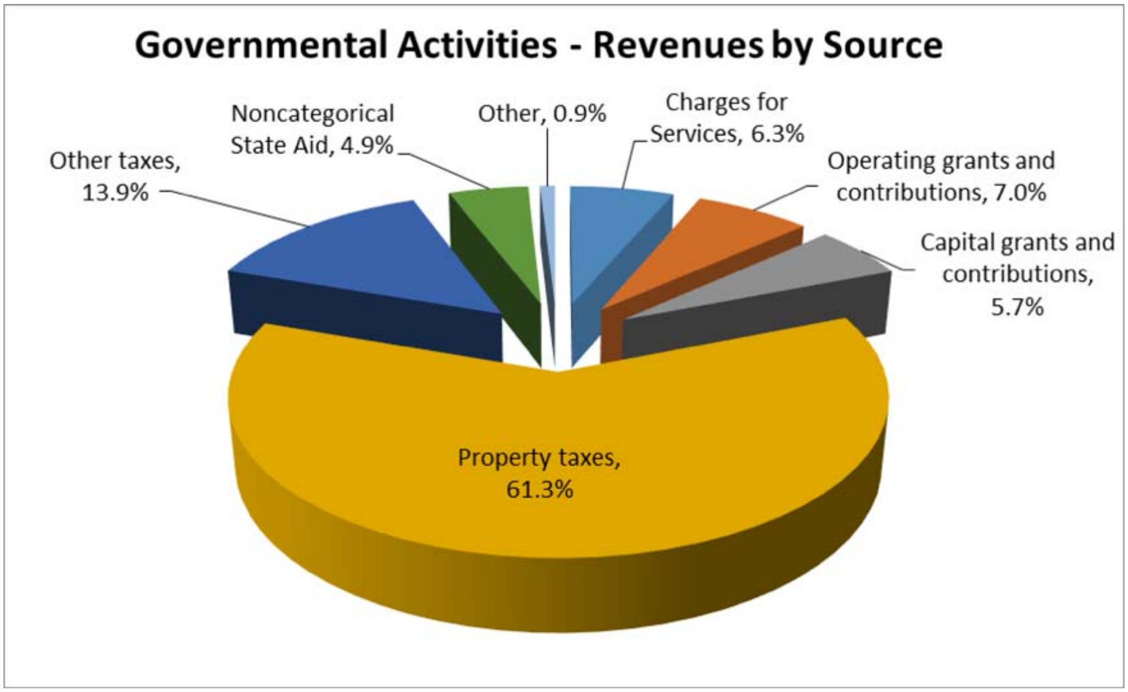
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	$ 20.3	16.1	36.0	35.3	56.3	51.4
Operating grants and contributions	22.5	20.9	0.5	0.2	23.0	21.1
Capital grants and contributions	18.4	16.6	5.8	8.8	24.2	25.4
General revenues:						
Property taxes	197.1	179.8	-	-	197.1	179.8
Other taxes	40.6	37.1	-	-	40.6	37.1
Noncategorical State aid	15.6	15.7	-	-	15.6	15.7
Grants and contributions	6.1	17.6	-	-	6.1	17.6
Other	2.7	3.4	-	-	2.7	3.4
Total revenues	323.3	307.2	42.3	44.3	365.6	351.5
Expenses:						
General government	20.2	28.8	-	-	20.2	28.8
Judicial administration	8.2	8.5	-	-	8.2	8.5
Public safety	74.2	72.9	-	-	74.2	72.9
Public works	13.3	9.9	-	-	13.3	9.9
Human services	28.2	27.8	-	-	28.2	27.8
Parks, recreation and cultural	6.8	6.2	-	-	6.8	6.2
Community development	6.5	7.3	-	-	6.5	7.3
Education	109.3	100.2	-	-	109.3	100.2
Interest on long-term debt *	4.7	5.1	-	-	4.7	5.1
Public utilities	-	-	30.0	31.1	30.0	31.1
Airport	-	-	1.1	1.0	1.1	1.0
Total expenses	271.4	266.7	31.1	32.1	302.5	298.8
Increase in net position before transfers	51.9	40.5	11.2	12.2	63.1	52.7
Transfers	(0.1)	(0.2)	0.1	0.2	-	-
Increase in net position	51.8	40.3	11.3	12.4	63.1	52.7
Total net position - beginning of year	215.7	175.4	274.8	262.4	490.5	437.8
Total net position - end of year	$ 267.5	215.7	286.1	274.8	553.6	490.5

* For business-type activities, interest on long-term debt is included in the functional expense category.

Governmental Activities: The increase in net position attributable to the County's governmental activities totaled $51.8 million for fiscal year 2022. Generally, net position changes are the result of the difference between revenues and expenses. Fiscal year 2022 revenues of $323.3 million represent an increase of $16.1

million, or 5.2% in comparison to the prior year, while expenses and transfers of $271.5 million represent an increase of $4.7 million, or 1.8% compared to the prior year.

The following chart illustrates the County's fiscal year 2022 governmental revenues by source as a percentage of total governmental revenues:



Taxes are the largest source of County revenues, totaling $241.9 million for fiscal year 2022, an increase of $25.1 million, or 11.6%, in comparison to fiscal year 2021. An increase in general property taxes of $17.3 million, or 9.6% was largely attributable to higher than projected real property tax revenue resulting from increased assessed values. Sales tax revenue increased by $3.6 million, or 13.2%. General property taxes totaled $197.1 million for fiscal year 2022 and represent 81.5% of total taxes and 61.0% of all revenues.

Also in fiscal year 2022, $61.2 million, or 18.8% of total revenues, consisted of program revenues, including $20.3 million in charges for services, $22.5 million of operating grants and contributions, and $18.4 million of capital grants and contributions. General revenues, including $15.6 million of noncategorical state aid and $8.8 million of unrestricted grants and contributions and unrestricted investment earnings, accounted for the remaining revenues.

As shown in Table 2 and Table 3, the total expenses of all the County's governmental activities for fiscal year 2022 were $271.4 million, which represents an increase of $4.6 million, or 1.7% higher than fiscal year 2021. Increases in expenses for public safety, public works, human services, parks, recreation and cultural and education expenses of $1.3 million, $3.4 million, $0.4 million, $0.6 million, and $9.1 million respectively, were offset by decreases in general government administration, judicial administration, community development and interest on long term debt by $8.6 million, $0.3 million, $0.8 million, and $0.4 million, respectively. As the following chart indicates, education continues to be one of the County's largest programs and highest priority, with education expenses totaling $109.3 million in fiscal year 2022. Public safety and human services are also strategic focus areas with expenses totaling $74.2 million and $28.2 million, respectively in fiscal year 2022.

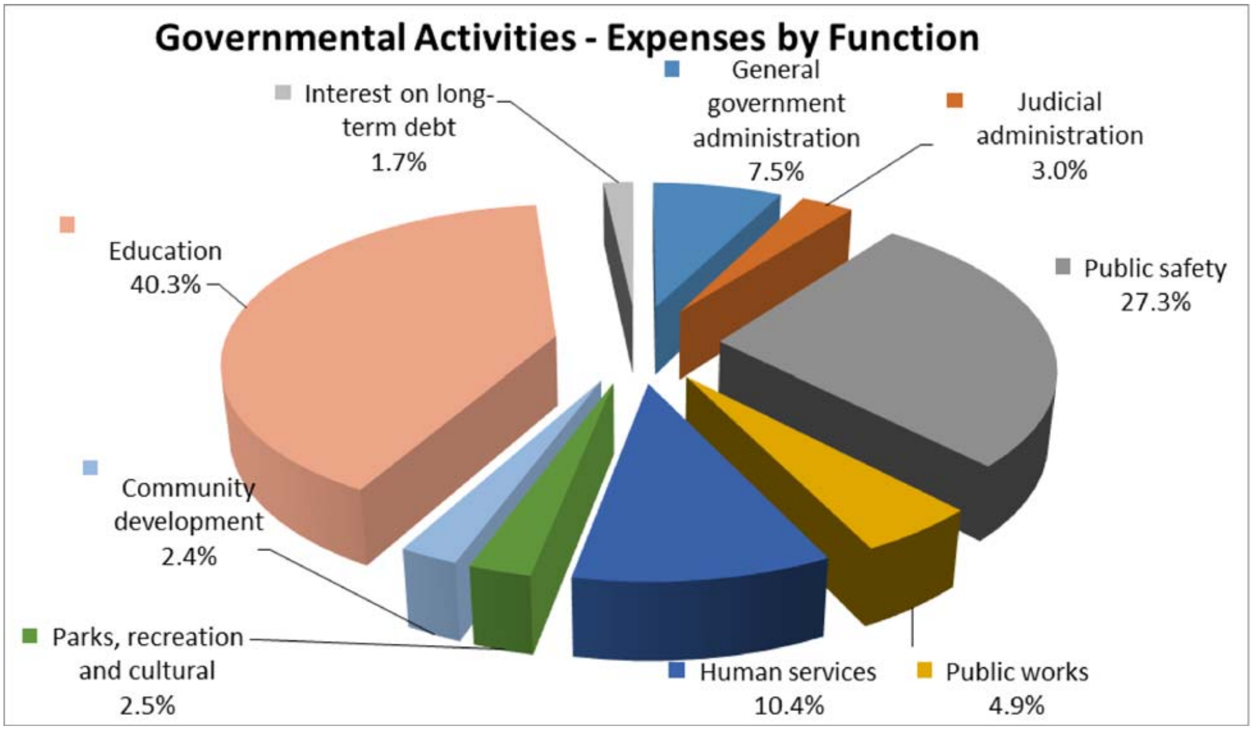


Table 3 presents the total cost of the County's governmental activities by function, as well as the net cost of each function (total cost less fees generated by each function and program-specific intergovernmental aid) for the fiscal year ended June 30, 2022 and 2021:

Table 3 — **Net Cost of Hanover County's Governmental Activities For the Fiscal Years Ended June 30 ($ in millions)**

Functions/Programs	Total Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2022	Net Cost of Services 2021
General government	$ 20.2	28.8	16.7	25.2
Judicial administration	8.2	8.5	5.4	5.6
Public safety	74.2	72.9	59.2	60.9
Public works	13.3	9.9	(7.5)	(8.8)
Human services	28.2	27.8	11.3	12.4
Parks, recreation and cultural	6.8	6.2	6.4	6.0
Community development	6.5	7.3	4.7	6.5
Education	109.3	100.2	109.3	100.2
Interest on long-term debt	4.7	5.1	4.7	5.1
Total	$ 271.4	266.7	210.2	213.1

A portion of the $271.4 million cost of the County's governmental activities was paid by those who directly benefited from the programs (i.e., charges for services of $20.3 million) and other governments and organizations that subsidized certain programs (i.e., operating and capital grants and contributions of $40.9 million). These combined program revenues of $61.2 million decreased the total fiscal year 2022 cost of services from $271.4 million to the net cost of services of $210.2 million. The net cost of services was covered by the County's general revenues, consisting primarily of taxes and state aid.

Business-type Activities: Table 2 also summarizes the business-type activities. The County's business-type activities consist of its Public Utilities water and wastewater treatment services and its airport activities. The increase in the net position attributable to the County's business-type activities totaled $11.3 million for fiscal year 2022.

Public Utilities revenues totaled $39.6 million, of which $29.4 million, or 74.2%, was generated from charges for services and user fees. Nonoperating capacity fee revenues decreased to $7.0 million from $7.5 million last year, based on revenue and the allocation of operating costs. Capital contributions decreased $4.0 million to $3.7 million in 2022. Public Utilities expenses totaled $30.0 million for fiscal year 2022 compared to $31.1 million in fiscal year 2021.

Airport operating revenues totaled $686,326 in fiscal year 2022 compared to $430,723 in fiscal year 2021. The Airport had no nonoperating revenues in fiscal year 2022 and fiscal year 2021, while capital contributions increased to $1.8 million in fiscal year 2022 from $1.1 million in fiscal year 2021. Airport nonoperating expenses were $82,047 and $101,906 in fiscal years 2022 and 2021, respectively.

Financial Analysis of the County's Funds

As noted earlier, the County uses 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 *spendable* resources. Such information is useful in assessing the County's financing requirements. In addition, the County's *fund balance classifications* are useful to identify the extent to which the County's fund balances are constrained and how binding those constraints are.

As of the end of fiscal year 2022, the County's governmental funds reported combined ending fund balances of $174.5 million (Exhibit 3), as compared to $145.1 million at June 30, 2021, an increase of $29.4 million. Of the $174.5 million fiscal year 2022 fund balance, $2.3 million is classified as *nonspendable* because it is invested in inventories and prepaid expenses and, therefore, is not in spendable form, $45.5 million is classified as *restricted* to indicate that it can only be spent for specific purposes as stipulated by external resource providers (for example, through debt covenants, grant agreements, or by laws or regulations of other governments), $0.5 million is classified as *committed* to indicate that it has been set aside for specific purposes by resolution of the County's Board of Supervisors, $85.9 million is *assigned* to indicate that County administration has identified specific purposes for the use of those funds, and the remaining $40.3 million is *unassigned.* Unassigned fund balances are technically available for any purpose, but are maintained at targeted levels in accordance with sound financial management practices.

The General Fund is the primary operating fund of the County (Exhibits 3 through 6). The General Fund's fund balance increased $14.6 million (16.6%) during fiscal year 2022, to $103.0 million. Total year revenues are approximately $14.3 million higher than the appropriated budget, primarily driven by increases in real property tax assessments and higher than budgeted sales tax revenue. Fiscal year 2022 expenditure savings for the General Fund totaled $19.4 million, comprised of $3.0 million in personnel savings, $12.3 million in operating savings, and a return of School Board appropriations to the General Fund of $4.1 million. Of the $103.0 million fund balance, $0.3 million is nonspendable, $1.0 million is restricted, $0.5 million is committed, $60.8 million is assigned and $40.3 million is unassigned. As one measure of the General Fund's liquidity, it is useful to compare the total of the County's committed, assigned and unassigned fund balances to total fund revenues. At the end of fiscal year 2022, the General Fund's committed, assigned and unassigned fund balances of $101.7 million represents 34.0% of total General Fund revenues of $298.8 million. In addition, General Fund's unassigned fund balance totaled $40.3 million, up from $37.9 million at the end of fiscal year 2021, which represents 13.5% of total General Fund revenues in 2022 and 2021, continuing to exceed the 10% minimum set by the County's fund balance policy. The $14.6 million fiscal year 2022 increase in the General Fund's fund balance resulted from General Fund revenues of $298.8 million less expenditures of $246.0 million and net other financing sources and uses of $38.1 million, as shown on Exhibit 4 to the financial statements.

The fund balance in the County Improvements Fund (Exhibit 4) increased by $18.9 million to $64.2 million during fiscal year 2022. This increase is largely attributable to the County receiving $14.4 million in tax revenues from the Central Virginia Transportation Authority, a newly-created authority established by the Code of Virginia in 2020.

The fund balance in the School Improvements Fund (Exhibit 4) decreased by $4.3 million to $6.5 million during fiscal year 2022, primarily due to project spending that was funded by debt proceeds recognized as revenue in fiscal year 2021. The fund balance in the Debt Service Fund (Exhibit 4) increased by $0.17 million to $0.80 million fiscal year 2022. The Debt Service Fund recognized investment income from unspent bond proceeds and savings from interest on debt and fiscal charges, contributing to this increase in fund balance.

Proprietary funds: The County's proprietary funds financial statements provide the same type of information presented in the business-type activities on the government-wide financial statements, as their basis of accounting is the same, but in more detail. Factors relating to the financial position and results of operations of the County's Public Utilities System and Airport have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

General Fund budget amendments resulted in an increase of $8.3 million, or 3.3% between the originally-adopted fiscal year 2022 budget appropriation for expenditures and transfers out and the final budget, with $2.2 million of the increase resulting from reappropriation of fiscal year 2021 budget commitments for completion of ongoing projects in fiscal year 2022. Encumbered balances account for 62.9% of the total reappropriation.

Capital Assets and Debt Administration

Capital assets: The County's investment in capital assets as of June 30, 2022, totals $474.1 million, net of accumulated depreciation. This represents an increase of $2.3 million, or 0.5% more than fiscal year 2021. Capital assets, net of accumulated depreciation, are illustrated in the following table:

	($ in millions)			
	Governmental Activities	Business-type Activities	Totals at June 30	
			2022	2021
Land	$ 9.9	11.9	21.8	21.1
Intangible assets	4.8	31.9	36.7	36.4
Buildings	120.1	41.3	161.4	168.2
Improvements other than buildings	20.9	136.2	157.1	159.8
Machinery and equipment	37.9	12.0	49.9	53.7
Infrastructure	18.6	-	18.6	16.1
Right to use assets	1.9	-	1.9	-
Construction in progress	10.1	16.6	26.7	16.5
Total	$ 224.2	249.9	474.1	471.8

Major capital asset activity during fiscal year 2022 included the following:

- The costs of completed water and wastewater infrastructure projects reported in the Public Utilities Fund totaling $1.3 million, funded by water and sewer user fees and capacity fees.
- Developers' contributions of water and wastewater lines totaled $3.7 million.
- The costs of public safety improvements totaling $3.1 million, including ambulances, equipment upgrades, and station alerting systems, funded by general revenues.

- The costs of school facility improvements and equipment acquisition by the School Component Unit totaled $8.5 million.

Additional information on the County's capital assets and capital commitments can be found in notes IV.C and V.C to the financial statements.

Long-term debt: In the Commonwealth of Virginia, there is no State statute limiting the amount of general obligation debt a County may issue. However, with limited exceptions as described under General Obligation Bonds in Note IV.E to the accompanying financial statements, general obligation bonded indebtedness must be approved by voter referendum prior to issuance. In addition, the County's Board of Supervisors and revenue bond covenants have established limits and coverage requirements with respect to long-term debt, and the County is in compliance with all debt policy limits and debt coverage requirements at June 30, 2022.

The following table illustrates the County's outstanding debt at June 30, 2022:

	($ in millions)		
	Governmental Activities	Business-type Activities	Total
General obligation bonds	$ 64.2	-	64.2
Revenue bonds	-	7.7	7.7
Infrastructure and state moral obligation bonds	56.5	-	56.5
Support agreement	1.2	0.1	1.3
Notes payable	2.2	-	2.2
Total	$ 124.1	7.8	131.9

Additional information on the County's long-term debt can be found under *Financial Highlights* on the first page of this Management's Discussion and Analysis and in Note IV.E to the financial statements.

Economic Factors and Next Year's Budgets and Rates

During fiscal year 2022, Hanover County experienced positive trends in its economic indicators. The County's revenues continue to slowly grow primarily due to higher real property assessed valuations. Total value of taxable property increased 4.4% in calendar year 2021 and 8.0% in calendar year 2022. Throughout fiscal year 2022, the County's unemployment rate continued to decrease, following a downturn in March 2020 attributable to the COVID-19 outbreak. In June 2022, the County's unemployment rate was 2.5%, which remains favorable in comparison to the Commonwealth's average unemployment rate of 2.9% and the national average rate of 3.8%.

Fiscal year 2022 showed positive revenue returns compared to budget. The County anticipates continued economic recovery from the pandemic, as is reflected in the fiscal 2023 budget. Real estate taxes and personal property taxes are budgeted to increase 6.2% and 12.3%, respectively from the 2022 to the 2023 budget. Including the use of $14.8 million of prior year fund balance, the County's adopted fiscal year 2023 General Fund budget was set at $321.6 million, an increase of $31.8 million or 11.0% in comparison to the fiscal year 2022 total of $289.8 million. The County closely monitors and forecasts its revenues on a continual basis, and incorporates any significant changes in its current and subsequent fiscal year's budget plans in order to mitigate their impact and maintain the County's sound financial condition.

The County recognizes the value of properly illustrating year-end assignments of fund balance. Accordingly, at June 30, 2022 the County has assigned $14.8 million of fund balance in its General Fund to fund a portion of the fiscal year 2023 adopted General Fund budget. In this manner, the County is able to utilize and reinvest all or portions of positive budget-to-actual variances at the end of the current fiscal year as a source of funding for the succeeding fiscal year's budget, while also meeting the County's fund balance policy and assigning amounts as deemed necessary to meet future needs. Accordingly, the County has assigned \$10.7 million to fund future school budgets, \$22.3 million to fund capital projects, \$5.0 million for economic stability reserves, and \$8.0 million to fund other specific purposes. All commitments and assignments of fund balance are illustrated in Note V.B to the accompanying financial statements.

County general property tax rates remained unchanged for calendar year 2022. In fiscal year 2022, Public Utilities' water and sewer user fees increased by 3% for water and 5% for sewer.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the County's financial condition and operations. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the Director of Finance and Management Services, County of Hanover, P.O. Box 470, Hanover, VA 23069.

BASIC FINANCIAL STATEMENTS

COUNTY OF HANOVER, VIRGINIA **Exhibit 1**

Statement of Net Position

June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Current Assets:					
Pooled cash, cash equivalents and investments	$ 206,264,636	42,912,354	249,176,990	17,009,159	118,056
Receivables (net of allowance for uncollectibles)	111,184,101	13,647,701	124,831,802	12,775,993	-
Prepaid expenses	1,932,705	-	1,932,705	2,397	-
Support agreement receivable	-	-	-	-	190,000
Advances to other activities	893,421	-	893,421	-	-
Inventories	341,221	-	341,221	395,264	-
Total current assets	320,616,084	56,560,055	377,176,139	30,182,813	308,056
Noncurrent Assets:					
Pooled cash, cash equivalents and investments - restricted	10,137,690	4,518,022	14,655,712	-	-
Support agreement receivable	-	-	-	-	1,100,000
Net pension asset - restricted	5,621,381	404,970	6,026,351	6,961,428	-
Net other postemployment benefits asset - restricted	938,743	67,628	1,006,371	1,939,149	-
Capital assets (net of accumulated depreciation and amortization):					
Land	9,850,563	11,905,122	21,755,685	7,400,682	-
Intangible assets	4,787,734	31,930,714	36,718,448	-	-
Buildings	120,085,268	41,311,199	161,396,467	72,206,411	-
Improvements other than buildings	20,884,723	136,245,805	157,130,528	25,944,192	-
Machinery and equipment	37,888,279	11,957,611	49,845,890	9,418,516	-
Infrastructure	18,659,339	-	18,659,339	-	-
Right to use assets	1,892,947	9,965	1,902,912	586,722	-
Construction in progress	10,129,079	16,578,252	26,707,331	3,830,575	-
Total capital assets, net	224,177,932	249,938,668	474,116,600	119,387,098	-
Total noncurrent assets	240,875,746	254,929,288	495,805,034	128,287,675	1,100,000
Total assets	561,491,830	311,489,343	872,981,173	158,470,488	1,408,056
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	967,384	475,320	1,442,704	-	-
Deferred outflows relating to pension	20,916,012	1,506,814	22,422,826	34,827,907	-
Deferred outflows relating to other postemployment benefits	1,221,866	88,025	1,309,891	3,663,576	-
Total deferred outflows of resources	23,105,262	2,070,159	25,175,421	38,491,483	-

The accompanying notes to the financial statements are an integral part of the financial statements. (Continued)

Statement of Net Position

June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
LIABILITIES					
Current Liabilities:					
Accounts payable	7,335,308	2,358,413	9,693,721	1,935,011	-
Incurred but not reported self-insurance claims	1,865,770	-	1,865,770	-	-
Accrued liabilities	9,839,811	1,188,359	11,028,170	18,101,235	-
Advances from other activities	-	893,421	893,421	-	-
Accrued bond interest	1,950,044	123,877	2,073,921	-	-
Unearned revenues	21,068,742	35,400	21,104,142	294,035	-
Current portion of bonds payable	11,613,139	1,687,970	13,301,109	-	190,000
Current portion of notes payable	939,113	-	939,113	-	-
Current portion of lease obligations	211,236	3,824	215,060	347,509	-
Current portion of compensated absences	8,433,768	579,400	9,013,168	5,783,321	-
Current portion of liaibility for landfill closure and postclosure costs	46,764	-	46,764	-	-
Current portion of support agreement	127,979	65,000	192,979	-	-
Total current liabilities	63,431,674	6,935,664	70,367,338	26,461,111	190,000
Noncurrent Liabilities:					
Bonds payable	120,003,455	9,775,061	129,778,516	-	1,100,000
Notes payable	1,211,767	-	1,211,767	-	-
Lease obligations	1,748,188	6,335	1,754,523	265,052	-
Compensated absences	2,288,735	286,403	2,575,138	264,443	-
Deposits	-	507,778	507,778	-	-
Capacity fee credits	-	99,210	99,210	-	-
Liability for landfill closure and postclosure costs	1,438,209	-	1,438,209	-	-
Support agreement	1,055,853	65,000	1,120,853	-	-
Net pension liability	-	-	-	92,729,422	-
Net other postemployment benefits liability	4,239,061	305,387	4,544,448	22,029,175	-
Total noncurrent liabilities	131,985,268	11,045,174	143,030,442	115,288,092	1,100,000
Total liabilities	195,416,942	17,980,838	213,397,780	141,749,203	1,290,000
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	73,983,403	19,259	74,002,662	-	-
Deferred inflows related to leases	8,378,811	6,561,652	14,940,463	-	
Deferred inflows relating to pension	37,232,025	2,682,239	39,914,264	75,929,984	-
Deferred inflows relating to other postemployement benefits	2,121,290	152,821	2,274,111	5,101,877	-
Total deferred inflows of resources	121,715,529	9,415,971	131,131,500	81,031,861	-
NET POSITION					
Net investment in capital assets	98,372,276	238,711,588	337,083,864	119,387,098	-
Restricted for:					
Grant programs	1,003,815	-	1,003,815	277,200	-
Capital projects	34,359,020	-	34,359,020	-	-
Debt covenants	-	4,580,983	4,580,983	-	-
Pension	5,621,381	404,970	6,026,351	6,961,428	-
Other postemployment benefits	938,743	67,628	1,006,371	1,939,149	-
Unrestricted (deficit)	127,169,386	42,397,524	169,566,910	(154,383,968)	118,056
Total net position	$ 267,464,621	286,162,693	553,627,314	(25,819,093)	118,056

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

COUNTY OF HANOVER, VIRGINIA

Exhibit 2

Statement of Activities

For the Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets				
					Primary Government			Component Units	
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:									
Governmental activities:									
General governmental administration	$ 20,206,436	2,789,177	713,336	-	(16,703,923)	-	(16,703,923)	-	-
Judicial administration	8,237,142	912,416	1,891,361	-	(5,433,365)	-	(5,433,365)	-	-
Public safety	74,214,530	8,432,176	6,543,763	-	(59,238,591)	-	(59,238,591)	-	-
Public works	13,282,508	2,479,498	24,682	18,260,990	7,482,662	-	7,482,662	-	-
Human services	28,152,179	3,743,972	13,129,264	-	(11,278,943)	-	(11,278,943)	-	-
Parks, recreation and cultural	6,835,545	267,644	39,131	150,000	(6,378,770)	-	(6,378,770)	-	-
Community development	6,490,492	1,718,429	120,000	-	(4,652,063)	-	(4,652,063)	-	-
Education	109,318,093	-	-	-	(109,318,093)	-	(109,318,093)	-	-
Interest on long-term debt	4,654,246	-	-	-	(4,654,246)	-	(4,654,246)	-	-
Total governmental activities	271,391,171	20,343,312	22,461,537	18,410,990	(210,175,332)	-	(210,175,332)	-	-
Business-type activities:									
Public Utilities	30,033,599	35,905,086	499,371	3,725,101	-	10,095,959	10,095,959	-	-
Airport	1,090,344	653,989	32,337	2,046,847	-	1,642,829	1,642,829	-	-
Total business-type activities	31,123,943	36,559,075	531,708	5,771,948	-	11,738,788	11,738,788	-	-
Total Primary Government	$ 302,515,114	56,902,387	22,993,245	24,182,938	(210,175,332)	11,738,788	(198,436,544)	-	-
Component Units:									
School Board	$ 195,159,904	6,193,755	122,148,880	-	-	-	-	(66,817,269)	-
Economic Development Authority	90,906	96,621	-	-	-	-	-	-	5,715
Total component units	$ 195,250,810	6,290,376	122,148,880	-	-	-	-	(66,817,269)	5,715
General revenues:									
Taxes:									
General property taxes					197,107,865	-	197,107,865	-	-
Sales taxes					31,386,268	-	31,386,268	-	-
Utility taxes					5,643,223	-	5,643,223	-	-
Recordation taxes					3,570,398	-	3,570,398	-	-
Other					4,220,016	-	4,220,016	-	-
Noncategorical State aid					15,582,768	-	15,582,768	-	-
Grants and contributions not restricted to specific programs					6,154,359	-	6,154,359	348,412	-
Payment from Hanover County					-	-	-	93,874,859	-
Unrestricted investment earnings					(1,559,198)	(530,144)	(2,089,342)	(8,066)	-
Transfers					(113,967)	113,967	-	-	-
Total general revenues and transfers					261,991,732	(416,177)	261,575,555	94,215,205	-
Change in net position					51,816,400	11,322,611	63,139,011	27,397,936	5,715
Total net position - beginning					215,648,221	274,840,082	490,488,303	(53,217,029)	112,341
Total net position - ending					$ 267,464,621	286,162,693	553,627,314	(25,819,093)	118,056

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 3**

Governmental Funds

Balance Sheet

June 30, 2022

		Capital Funds			Total
	General	County Improvements	School Improvements	Debt Service	Governmental Funds
ASSETS					
Pooled cash, cash equivalents and investments	$ 123,814,699	51,814,279	1,939,841	801,817	178,370,636
Receivables (net of allowances for uncollectibles)	98,772,087	5,510,155	3,360,639	-	107,642,881
Advances to other funds	893,421	-	-	-	893,421
Prepaid expenditures	-	1,932,705	-	-	1,932,705
Inventories	341,221	-	-	-	341,221
Pooled cash, cash equivalents and investments - restricted	-	7,750,360	2,387,330	-	10,137,690
Total assets	$ 223,821,428	67,007,499	7,687,810	801,817	299,318,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 3,875,848	2,303,356	1,050,622	-	7,229,826
Accrued liabilities	9,074,065	546,891	93,244	-	9,714,200
Unearned revenues	20,269,550	-	-	-	20,269,550
Total liabilities	33,219,463	2,850,247	1,143,866	-	37,213,576
Deferred Inflows of Resources:					
Deferred revenues	79,224,403	-	-	-	79,224,403
Deferred inflows related to leases	8,378,811	-	-	-	8,378,811
Total deferred inflows	87,603,214	-	-	-	79,224,403
Fund Balances:					
Nonspendable	341,221	1,932,705	-	-	2,273,926
Restricted	1,003,815	41,742,205	2,754,507	-	45,500,527
Committed	500,000	-	-	-	500,000
Assigned	60,820,138	20,482,342	3,789,437	801,817	85,893,734
Unassigned	40,333,577	-	-	-	40,333,577
Total fund balances	102,998,751	64,157,252	6,543,944	801,817	174,501,764
Total liabilities, deferred inflows of resources and fund balances	$ 223,821,428	67,007,499	7,687,810	801,817	290,939,743

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		$ 222,284,985
Right to use assets in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,892,947
Receivables on the Statement of Net Position that do not provide current financial resources are not reported in the funds.		6,302,686
The Self-Insurance Fund is an Internal Service Fund used by management to charge the costs of health insurance to individual funds. The assets and liabilities of the Self-Insurance Fund are included in governmental activities in the Statement of Net Position.		27,477,479
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.		(151,068,250)
Deferred loss on refunding does not provide current finanial resources and, therefore, is not reported in the funds.		967,384
GAAP require the recognition of net pension asset and deferred flows of resources related to pensions. These amounts do not use current financial resources and are not reported in the funds.		
Net pension asset	5,621,381	
Pension investment experience	77,845	
Difference between expected and actual experience	(34,312,597)	
Pension contributions after measurement date	6,871,878	
Change in assumptions	11,046,861	
		(10,694,632)
GAAP require the recongnition of net other postemployment benefits asset, net other postemployment benefits liabilities, and deferred flows of resources related to other postemployment benefits. These amounts do not use current financial resources and are not reported in the funds.		
Net other postemployment benefits asset	938,743	
Net other postemployment benefits liability	(4,239,061)	
OPEB investment experience	(1,034,161)	
Difference between expected and actual experience	(74,597)	
GLI and HIC contributions after measurement date	450,102	
Change in assumptions	(252,495)	
Change in proportion	11,727	
		(4,199,742)
Total net position of governmental activities		$ 267,464,621

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

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

	General	County Improvements	School Improvements	Debt Service	Total Governmental Funds
REVENUES					
Revenue from local sources:					
General property taxes	$ 196,221,864	-	-	-	196,221,864
Other local taxes	44,819,904	14,429,399	-	-	59,249,303
Permits, privilege fees and regulatory licenses	4,026,979	-	-	-	4,026,979
Fines and forfeitures	735,721	-	-	-	735,721
Revenues from use of money and property	(790,954)	-	-	61,870	(729,084)
Charges for services	9,309,589	1,601,841	-	-	10,911,430
Miscellaneous	1,458,310	172,503	-	26,861	1,657,674
Recovered costs	4,404,375	1,845	-	-	4,406,220
Revenue from the Commonwealth	32,247,744	913,114	-	-	33,160,858
Revenue from the Federal government	6,333,703	1,591,450	4,189,310	-	12,114,463
Total revenues	298,767,235	18,710,152	4,189,310	88,731	321,755,428
EXPENDITURES					
General governmental administration	18,434,372	1,742,740	-	-	20,177,112
Judicial administration	7,636,770	702,564	-	-	8,339,334
Public safety	71,921,079	5,634,400	-	-	77,555,479
Public works	12,115,999	7,926,812	-	-	20,042,811
Human services	29,222,176	7,400.00	-	-	29,229,576
Parks, recreation and cultural	6,422,913	99,890	-	-	6,522,803
Community development	6,416,093	1,345.00	-	-	6,417,438
Education	93,874,859	-	11,445,036	-	105,319,895
Debt service:					
Principal retirement	-	-	-	12,850,752	12,850,752
Interest and fiscal charges	-	-	-	5,864,651	5,864,651
Total expenditures	246,044,261	16,115,151	11,445,036	18,715,403	292,319,851
Excess (deficiency) of revenues over (under) expenditures	52,722,974	2,595,001	(7,255,726)	(18,626,672)	29,435,577
OTHER FINANCING SOURCES (USES)					
Transfers in	135,846	16,415,423	3,000,000	18,792,770	38,344,039
Transfers out	(38,322,160)	(135,846)	-	-	(38,458,006)
Lease financing	106,428	-	-	-	106,428
Total other financing sources (uses), net	(38,079,886)	16,279,577	3,000,000	18,792,770	(7,539)
Net change in fund balances	14,643,088	18,874,578	(4,255,726)	166,098	29,428,038
Total fund balances - beginning	88,355,663	45,282,674	10,799,670	635,719	145,073,726
Total fund balances - ending	$ 102,998,751	64,157,252	6,543,944	801,817	174,501,764

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 5**

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

Net change in fund balance - total governmental funds	$	29,428,038
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 and amortization expense.		
Capital Outlays		18,025,619
Depreciation and amortization expense		(18,828,239)
Tenancy in Common (see note IV. C.) - Under Virginia law, the County has a tenancy in common for School Board Component Unit capital assets for which the County is obligated to repay outstanding "on-behalf" bonds. Under the tenancy in common, the County reports the net book value of School Component Unit capital assets in the amount of the outstanding principal balance of "on-behalf" bonds at year end, net of unspent bond proceeds. This amount is the decrease in the net book value of School Board Component Unit capital assets reported by the County for the fiscal year, which resulted primarily from a decrease in school construction activity during the fiscal year, and results in a decrease in net position reported by the County (Primary Government) on the Statement of Activities.		(1,262,470)
Lease obligations are reported on the government-wide statement of net position and are not reported in the funds. As the governmentatl funds make rental payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the lease term.		
Principal payments on leases		195,131
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds (e.g., tax receivable accrual).		1,566,103
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.		
Repayment of Debt Principal		12,850,752
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.		1,121,167
Pension contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. Pension expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net pension liability and deferred inflows and outflows relating to pension.		3,904,350
Other postemployment benefits (OPEB) contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. OPEB expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net OPEB asset, net OPEB liability, and deferred inflows and outflows related to OPEB.		716,686
An internal service fund is used by management to charge the costs of self-insurance to individual funds. The change in internal service fund net position is reported with governmental activities.		4,099,263
Change in net position of governmental activities	$	51,816,400

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 6**

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final	Budget Basis	(Negative)
REVENUES				
Revenue from local sources:				
General property taxes	$ 184,158,273	184,158,273	196,221,864	12,063,591
Other local taxes	38,027,000	38,677,000	44,819,904	6,142,904
Permits, privilege fees and regulatory licenses	2,300,000	2,350,000	4,026,979	1,676,979
Fines and forfeitures	892,010	892,010	735,721	(156,289)
Revenues from use of money and property	945,416	927,916	(790,954)	(1,718,870)
Charges for services	8,105,700	8,657,645	9,309,589	651,944
Miscellaneous	1,189,250	1,009,709	1,458,310	448,601
Recovered costs	4,187,963	4,374,789	4,404,375	29,586
Revenue from the Commonwealth	31,465,410	32,497,076	32,247,744	(249,332)
Revenue from the Federal government	4,479,165	10,876,668	6,333,703	(4,542,965)
Total revenues	275,750,187	284,421,086	298,767,235	14,346,149
EXPENDITURES				
General governmental administration	18,055,161	19,247,604	18,542,280	705,324
Judicial administration	7,702,313	7,998,596	7,651,328	347,268
Public safety	71,225,710	75,150,007	72,900,204	2,249,803
Public works	12,696,094	12,973,563	12,744,125	229,438
Human services	29,769,780	32,024,223	29,251,924	2,772,299
Parks, recreation and cultural	7,057,932	7,181,807	6,507,670	674,137
Community development	5,965,610	6,861,230	6,617,328	243,902
Education	98,021,000	98,021,000	93,874,859	4,146,141
Nondepartmental	2,402,040	5,862,136	-	5,862,136
Total expenditures - budgetary basis	252,895,640	265,320,166	248,089,718	17,230,448
Less encumbrances at June 30, 2022	-	-	(2,045,457)	2,045,457
Total expenditures	252,895,640	265,320,166	246,044,261	19,275,905
Excess of revenues over expenditures	22,854,547	19,100,920	52,722,974	33,622,054
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfers in	-	135,846	135,846	-
Transfers out	(36,949,897)	(38,322,160)	(38,322,160)	-
Lease financing	-	-	106,428	106,428
Total other financing uses, net	(36,949,897)	(38,186,314)	(38,079,886)	106,428
Net change in fund balance	(14,095,350)	(19,085,394)	14,643,088	33,728,482
Fund balances - beginning	14,095,350	88,355,663	88,355,663	-
Fund balances - ending	$ -	69,270,269	102,998,751	33,728,482

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

Proprietary Funds
Statement of Net Position
June 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
ASSETS				
Current Assets:				
Pooled cash, cash equivalents and investments	$ 42,912,354	-	42,912,354	27,894,001
Receivables (net of allowances for uncollectibles)	5,396,758	8,250,943	13,647,701	2,583,260
Total current assets	48,309,112	8,250,943	56,560,055	30,477,261
Noncurrent Assets:				
Pooled cash, cash equivalents and investments - restricted	4,482,622	35,400	4,518,022	-
Net pension asset - restricted	397,739	7,231	404,970	-
Net other postemployment benefits asset - restricted	66,420	1,208	67,628	-
Capital assets:				
Land	6,452,771	5,452,351	11,905,122	-
Intangible assets	53,845,797	-	53,845,797	-
Buildings and system	79,382,708	8,778,151	88,160,859	-
Improvements other than buildings	254,895,977	17,587,505	272,483,482	-
Machinery and equipment	26,719,555	150,703	26,870,258	-
Right to use assets	13,816	-	13,816	-
Construction in progress	16,397,999	180,253	16,578,252	-
Less accumulated depreciation and amortization	(210,465,484)	(9,453,434)	(219,918,918)	-
Total capital assets (net of accumulated depreciation and amortization)	227,243,139	22,695,529	249,938,668	-
Total noncurrent assets	232,189,920	22,739,368	254,929,288	-
Total assets	280,499,032	30,990,311	311,489,343	30,477,261
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	475,320	-	475,320	-
Deferred outflows relating to pension	1,479,907	26,907	1,506,814	-
Deferred outflows relating to other postemployment benefits	86,453	1,572	88,025	-
Total deferred outflows of resources	2,041,680	28,479	2,070,159	-
LIABILITIES				
Current Liabilities:				
Accounts payable	2,308,791	49,622	2,358,413	105,478
Incurred but not reported self-insurance claims	-	-	-	1,865,770
Accrued liabilities	1,069,948	118,411	1,188,359	125,611
Unearned revenues	-	35,400	35,400	-
Advances from other funds	-	893,421	893,421	-
Accrued bond interest	89,566	34,311	123,877	-
Advance premiums	-	-	-	902,923
Current portion of bonds payable	1,478,369	209,601	1,687,970	-
Current portion of lease obligations	3,824	-	3,824	-
Current portion of compensated absences	572,606	6,794	579,400	-
Current portion of support agreement	65,000	-	65,000	-
Total current liabilities	5,588,104	1,347,560	6,935,664	2,999,782
Noncurrent Liabilities:				
Bonds payable	7,120,622	2,654,439	9,775,061	-
Lease obligations	6,335	-	6,335	-
Compensated absences	286,115	288	286,403	-
Deposits	507,778	-	507,778	-
Capacity fee credits	99,210	-	99,210	-
Support agreement	65,000	-	65,000	-
Net other postemployment benefits liability	299,934	5,453	305,387	-
Total noncurrent liabilities	8,384,994	2,660,180	11,045,174	-
Total liabilities	13,973,098	4,007,740	17,980,838	2,999,782
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	19,259	-	19,259	-
Deferred inflows related to leases	-	6,561,652	6,561,652	-
Deferred inflows relating to pension	2,634,341	47,898	2,682,239	-
Deferred inflows relating to other postemployment benefits	150,092	2,729	152,821	-
Total deferred inflows of resources	2,803,692	6,612,279	9,415,971	-
NET POSITION				
Net investment in capital assets	218,880,099	19,831,489	238,711,588	-
Restricted for debt covenants	4,482,621	98,362	4,580,983	-
Restricted for pension	397,739	7,231	404,970	-
Restricted for other postemployment benefits	66,420	1,208	67,628	-
Unrestricted	41,937,043	460,481	42,397,524	27,477,479
Total net position	$ 265,763,922	20,398,771	286,162,693	27,477,479

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 8**

Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
OPERATING REVENUES				
Revenue from use of money and property	$ -	653,980	653,980	-
Charges for services	27,984,107	-	27,984,107	46,896,594
Capacity fees	666,893	-	666,893	-
Recovered costs	-	-	-	182,143
Miscellaneous	230,692	9	230,701	-
Categorical federal aid	499,371	23,000	522,371	-
Categorical state aid	-	9,337	9,337	-
Total operating revenues	29,381,063	686,326	30,067,389	47,078,737
OPERATING EXPENSES				
Personnel services	5,323,937	95,944	5,419,881	62,500
Fringe benefits	1,655,961	21,003	1,676,964	21,816
Health care claims and benefits	-	-	-	42,113,954
Contractual services	6,849,637	48,228	6,897,865	52,587
Internal services	1,638,000	-	1,638,000	-
Other charges	3,333,172	34,365	3,367,537	433,843
Depreciation and amortization	10,941,529	808,757	11,750,286	-
Total operating expenses	29,742,236	1,008,297	30,750,533	42,684,700
Operating income (loss)	(361,173)	(321,971)	(683,144)	4,394,037
NONOPERATING REVENUES (EXPENSES)				
Nonoperating revenues:				
Capacity fees - nonoperating	7,023,394	-	7,023,394	-
Interest income less loss of market value	(530,144)	-	(530,144)	(294,774)
Total nonoperating revenues (expenses)	6,493,250	-	6,493,250	(294,774)
Nonoperating expenses:				
Interest expense and fiscal charges	291,363	82,047	373,410	-
Total nonoperating expenses	291,363	82,047	373,410	-
Net nonoperating revenues (expenses)	6,201,887	(82,047)	6,119,840	(294,774)
Income (loss) before capital contributions and transfers	5,840,714	(404,018)	5,436,696	4,099,263
Capital contributions	3,725,101	2,046,847	5,771,948	-
Transfers in	-	113,967	113,967	-
Change in fund net position	9,565,815	1,756,796	11,322,611	4,099,263
Total fund net position - beginning	256,198,107	18,641,975	274,840,082	23,378,216
Total fund net position - ending	$ 265,763,922	20,398,771	286,162,693	27,477,479

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 9**

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Public Utilities	Airport	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 29,081,632	435,735	29,517,367	-
Receipts from interfund services provided	-	-	-	46,821,685
Receipts from Federal/state operating grants	(286,540)	32,337	(254,203)	-
Miscellaneous receipts	-	9	9	-
Payments to suppliers and service providers	(13,523,565)	(83,983)	(13,607,548)	(52,587)
Payments to employees	(5,303,941)	(140,890)	(5,444,831)	(84,317)
Claims and benefits paid	-	-	-	(42,482,308)
Net cash provided by operating activities	9,967,586	243,208	10,210,794	4,202,473
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	113,967	113,967	-
Advance from other funds	-	700,552	700,552	-
Net cash provided by noncapital financing activities	-	814,519	814,519	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Intergovernmental revenue received - capital grants	-	1,742,295	1,742,295	-
Capacity fees received	6,530,766	-	6,530,766	-
Acquisition and construction of capital assets	(8,028,649)	(2,510,782)	(10,539,431)	-
Principal payments on revenue bonds and support agreement debt	(1,316,831)	(205,148)	(1,521,979)	-
Interest payments on revenue bonds	(400,199)	(84,092)	(484,291)	-
Principal payments on leases	(3,657)	-	(3,657)	-
Interest payments on leases	(491)	-	(491)	-
Net cash used in capital and related financing activities	(3,219,061)	(1,057,727)	(4,276,788)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment expenses	(530,144)	-	(530,144)	(294,774)
Net cash used in investing activities	(530,144)	-	(530,144)	(294,774)
Net increase (decrease) in cash and cash equivalents	6,218,381	-	6,218,381	3,907,699
Pooled cash, cash equivalents and investments at beginning of year	41,176,595	35,400	41,211,995	23,986,302
Pooled cash, cash equivalents and investments at end of year	$ 47,394,976	35,400	47,430,376	27,894,001
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	$ (361,173)	(321,971)	(683,144)	4,394,037
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization expense	10,941,529	808,757	11,750,286	-
Pension expense	(291,669)	(6,454)	(298,123)	-
Other postemployment benefits expense	(55,901)	(1,404)	(57,305)	-
(Increase) decrease in:				
Receivables	(217,864)	154,900	(62,964)	(216,534)
Increase (decrease) in:				
Customer deposits	(81,735)	-	(81,735)	-
Unearned income	(286,540)	-	(286,540)	-
Accounts payable	300,769	(1,389)	299,380	2,623
Incurred but not reported self-insurance claims	-	-	-	62,667
Accrued liabilities	(2,557)	(698)	(3,255)	200
Advance premiums	-	-	-	(40,520)
Compensated absences	22,558	(15,388)	7,170	-
Deferred revenues	169	(373,145)	(372,976)	-
Total adjustments	10,328,759	565,179	10,893,938	(191,564)
Net cash provided by operating activities	$ 9,967,586	243,208	10,210,794	4,202,473
Noncash investing, capital, and financing activities:				
Capital contributions	$ 3,725,101	2,046,847	5,771,948	-

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 10**

Statement of Fiduciary Net Position

June 30, 2022

		Retiree Medical Benefits Trust	Custodial Funds
ASSETS			
Pooled cash, cash equivalents and investments	$	-	5,818,271
Receivables		2,586	374,862
Investments, at fair value (mutual funds):			
Money market		452,795	-
Domestic equity		2,326,668	-
International equity		1,025,835	-
Fixed income		1,758,833	-
Other		725,918	-
Total assets		6,292,635	6,193,133
LIABILITIES			
Accounts payable		-	1,422,239
Accrued liabilities		-	30,900
Deposits		-	8,951
Total liabilities		-	1,462,090
DEFERRED INFLOWS OF RESOURCES			
Deferred revenues		-	374,862
Total deferred inflows of resources		-	374,862
FIDUCIARY NET POSITION			
Restricted for:			
Other postemployment benefits		6,292,635	-
Individuals, organizations and other governments		-	4,356,181
Total net position	$	6,292,635	4,356,181

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

COUNTY OF HANOVER, VIRGINIA **Exhibit 11**

Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2022

	Retiree Medical Benefits Trust	Custodial Funds
ADDITIONS		
Contributions:		
Plan members	$ 1,024,683	-
Total contributions	1,024,683	-
Investment earnings	(1,060,664)	-
Tax collections for other governments	-	6,534,073
Miscellaneous	-	88,161
Total additions	(35,981)	6,622,234
DEDUCTIONS		
Benefits paid to participants or beneficiaries	1,024,683	77,273
Administrative expense	-	5,000
Payments of tax collections to other governments	-	6,529,073
Total deductions	1,024,683	6,611,346
Net increase (decrease) in fiduciary net position	(1,060,664)	10,888
Net position		
Beginning	7,353,299	4,345,293
Ending	$ 6,292,635	4,356,181

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

I. Summary of significant accounting policies

A. Reporting entity

The County of Hanover, Virginia (the County) was established by an act of the Virginia General Assembly in 1720. It is a political subdivision of the Commonwealth of Virginia (the Commonwealth or State) operating under the board-administrator form of government. The Board of Supervisors (the Board) consists of a Chairman and six other Board members, each elected from the County's seven magisterial districts. The Board has responsibility for appointing the County Administrator. The County has taxing powers subject to statewide restrictions and tax limits. The accompanying financial statements present the County (the *Primary Government*) and its *component units*, entities for which the County is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the County. The County and its component units are together referred to herein as the *reporting entity.*

Discretely Presented Component Units

- **School Board:** The County provides education through its own public school system administered by the Hanover County School Board (the School Board or the Schools). The School Board has been classified as a discretely presented component unit in the financial reporting entity because it is legally separate, but financially dependent through appropriations. The Board of Supervisors administers the School Board's appropriation of funds at the category level, approves transfers between categories, authorizes school debt issuances and appoints School Board members. Financial statements of the School Board are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The School Board does not issue separate financial statements.

- **Economic Development Authority:** The Economic Development Authority of Hanover County, Virginia (the EDA) was established by ordinance of the Board pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, *Code of Virginia* (the Code) of 1950, as amended) so that such authorities may acquire, own, lease and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth. Included in the discretely presented component unit EDA are the activities of economic development services. The County appoints the seven board members of the EDA representing each of the seven magisterial districts of the County. By statute, the EDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates and the approval of prospective private activity bond issues. Financial statements of the EDA are included in a discretely presented component unit column and/or row of the government-wide financial statements, as well as in the supplementary information section. The EDA does not issue separate financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the Primary Government and its component units, exclusive of fiduciary activities. For the most part, the effect of interfund activity has been removed from these financial statements. *Governmental activities,* which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are 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. Revenues that are not properly classified as program revenues, including all taxes, are reported 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.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide, proprietary, 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 incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated uncollectible amounts, 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, including time requirements, if any, have been met. Employer contributions to the Retiree Medical Benefits Trust fiduciary fund (including cash contributions and actuarially estimated employer premium subsidies) and plan member contributions are recognized in the period in which the contributions and subsidies are due. Benefits are recognized when due and payable in accordance with the terms of the plan. Custodial funds are funds held by the County for the benefit of individuals, organizations or other governments not part of the financial reporting entity. Custodial funds use the economic resources measurement focus. In custodial fund financial statements, assets equal liabilities and fiduciary net position using the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized when susceptible to accrual, (i.e., as soon as they are both measurable and available). Revenues from intergovernmental reimbursement grants are recorded when earned. Other 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 County considers general property tax and other intergovernmental revenues to be available if they are collected within 31 days of the end of the current fiscal period, and are due on or before the last day of the current fiscal period. Sales taxes, which are collected by the State, are not intergovernmental revenues. They are subsequently remitted to the County and are recognized consistent with the State's recognition policy. Accordingly, County revenues and receivables include May and June sales tax received from the Commonwealth in July and August. School revenue and receivables include the May sales tax received from the Commonwealth in July and the non-accelerated June sales tax received in August. The June accelerated sales tax is recognized in the following fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Other items associated with the current fiscal period, including other local taxes, licenses, certain charges for services, interest associated with the current fiscal period and direct Federal interest subsidies on bonded indebtedness for which applications have been timely submitted are all considered to be susceptible to accrual and so are recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available and are recorded as revenues when cash is received.

The County reports four major governmental funds. The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The *County Improvements Fund* accounts for the resources to be used for the acquisition or construction of major governmental capital facilities and equipment. The *School Improvements Fund* accounts for the resources to be used for the acquisition or construction of major capital facilities and equipment used for school operations. Capital assets are transferred to the School Component Unit, except those financed by County obligations, which are reported by the Primary Government up to the amount of outstanding obligation. The *Debt Service Fund* accounts for the resources to be used for County and School Board obligations for the payment of interest and principal on long-term debt.

The County has two proprietary funds. The *Public Utilities Fund*, a major fund, accounts for the activities and operations of the County's wastewater treatment and water distribution. The *Airport Fund,* a major fund, accounts for the activities and operations of the County's airport.

Additionally, the County reports the following fund categories:

> *Internal service fund* accounts for self-insurance activities of the County related to employee health insurance, including clinic operations and wellness initiatives.
>
> *Fiduciary funds* consist of the *Retiree Medical Benefits Trust Fund* and *Custodial Funds*. The custodial funds include the *Bell Creek Community Development Authority Fund*, *the Lewistown Community Development Authority Fund,* and the *Escrow, Special Welfare, and Commonwealth* funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's public utilities function and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the County's internal service funds are charges to customers for sales and services and internal charges, respectively. The Public Utilities Fund also recognizes as operating revenue the portion of capacity fees intended to recover the cost of connecting new customers to the utilities system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The County and its component units follow the practice of pooling cash and investments of all funds with the County Treasurer, except for certain restricted cash and investments held by outside custodians in order to comply with the provisions of bond indentures and the investments of the Retiree Medical Benefits Trust (Trust) held by the Trust's Finance Board. Investments are reported at fair value, based on quoted market prices at year end. As of June 30, 2022, the pooled cash and investments have been allocated between the County and the respective component units and Trust based upon their respective ownership percentages. Investment earnings are allocated to the participating funds and component units based upon their respective average monthly equity balances in the pooled account. Cash, cash equivalents and investments – restricted represent unspent bond proceeds for capital projects and, when applicable, accumulated interest thereon, as well as amounts set aside for bond debt service or to comply with other debt covenants. For purposes of the Statement of Cash Flows, the amounts reported as cash and cash equivalents for the proprietary fund types represent amounts maintained in the reporting entity's investment pool, as they are considered to be demand deposits for the purpose of complying with accounting principles generally accepted in the United States of America (GAAP).

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the County's governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable and property tax receivables are shown net of an allowance for uncollectibles. The accounts receivable allowance for uncollectibles is calculated utilizing a percentage of aged receivables method. The property tax receivable allowance is calculated consistent with criteria established by the Auditor of Public Accounts of the Commonwealth of Virginia (APA), which uses historical collection data, specific account analysis and management's judgment.

The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute. The real estate in the County is assessed each year as of January 1 on the estimated market value of the property. On January 1, the real estate taxes become an enforceable lien on the property. For real estate assessed on January 1, payment is due in two equal installments on June 5 and October 5. The real estate taxes reported as revenue are the second installment (October 5) of the levy on assessed value at January 1, 2021, and the first installment (June 5) of the levy on assessed value at January 1, 2022.

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to settling the current tax rate. The tax rate is set by the County Board in March or April and is applied to the assessed value as of January 1 of the calendar year. The assessed value of all classes of property approximates market value. January 1 is also the date an enforceable legal claim to the asset applies.

Installments due on June 5, 2022, are levied for fiscal year 2022 and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on October 5, 2022 are levied for fiscal year 2023, and therefore, are unearned and reported as deferred inflows of resources.

The County levies personal property taxes on motor vehicles, boats, mobile homes, aircraft and tangible business property. Personal property tax levies are based on the estimated fair market value as of January 1, with payment due on February 5 of the following year. On January 1, personal property taxes become an enforceable lien on the property. The tax on a vehicle may be prorated for the length of time the vehicle has situs (the place where the vehicle is usually kept) in the County.

Past due general property taxes in excess of the established allowance for uncollectibles are reported as deferred inflows in the governmental funds' financial statements if not collected within 31 days of the end of the current fiscal year.

The 1998 Virginia General Assembly enacted legislation providing property tax relief to citizens. The Personal Property Tax Relief Act (PPTRA) was intended to be phased in over five years on the first $20,000 of value for motor vehicles not used for business purposes. In 2005 the General Assembly capped PPTRA relief at $950 million statewide beginning with the 2006 tax year. Hanover receives a total of $15,002,000 in four payments annually. County 2021 tax bills, payable in fiscal year 2022, included a forty-three percent reduction on the first $20,000 in value for qualifying vehicles. PPTRA payments received from the Commonwealth of Virginia are classified as noncategorical State aid in the General Fund.

3. Inventories
All County inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories of the County's discretely presented School Board Component Unit are valued at cost using the FIFO method.

4. Restricted assets
In accordance with applicable bond covenants, governmental and business-type activities report restricted cash, cash equivalents and investments at June 30, 2022 of $14,655,712, which consists of unspent bond proceeds of $10,137,690 restricted for capital projects in the School and County Improvements Funds. Business-type activities report restricted cash, cash equivalents and investments of $4,518,021 maintained as reserves required by water and sewer revenue bond covenants.

5. Capital assets
Capital assets, which include property, plant, equipment, and infrastructure, and intangible capital assets, which consist of drainage, storm water and access easements, and right-to-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

The County defines tangible capital assets as items with an initial, individual cost of more than $5,000 and an estimated useful life of at least five years, and intangible capital assets such as easements with an initial cost or estimated fair market value of more than $25,000. Intangible assets are considered to have indefinite useful lives if there are no factors which limit their useful lives. Tangible capital assets are recorded at actual or estimated historical cost if purchased or constructed. Donated capital assets, whether tangible or intangible, are recorded at acquisition value at the date of donation. Purchased intangible capital assets are recorded at the purchase price or at estimated fair market value at the date acquired. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed or purchased.

Capital assets of the Primary Government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives. Land and intangible assets with indefinite useful lives are not depreciated or amortized.

The estimated useful lives of capital assets are as follows:

Assets	Years
Buildings	40
Building improvements	20
Infrastructure	30
Durable Equipment	20
Vehicles, trucks, fire trucks	5-15
Right-to-Use leases	3-30
School Buses	12
Heavy Equipment	10
Office equipment	5
Computer equipment	5

6. Compensated absences

It is the County's policy to permit eligible employees to accumulate earned but unused vacation, compensatory time and sick pay benefits, subject to certain limitations. A liability for unused vacation pay and compensatory time is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion of the liability is estimated based on historical leave usage. A liability for those amounts is reported in governmental funds only to the extent the liability has matured: for example, as a result of employee resignations or retirements. Sick leave is accrued under the vesting method, which estimates the expected eligibility of all employees to receive termination payments.

7. Long-term obligations

In the government-wide and proprietary fund statements of net position, long-term debt, net pension, other postemployment benefits (OPEB) liability, and other long-term obligations are reported as liabilities.

In the governmental funds' financial statements, proceeds from long-term debt including bond premiums and discounts are reported in the Statement of Revenues, Expenditures and Changes in Fund Balances during the current period. The face amount of general long-term and other debt issued is reported as other financing sources, while premiums received on debt issuances are reported as separate other financing sources, and discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

For purposes of measuring the net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement plan for the County and the School Board Component Unit, and the additions to and deductions from the net fiduciary position of the County and the School Board Component Unit 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.

8. Net position / Fund balances

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through State statute. In the fiduciary fund financial statements, net position of the Retiree Medical Benefits Trust Fund is held by the trust for payment of retiree health benefits, and is reported as net position held in trust for other postemployment benefits. Net position in custodial funds is reported as net position restricted for individuals, organizations and other governments.

Fund balances in governmental funds are classified as follows:

Nonspendable fund balance – Consists of amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This classification includes inventories, prepaid amounts, assets held for resale, and long-term receivables.

Restricted fund balance – Consists of amounts for which constraints are imposed on their use; either externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or by law through constitutional provisions or enabling legislation.

Committed fund balance – Consists of amounts that can only be used for specific purposes pursuant to constraints imposed by the Board, the County's highest level of decision-making authority, and adopted by a formal ordinance or resolution, the highest levels of formal action approved by the Board. The committing action must be taken prior to year-end although the exact dollar amount may be determined in a subsequent period. Committed amounts cannot be used for any other purpose unless the commitment is changed by similar action of the Board. The highest levels of formal action approved by the Board are ordinances and resolutions, which are equally binding.

Assigned fund balance – Consists of amounts which the County intends to use for specific purposes, but which are neither restricted nor committed as previously defined. The County's Fund Balance Policy adopted by the Board delegates the authority to assign fund balances for specific purposes to the County Administrator. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the County. For all other governmental funds, any positive residual fund balances that are neither nonspendable, restricted or committed are considered to be assigned for the purposes of the respective funds. Therefore, with the exception of the General Fund, assigned fund balance is the residual fund balance classification for all governmental funds with positive balances.

Unassigned fund balance – Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Under GAAP, positive unassigned fund balances are only reported in the General Fund. However, in governmental funds other than the General Fund, expenditures incurred for a specific purpose might exceed the amount restricted, committed, or assigned to that purpose, and a negative residual amount for that purpose may result (for example, if capital project fund expenditures are made prior to receipt of bond proceeds). If that occurs, any negative residual is offset to the extent of any other assigned amounts in that fund, and any remaining negative residual amount is classified as a negative unassigned fund balance in the applicable governmental fund.

Resources, whether restricted or unrestricted, are available for use only when appropriated by the Board in accordance with the adopted budget. In determining the classification of ending fund balances, when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available and have been appropriated for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed. When amounts in any of the three unrestricted fund balance classifications are available and have been appropriated for use, expenditures are made from committed amounts first, followed by assigned amounts, and then by unassigned amounts.

The Board has adopted a minimum fund balance policy that states that the General Fund's unassigned fund balance shall be at least equal to ten percent of its total actual revenues.

9. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions and other postemployment benefits (OPEB) in the government-wide Statement of Net Position in this category. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and recognized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions and OPEB may result from changes in actuarial assumptions, pension and OPEB Trust investment returns that exceed projected earnings, change in the proportionate share of the total liability, actual economic experience that is different than estimated, and pension contributions made subsequent to the measurement date. Changes in deferred outflows of resources, except contributions subsequent to the measurement date, are deferred and recognized over the remaining service life of all plan participants, with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply.

In the government-wide Statement of Net Position, deferred inflows of resources are also reported for amounts related to pensions and OPEB plans. Actuarial losses resulting from a difference in expected and actual experience, plan investment returns that differed from projected earnings, changes in actuarial assumptions and changes in proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows resulting from pension and OPEB investment returns lower than projected earnings are also deferred and amortized over a closed five-year period.

10. Pension Plans

The County is consistent with VRS guidance in respect to its pension reporting, including their measurement of retirement plan net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the VRS agent multiple employer (VRS Local Plans) and teachers' cost-sharing plan (VRS Teachers' Pool).

GAAP require the liability of employers for defined benefit pensions to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past period of service, less the amount of the pension plan's fiduciary net position. Accordingly, the County and the School Board Component Unit recorded the impact of the related net pension asset, net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. For further information regarding the reporting entity's defined benefit pension plans, refer to Note V.F. of the accompanying notes to the financial statements.

11. Retiree Medical Benefits Plan and Trust

The County has established the Hanover County Retiree Medical Benefits Plan a multiple-employer defined benefit plan and related Trust to provide health insurance benefits to the employees and retired employees of the County and other participating employers including the Hanover County School Board, the Pamunkey Regional Library, and the Pamunkey Regional Jail Authority. The Hanover County Finance Board was established pursuant to the Code §15.2-1547 is responsible for the oversight of the Hanover Retiree Medical Benefits Trust, established pursuant to the Code §15.2-1544, which provides the authority under which benefit terms are established or may be amended. The related Medical Trust OPEB asset, deferred outflows of resources and deferred inflows of resources related to the Medical Trust OPEB Plan, and Medical Trust OPEB expense have been measured and reported in accordance with GAAP as prepared by the County's external actuary. Additionally, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Health Insurance Credit Program

The County participates in the Political Subdivision Health Insurance Credit (HIC) Program and the School Board participates in the Teacher Employee HIC Program for its professional employees.

The Political Subdivision HIC Program is an agent multiple-employer defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §51.1-1400 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB, and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program; and the additions to/deductions from the VRS Political Subdivision HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The VRS Teacher Employee HIC Program is a multiple-employer, cost-sharing plan. The Teacher Employee HIC Program was established pursuant to §51.1-1400 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The Teacher Employee HIC Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net Teacher Employee HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC Program OPEB, and the Teacher Employee HIC Program OPEB expense, information about the fiduciary net position of the VRS Teacher Employee HIC Program; and the additions to/deductions from the VRS Teacher Employee HIC Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

13. Group Life Insurance

The County and School Board participate in the VRS Group Life Insurance (GLI) Program.

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

E. Accounting Pronouncements

1. New Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases.* The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The County has adopted this Statement the fiscal year ending June 30, 2022 as adoption of Statement No. 95 in the fiscal year ending June 30, 2020 extended the implementation date.

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The County analyzed the Statement and determined that the requirements did not apply to the entity's financial statements for potential adoption in the fiscal year ending June 30, 2022.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The County has incorporated certain requirements effective for June 30, 2022 in its annual financial reporting, including the extension to the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63.

2. Future Accounting Pronouncements

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The County will analyze the Statement's impact on the entity's financial statements and disclosures for potential adoption in the fiscal year ending June 30, 2023 as adoption of Statement No. 95 in the fiscal year ending June 30, 2020 extended the implementation date.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020***.** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The County will analyze the Statement's impact on the entity's financial statements and disclosures for potential adoption in the fiscal year ending June 30, 2023 as adoption of Statement No. 95 in the fiscal year ending June 30, 2020 extended the implementation date.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The County has adopted this Statement for the fiscal year ending June 30, 2022 as adoption of Statement No. 95 in the fiscal year ending June 30, 2020 extended the implementation date and adoption of Statement No. 99 extended the requirement to the fiscal year ending June 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The County will analyze the Statement's impact on the County's financial statements and disclosures for potential adoption in the fiscal year ending June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The County will analyze the Statement's impact on the entity's financial statements and disclosures for potential adoption in the fiscal year ending June 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements effective for June 30, 2022 were adopted as previously outlined in the New Accounting Pronouncement section. The County will analyze the requirements related to leases, PPPs, and SBITAs for adoption in the fiscal year ending June 30, 2023. The County will analyze the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for adoption in the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No, 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences.* The primary objective of this Statement is to is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County will analyze the Statement's impact on the entity's financial statements and disclosures for adoption in the fiscal year ending June 30, 2025.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental funds' Balance Sheet and the government-wide Statement of Net Position.

The governmental funds' Balance Sheet includes a reconciliation between *total fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of the governmental funds' Balance Sheet includes a reconciliation between *total fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds."

The details of the net adjustment to reduce total fund balances – total governmental funds to arrive at net position – governmental activities are as follows:

Bonds payable, net	$ 131,616,594
Accrued bond interest	1,950,044
Notes payable	2,150,880
Lease obligations	1,959,424
Support agreement payable	1,183,832
Compensated absences	10,722,503
Liability for landfill closure and postclosure costs	1,484,973
Net adjustment to reduce total fund balances - total governmental funds to arrive at net position - governmental activities	$ 151,068,250

B. Explanation of certain differences between the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances, and the government-wide Statement of Activities.

The governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between the *net change in fund balance* - *total governmental funds* and *the change in net position of governmental activities* as reported in the government-wide Statement of Activities. One element of that reconciliation states that "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 details of this difference are as follows:

Compensated absences	$ (252,377)
Liability for landfill closure and postclosure costs	46,764
Accrued interest	316,530
Amortization of bond premiums	1,151,156
Amortization of deferred loss on refunding	(140,906)
Net adjustment to increase the net change in fund balance - total governmental funds to arrive at the change in net position of governmental activities	$ 1,121,167

III. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with GAAP for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before November 1 of each year, all agencies of the County submit requests for appropriations to the County Administrator so that a budget may be prepared. Budget requests are compared to prior year plans and reviewed for feasibility. The County and the School Board meet to reach consensus on the allocation of County General Fund resources to the School Board. The Superintendent of Schools presents a preliminary budget to the School Board in January. The School Board approves a budget request and submits it to the County for consideration in February.

The County Administrator presents a proposed budget to the Board of Supervisors no later than the fourth Wednesday in February. The Board holds informational sessions to obtain detailed information on budgetary issues and invites citizen input, culminating in public hearings on the proposed budget and any changes in tax rates or County ordinances. The budget is legally appropriated through passage of a Budget Appropriation resolution. Statutory deadlines for budget adoption are May 15 for an annual budget for educational purposes and June 30 for other County budget items. The resolution establishes budgetary appropriation amounts at the fund level.

The budget amendment process is governed by statutory requirements and County financial policies. County financial policies establish a legal level of budgetary control, specifying criteria for which budget amendments require Board approval. All budget amendments that increase the County's total appropriated budget require approval of the Board of Supervisors. Any amendments which exceed one percent of the total adopted budget require a public hearing on the proposed amendment prior to Board authorization. For budget amendments that do not require Board approval, financial policies permit the County Administrator or School Superintendent to delegate approval authority via financial regulations. The financial regulations establish detailed requirements for administrative review of budget amendments prior to approval.

IV. Detailed notes on all funds

A. Deposits and investments

As of June 30, 2022, the County's pooled cash and investments includes $17,009,159 reported by the School Board Component Unit, $118,056 reported by the Economic Development Authority and $5,818,271 held on behalf of custodial funds. The Student Activity Funds reported $3,626,423 of deposits. Total pooled cash and investments for the County and amounts separately invested by the Retiree Medical Benefits Trust's Finance Board as of June 30, 2022, were as follows:

		Credit Quality Rating				
Investment Type	Fair Value	AAA/AAAm	AA	A	N/R	N/A
Pooled Investments:						
Cash on hand	$ 4,125	-	-	-	-	4,125
Cash deposits	42,129,092	-	-	-	-	42,129,092
Demand and time deposits	1,331,945	-	-	1,331,945	-	-
Money market mutual funds (AAAm ratings)	28,634,203	28,634,203	-	-	-	-
U.S. government and agency bonds	60,006,322	4,618,061	55,388,261	-	-	-
Corporate notes and bonds	11,976,696	311,369	9,396,789	2,268,538	-	-
Commercial paper	1,152,490	-	-	1,152,490	-	-
LGIP Funds	137,738,461	137,738,461	-	-	-	-
Municipal Bonds	178,431	-	-	178,431	-	-
Total pooled deposits and investments	$ 283,151,765	171,302,094	64,785,050	4,931,404	-	42,133,217

		Fund Credit Quality Rating		
Student Activity Funds:	Fair Value	AAAm	N/R	N/A
Cash deposits	$ 3,626,423	-	-	3,626,423
Total Student Activity Funds deposits	$ 3,626,423	-	-	3,626,423

		Fund Credit Quality Rating		
Retiree Medical Benefits Trust:	Fair Value	AAAm	N/R	N/A
Mutual funds:				
Money market	$ 452,795	452,795	-	-
Domestic equity	2,326,668	-	-	2,326,668
International equity	1,025,835	-	-	1,025,835
Fixed income	1,758,833	-	-	1,758,833
Other	725,918	-	-	725,918
Total trust investments	$ 6,290,049	452,795	-	5,837,254

Deposits: 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. Under the Act, banks and savings institutions holding public deposits in excess of the 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 the choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Pooled Investments: In accordance with Section 2.2-4500 of the Code and other applicable laws and regulations, the County's pooled investment policy (County Policy) permits investments in obligations of the United States or agencies thereof; held directly, by collateralized repurchase agreements, or in mutual funds registered under the Investment Company Act of 1940, whose portfolios are restricted to U.S. Government and U.S. agency obligations, 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, certain corporate notes, bankers' acceptances and repurchase agreements, savings accounts or time deposits in approved banks or savings institutions within the Commonwealth, and the Commonwealth of Virginia Treasurer's Local Government Investment Pool (the LGIP, a 2a-7 like pool).
The County Policy establishes limitations on the holding of non-U.S. Government obligations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each type of security is as follows:

	Maximum
Money market mutual funds	75%
Repurchase agreements	50%
Negotiable certificates of deposits/bank notes	25%
Corporate notes	25%
Bankers' acceptances	25%
Commercial paper	25%
State bonds, notes and other evidences of indebtedness	20%
County, town, city, district, authority or other public body bonds, notes and other evidences of indebtedness	20%

The County Policy expressly prohibits the following securities, unless specifically approved in writing by the Treasurer: derivative products; reverse repurchase agreements; and any other security not specifically authorized in the policy.

Retiree Medical Benefits Trust (Trust) Investments: The primary goal of the Trust is to meet the reporting entity's current and long-term retiree health care benefit obligations while minimizing required employer contributions. The Trust's investment policy (Trust Policy) objectives include maintenance of a moderate risk profile and a prudent degree of investment diversification, while optimizing long-term investment returns commensurate with minimizing volatility and the risk of loss over established time horizons. In addition to the investments permitted under Section 2.2-4000 of the Code as applicable to the County's pooled investments, the Code also authorizes the Trust to purchase other investments, including domestic and international stocks, REITS and corporate bonds that meet the prudent person standard set forth in the Code. To meet this standard, the Trust Policy restricts investment in stocks and REITs to readily-marketable securities that are actively traded on a major exchange; restricts fixed-income investments to high-quality U.S. Treasury and agency, municipal or corporate fixed-income investments; prohibits the investment of Trust assets in hedge funds, derivatives, options or futures for the purpose of portfolio leveraging; and prohibits other enumerated investment types and transactions. In addition to these constraints on the Trust investment portfolio, the Trust Policy also requires periodic comparison of investment performance to appropriate benchmarks, and periodic review of asset allocations, investment manager performance and investment guidelines.

The Code vests authority to administer the Trust investment policy in the Trust's Finance Board, which has established asset allocations in two broad classes called investment assets and liquidity assets. The liquidity assets will be invested in accordance with the provisions of Code Section 2.2-4500 *et seq*. applicable to liquid assets. These funds will be used to pay for benefits and expenses of the Trust. The investment assets will be invested in longer-term securities or mutual funds in accordance with targets for each asset class, with the objective to achieve an average total annual rate of return that is equal to or greater than the Trust's actuarial discount rate.

The target asset classes and asset weightings as of June 30, 2022 are as follows:

		Trust Asset Weightings		
Trust Asset Class	Fair Value	Range	Target	Actual
Liquidity assets:				
Cash equivalent	$ 452,795	0 - 100%	100%	100%
Investment assets:				
Domestic equity	2,326,668	26 - 46%	36%	40%
International equity	1,025,835	13 - 33%	20%	18%
REITs	357,037	0 - 12%	6%	6%
Inflation hedged	-	0 - 10%	0%	0%
Fixed income	1,758,833	20 - 60%	35%	30%
Other - Growth	368,881	0 - 20%	3%	6%
Total investment assets	5,837,254		100%	100%
Total trust investments	$ 6,290,049			

Interest Rate Risk: As a means of limiting exposure to fair value losses arising from rising interest rates, both the reporting entity's pooled investment portfolio and the Trust manage maturity of fixed-income accounts to precede or coincide with the expected need of funds, which has resulted in the creation of three pooled investment portfolios of differing maturities and the classification of Trust investments into liquidity and investment assets, as described above. The County Policy also limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase, except proceeds from the sale of bonds, which must be invested in compliance with the specific requirements of bond covenants, and may be invested in securities with longer maturities. The Trust Policy has established a fixed-income investment objective based on a five-year rolling market cycle investment horizon, to minimize principle fluctuations and limit the potential for and duration of fixed-income investment losses over that investment horizon due to interest rate fluctuations. The Trust Policy also encourages active fixed-income investment management and requires quarterly reporting of fixed-income investment performance to the Trust's Finance Board. The deposit and fixed income investment types in the pooled investment portfolio and the Trust portfolio are presented below using the segmented time distribution reporting method, by maturity in years.

The County's portfolio categorizes its fair value measurements with the fair value hierarchy established by GAAP, based on valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are inputs (other than quoted market prices included within Level 1) that are observable for the asset either directly or indirectly. Level 2 observable inputs can be either prices for similar assets in active markets or prices for identical assets in non-active markets. As of June 30, 2022, deposits and fixed income investments managed by the Treasurer are summarized at fair value and maturity as follows:

		Investment Maturities (in Years)		
Investment Type	Fair Value	Less than 1	1 to 3	More than 3
Pooled Investments:				
Cash on hand	$ 4,125	$ 4,125	$ -	$ -
Cash deposits	42,129,092	42,129,092	-	-
Demand and time deposits	1,331,945	1,331,945	-	-
Money market mutual funds	28,634,203	28,634,203	-	-
U.S. Government and agency bonds	60,006,322	6,787,538	52,709,131	509,653
Corporate notes and bonds	11,976,696	842,240	10,316,224	818,232
Commercial paper	1,152,489	1,152,489	-	-
LGIP Funds	137,738,461	137,738,461	-	-
Municipal Bonds	178,432	-	178,432	-
Total pooled deposits and investments	$ 283,151,765	$ 218,620,093	$ 63,203,787	$ 1,327,885

		Investment Maturities (in Years)	
Student Activity Funds:	Fair Value	Less than 1	More than 1
Cash deposits	$ 3,626,423	$ 3,626,423	$ -
Total Student Activity Funds deposits	$ 3,626,423	$ 3,626,423	$ -

		Investment Maturities (in Years)	
Retiree Medical Benefits Trust:	Fair Value	Less than 1	More than 1
Money market mutual fund	$ 452,795	$ 452,795	$ -
Fixed income	1,758,833	1,758,833	-
Domestic equity	2,326,668	2,326,668	-
International equity	1,025,835	1,025,835	-
Other - Growth	725,918	725,918	-
Total trust deposits and investments	$ 6,290,049	$ 6,290,049	$ -

Credit Risk: As required by State statute, the County Policy requires that commercial paper have a short-term debt rating of no less than A-1 (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's and Fitch Ratings, and that its maturity may not exceed 270 days and the issuing corporation, or its guarantor must have a net worth of at least $50 million and the issuer's net income must average $3 million for the five previous years.

Corporate notes must have a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. The final maturity shall not exceed a period of 5 years from the time of purchase. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service. Negotiable Certificates of Deposit and Bank Deposit Notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investor Service.

The County's rated pooled debt investments as of June 30, 2022 were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as not applicable (N/A) in the credit rating column, and those that are not rated are designated as N/R.

The Trust Policy requires that the Trust's fixed income investments shall not exceed 5% of the total bond portfolio at the time of purchase. The 5% limitation does not apply to the issues of the U.S. Treasury or other Federal Agencies. The overall rating of the fixed income assets as calculated by the Advisor shall be investment grade, based on the rating of one Nationally Recognized Statistical Rating Organization.

U.S. Treasury	100%	maximum
LGIP	100%	maximum
Money market mutual funds	50%	maximum
Each Federal agency	35%	maximum
Each repurchase agreement counterparty	25%	maximum

Concentration of Credit Risk: The County Policy establishes limitations on the pooled investment portfolio composition by issuer in order to control concentration of credit risk. No more than five percent of the pooled investment portfolio will be invested in the securities of any single issuer with the following exceptions:

As of June 30, 2022, the issuers exceeding five percent of the pooled investments was the U.S. Treasury, which represented fifteen and one half percent of pooled investments.

The Trust Policy also establishes guidelines for Trust portfolio holdings. Fixed income securities of any one issuer with the exception of the U.S. government and its agencies may not exceed five percent of the total bond portfolio at the time of purchase. The Trust Policy also limits equity holdings of any one issuer to five percent of the total market value of the stock portfolio, requires that no more than twenty-five percent of the total market value of the stock portfolio may be invested in any one industry category, and establishes standards and limits on any non-U.S. equity allocation. The Trust may also invest in mutual funds that are compliant with the Investment Company Act of 1940, with investment objectives and policies consistent, to the extent practical, with the standards and limitations for equity and fixed-income investments contained in the Trust Policy.

Custodial Credit Risk – Deposits: For deposits, custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The County's deposits at June 30, 2022 were fully insured under the Virginia Security for Public Deposits Act and are therefore not considered to be subject to custodial credit risk.

Custodial Credit Risk – Investments: For investments, custodial risk is the risk that, in the event of the failure of the counterparty, the reporting entity will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County Policy requires that all investment securities purchased for the County be held by the County or by the County's designated custodian. If held by a custodian, the securities must be in the County's or in the custodian's nominee name and identifiable on the custodian's books as belonging to the County and the custodian must be a third-party, not a counterparty to the investment transaction. As of June 30, 2022, all of the County's pooled investments were held by the trust department of the County's custodial bank in the County's name. Additionally, all Trust investments were held by the trust department of the Trust's custodial bank in the Trust's name as of June 30, 2022.

Fair Value Hierarchy Disclosure: The following tables present investments at fair value on a recurring basis in accordance with GAAP at June 30, 2022:

		Fair Value Measurements Using		
Pooled Investments:	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury bonds and notes	$ 44,301,059	-	44,301,059	-
U.S. agency securities	15,705,263	-	15,705,263	-
Corporate notes and bonds	11,976,696	-	11,976,696	-
Municipal Bonds	178,432	-	178,432	-
Total investments by fair value	72,161,450	-	72,161,450	-
Investments measured at amortized cost				
Demand and time deposits	$ 1,331,944			
Money market mutual funds	28,634,203			
Commercial paper	1,152,490			
LGIP funds	137,738,461			
Total investments by amortized cost	$ 168,857,098			
Cash				
Cash on hand	$ 4,125			
Cash deposits	42,129,092			
Total cash	$ 42,133,217			
Total pooled deposits and investments	$ 283,151,765			

Student Activity Funds:	Total
Cash	
Cash deposits	3,626,423
Total cash	$ 3,626,423

		Fair Value Measurements Using		
Retiree Medical Benefits Trust:	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Fixed income	$ 1,758,833	-	1,758,833	-
Domestic equity	2,326,668	-	2,326,668	-
International equity	1,025,835	-	1,025,835	-
Other - Growth	725,918	-	725,918	-
Total investments by fair value	$ 5,837,254	-	5,837,254	-
Investments measured at amortized cost				
Money market mutual fund	$ 452,795			
Total pooled deposits and investments	$ 6,290,049			

B. Receivables

C. Receivables and allowances for uncollectible receivables of Governmental Funds, Proprietary Funds and the School Component Unit at June 30, 2022, are as follows:

	Governmental Funds				Proprietary Funds				
	General Fund	County Improvements Fund	School Improvements Fund	Total Governmental Funds	Public Utilities	Airport Fund	Internal Service Funds	Total Proprietary Funds	School Component Unit
Receivables:									
Interest	$ 121,853	-	-	121,853	-	-	-	-	-
Taxes	80,028,965	-	-	80,028,965	-	-	-	-	-
Lease	8,639,092	-	-	8,639,092	-	6,779,896	-	6,779,896	-
Accounts	3,247,396	22,503	-	3,269,899	5,751,429	-	2,583,260	8,334,689	265,992
Commonwealth of Virginia	7,865,357	4,335,480	-	12,200,837	-	1,452,872	-	1,452,872	4,899,834
Federal government	805,793	1,152,172	3,360,639	5,318,604	-	18,175	-	18,175	7,610,167
Gross receivables	100,708,456	5,510,155	3,360,639	109,579,250	5,751,429	8,250,943	2,583,260	16,585,632	12,775,993
Allowance for uncollectibles	(1,936,369)	-	-	(1,936,369)	(354,671)	-	-	(354,671)	-
Net total receivables	$ 98,772,087	5,510,155	3,360,639	107,642,881	5,396,758	8,250,943	2,583,260	16,230,961	12,775,993

The governmental funds' financial statements report *unearned revenues* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The government-wide financial statements report *unearned revenues* in connection with assets which have not yet been earned, including advance health insurance premiums received in the Self-Insurance Fund. Prepaid taxes, taxes receivable that were levied to finance expenditures of the next fiscal year, and the second installment of the 2022 real property tax levy, due on October 5, 2022, are reported as *deferred inflows of resources* at June 30, 2022 in the government-wide financial statements and in the governmental fund financial statements. At June 30, 2022, the various components of governmental activities' *deferred inflows of resources* and *unearned revenues* were as follows:

	Deferred Inflows of Resources	Unearned Revenues	Deferred Inflows of Resources	Unearned Revenues
	Governmental Funds' Financial Statements	Governmental Funds' Financial Statements	Government - wide Financial Statements	Government - wide Financial Statements
Property tax levies not yet due	$ 72,034,308	-	72,034,308	-
Prepaid taxes	1,949,095	-	1,949,095	-
Past due taxes (net of allowance for uncollectibles)	5,241,000	-	-	-
ARPA Funding	-	19,689,160	-	19,689,160
EMS transport fees	-	103,731	-	-
Community Services Board programs	-	300,505	-	300,505
Parks and Recreation programs	-	176,154	-	176,154
Advance health insurance premiums - Self Insurance Fund	-	-	-	902,923
Total deferred/unearned revenues - Primary Government	$ 79,224,403	20,269,550	73,983,403	21,068,742

Lease Receivable

The County leases communication space at various sites for cell tower usage. The primary lessees are telecommunication companies, who have entered into five-year leases with the County and have five-year renewal options to extend the total lease to twenty-five years with rental income increasing at the same intervals. A neighboring locality also leases one tower site for their usage with similar five-year extension options. The discount rate used to determine the receivable amount was the average majority prime rate charged by banks on short-term loans, quoted on an investment basis. Lessees are permitted full access to the sites to operate and maintain their equipment as needed. There are no options to purchase the sites at the end of the lease. It is anticipated that the lessees will renew their leases each year, and as such, the County has determined the full amount to be paid over the life of the lease term and the amount to be paid each year.

Principal and interest for the County lease receivable outstanding at June 30, 2022 are as follows:

	Governmental Activities		
	Lease Receivable		
Fiscal Year		Principal	Interest
2023	$	325,726	299,048
2024		345,500	287,611
2025		406,139	275,452
2026		440,324	261,238
2027		464,635	245,824
2028-2032		2,900,960	959,867
2033-2037		2,428,654	443,451
2038-2042		1,133,279	117,869
2043-2047		193,875	16,004
Totals	$	8,639,092	2,906,364

In November 2019, the School Board entered into an educational broadband service long-term de facto transfer lease agreement with a broadband company whereby the School Board provides the lessee with access to its radio band. The initial term will last one year but will automatically renew each year for a maximum of thirty years with the current monthly fee of $12,900. This agreement is regulated by the Federal Communications Commission and as such, is not subject to certain GAAP recognition provisions.

The Airport holds lease agreements for its building, tower, and an airport hangar. The Airport entered into its building agreement in August 1992, whereby the lessee rents space and oversees the Airport operations. The initial lease ended in August 2022, but has since been extended to August 2032 for a total of 40 years. The discount rate used to determine the receivable amount was the average majority prime rate charged by banks on short-term loans, quoted on an investment basis.

Principal and interest for the Airport lease receivable outstanding at June 30, 2022 are as follows:

	Airport Fund		
	Lease Receivable		
Fiscal Year		Principal	Interest
2023	$	231,193	288,233
2024		252,696	274,977
2025		275,699	260,437
2026		300,334	244,519
2027		295,810	227,120
2028-2032		1,899,988	859,046
2033-2037		609,918	521,627
2038-2042		688,165	421,794
2043-2047		842,758	296,779
2048-2052		833,087	160,650
2053-2057		550,248	26,651
Totals	$	6,779,896	3,581,833

C. Capital assets

Capital asset activity for the Primary Government for the year ended June 30, 2022 was as follows:

Primary Government					Adjustment	
Governmental activities:		Balance July 1	Increases	Decreases	Assets Held In Tenancy in Common	Balance June 30
Capital assets, not being depreciated or amortized:						
Land	$	9,850,563	-	-	-	9,850,563
Intangible assets		3,564,928	1,222,806	-	-	4,787,734
Construction in progress		4,858,105	-	5,270,974	-	10,129,079
Total capital assets, not being depreciated or amortized		18,273,596	1,222,806	5,270,974	-	24,767,376
Capital assets, being depreciated and amortized:						
Buildings		240,227,622	-	(30,401)	(3,159,986)	237,037,235
Improvements other than buildings		33,267,392	1,001,938	(546,778)	-	33,722,552
Machinery and equipment		109,784,888	7,861,749	(4,530,628)	-	113,116,009
Infrastructure		41,498,946	3,674,573	-	-	45,173,519
Right to use assets		2,048,127	106,428	-	-	2,154,555
Total capital assets, being depreciated and amortized		426,826,975	12,644,688	(5,107,807)	(3,159,986)	431,203,870
Less accumulated depreciation and amortization for:						
Buildings		(112,761,307)	(6,120,747)	30,400	1,899,687	(116,951,967)
Improvements other than buildings		(11,931,773)	(1,452,834)	546,778	-	(12,837,829)
Machinery and equipment		(68,691,469)	(9,884,727)	3,350,637	(2,171)	(75,227,730)
Infrastructure		(25,405,857)	(1,108,323)	-	-	(26,514,180)
Right to use assets		-	(261,608)	-	-	(261,608)
Total accumulated depreciation and amortization		(218,790,406)	(18,828,239)	3,927,815	1,897,516	(231,793,314)
Total capital assets, being depreciated and amortized, net		208,036,569	(6,183,551)	(1,179,992)	(1,262,470)	199,410,556
Governmental activities' capital assets, net	$	226,310,165	(4,960,745)	4,090,982	(1,262,470)	224,177,932
Business-type activities:						
Public Utilities:						
Capital assets, not being depreciated or amortized:						
Land	$	6,452,771	-	-	-	6,452,771
Construction in progress		10,178,762	7,535,468	(1,316,231)	-	16,397,999
Total capital assets, not being depreciated or amortized		16,631,533	7,535,468	(1,316,231)	-	22,850,770
Capital assets, being depreciated and amortized:						
Buildings		79,382,708	-	-	-	79,382,708
Improvements other than buildings		250,707,231	4,188,746	-	-	254,895,977
Intangible assets		53,432,516	413,281	-	-	53,845,797
Machinery and equipment		25,761,731	974,213	(16,389)	-	26,719,555
Right to use assets		13,816	-	-		13,816
Total capital assets, being depreciated and amortized		409,298,002	5,576,240	(16,389)	-	414,857,853
Less accumulated depreciation and amortization for:						
Buildings		(42,991,589)	(1,981,479)	-	-	(44,973,068)
Improvements other than buildings		(122,792,144)	(5,959,463)	-	-	(128,751,607)
Intangible assets		(20,518,125)	(1,396,958)	-	-	(21,915,083)
Machinery and equipment		(13,238,486)	(1,599,778)	16,389	-	(14,821,875)
Right to use assets		-	(3,851)	-	-	(3,851)
Total accumulated depreciation and amortization		(199,540,344)	(10,941,529)	16,389	-	(210,465,484)
Total capital assets, being depreciated and amortized, net		209,757,658	(5,365,289)	-	-	204,392,369
Public Utilities' capital assets, net	$	226,389,191	2,170,179	(1,316,231)	-	227,243,139

Airport Fund:	Balance July 1	Increases	Decreases	Adjustment Assets Held In Tenancy in Common	Balance June 30
Capital assets, not being depreciated or amortized:					
Land	$ 4,770,169	682,182	-	-	5,452,351
Construction in progress	1,385,752	2,354,336	(3,559,835)	-	180,253
Total capital assets, not being depreciated or amortized	6,155,921	3,036,518	(3,559,835)	-	5,632,604
Capital assets, being depreciated and amortized:					
Buildings	5,970,832	2,807,319	-	-	8,778,151
Improvements other than buildings	17,517,172	70,334	-	-	17,587,505
Machinery and equipment	119,418	31,285	-	-	150,703
Total capital assets, being depreciated and amortized	23,607,422	2,908,938	-	-	26,516,359
Less accumulated depreciation and amortization for:					
Buildings	(1,695,117)	(181,474)	-	-	(1,876,592)
Improvements other than buildings	(6,878,677)	(607,393)	-	-	(7,486,070)
Machinery and equipment	(70,882)	(19,890)	-	-	(90,772)
Total accumulated depreciation and amortization	(8,644,676)	(808,757)	-	-	(9,453,434)
Total capital assets, being depreciated and amortized, net	14,962,746	2,100,181	-	-	17,062,925
Airport capital assets, net	$ 21,118,667	5,136,699	(3,559,835)	-	22,695,529
Total Business-type activities:					
Capital assets, not being depreciated or amortized:					
Land	$ 11,222,940	682,182	-	-	11,905,122
Construction in progress	11,564,514	9,889,804	(4,876,066)	-	16,578,252
Total capital assets, not being depreciated or amortized	22,787,454	10,571,986	(4,876,066)	-	28,483,374
Capital assets, being depreciated and amortized:					
Buildings	85,353,540	2,807,319	-	-	88,160,859
Improvements other than buildings	268,224,403	4,259,080	-	-	272,483,482
Intangible assets	53,432,516	413,281	-	-	53,845,797
Machinery and equipment	25,881,149	1,005,498	(16,389)	-	26,870,258
Right to use assets	13,816	-	-	-	13,816
Total capital assets, being depreciated and amortized	432,905,424	8,485,178	(16,389)	-	441,374,212
Less accumulated depreciation and amortization for:					
Buildings	(44,686,706)	(2,162,953)	-	-	(46,849,660)
Improvements other than buildings	(129,670,821)	(6,566,856)	-	-	(136,237,677)
Intangible assets	(20,518,125)	(1,396,958)	-	-	(21,915,083)
Machinery and equipment	(13,309,368)	(1,619,668)	16,389	-	(14,912,647)
Right to use assets	-	(3,851)	-	-	(3,851)
Total accumulated depreciation and amortization	(208,185,020)	(11,750,286)	16,389	-	(219,918,918)
Total capital assets, being depreciated and amortized, net	224,720,404	(3,265,108)	-	-	221,455,294
Business-type activities' capital assets, net	247,507,858	7,306,878	(4,876,066)	-	249,938,668
Total capital assets, net - Primary Government	$ 473,818,023	2,346,133	(785,084)	(1,262,470)	474,116,600

Capital assets activity for the School Board Component Unit for the year ended June 30, 2022 was as follows:

School Board Component Unit activities:	Balance July 1	Increases	Decreases	Adjustment Assets Held In Tenancy in Common	Balance June 30
Capital assets, not being depreciated or amortized:					
Land	$ 7,400,682	-	-	-	7,400,682
Construction in progress	3,256,299	9,065,826	(8,491,550)	-	3,830,575
Total capital assets, not being depreciated or amortized	10,656,981	9,065,826	(8,491,550)	-	11,231,257
Capital assets, being depreciated and amortized:					
Buildings	171,808,776	525,820	-	3,159,986	175,494,582
Improvements other than buildings	29,299,109	6,585,631	-	-	35,884,740
Machinery and equipment	35,327,207	2,216,597	(1,158,697)	-	36,385,107
Right to use assets	840,123	110,396	(31,284)	-	919,235
Total capital assets, being depreciated and amortized	237,275,215	9,438,444	(1,189,981)	3,159,986	248,683,664
Less accumulated depreciation and amortization for:					
Buildings	(96,541,957)	(4,846,527)	-	(1,899,687)	(103,288,171)
Improvements other than buildings	(8,390,534)	(1,550,014)	-	-	(9,940,548)
Machinery and equipment	(25,506,924)	(2,218,532)	756,694	2,171	(26,966,591)
Right to use assets	-	(363,797)	31,284	-	(332,513)
Total accumulated depreciation and amortization	(130,439,415)	(8,978,870)	787,978	(1,897,516)	(140,527,823)
Total capital assets, being depreciated and amortized, net	106,835,800	459,574	(402,003)	1,262,470	108,155,841
School Board Component Unit capital assets, net	$ 117,492,781	9,525,400	(8,893,553)	1,262,470	119,387,098

Depreciation and amortization expense was charged to functions of the Primary Government and the School Board Component Unit as follows:

Primary Government:	
Governmental activities:	
General governmental administration	$ 1,451,856
Judicial administration	1,282,349
Public safety	7,413,130
Public works	2,834,528
Human services	238,422
Parks, recreation and cultural	1,057,561
Community development	236,715
Education	4,313,678
Total - governmental activities	18,828,239
Business-type activities:	
Public Utilities	10,941,529
Airport	808,757
Total - business-type activities	11,750,286
Total depreciation and amortization expense - Primary Government	$ 30,578,525
School Board Component Unit:	
Education	$ 8,978,870
Total depreciation and amortization expense - School Board Component Unit	$ 8,978,870

Tenancy in Common – State legislation passed in 2002 granted the County a tenancy in common with the School Board when the County incurs a financial obligation for school property, which is payable over more than one fiscal year. For financial reporting purposes, School property for which the County is financially obligated is reported by the County in the amount of outstanding obligations. At June 30, 2022, the County had outstanding financial obligations related to the acquisition and construction of school property totaling $53,058,037. Accordingly, school buildings and equipment with a net book value of that amount are reported in the governmental activities of the Primary Government at June 30, 2022. During fiscal year 2022, the County's financial obligations related to school buildings and equipment decreased by a net amount of $5,576,147, and accordingly, the net book value of school buildings and equipment reported by the Primary Government decreased, and the net book value of buildings and equipment reported by the School Board Component Unit increased by the same amount. Depreciation expense on school buildings and equipment is allocated to the Primary Government and the School Board Component Unit in proportion to the relative cost of the buildings reported by each entity. Accordingly, depreciation of School Board Component Unit capital assets totaled $12,928,750 in fiscal year 2022, of which $4,313,678 is reported by the Primary Government and $8,615,072 is reported by the School Component Unit.

D. Interfund transfers

The primary purpose of interfund transfers is to provide funding for operations and capital projects. Transfers from the General Fund are to move funds that are collected in the General Fund to the County and School Improvements Funds to finance capital projects. General Fund transfers to the Debt Service Fund are to fund annual debt service payments on County and School obligations. General Fund transfers to the Airport Fund are to finance capital projects and support operations. Interfund transfers for the year ended June 30, 2022 are as follows:

Primary Government	Transfers In	Transfers Out
General Fund	$ 135,846	38,322,160
County Improvements Fund	16,415,423	135,846
School Improvements Fund	3,000,000	-
Debt Service Fund	18,792,770	-
Airport Fund	113,967	-
Total Primary Government	38,458,006	38,458,006

E. Unearned revenues

The County has reported unearned revenues of $21.1 million on the Statement of Net Position as of June 30, 2022. Of this amount, $1.4 million is related to revenues received in June 2022 to be recognized for activity occurring in July 2022. The remaining $19.7 million is related to the American Rescue Plan Act of 2021 (ARPA), which were received in May 2021 and must be used for directed uses that include supporting the public health response to COVID-19, supporting small businesses, and improving water, sewer, and broadband infrastructure. Related costs must be incurred by December 31, 2024.

F. Noncurrent liabilities

The following is a summary of changes in the government-wide noncurrent liabilities of the Primary Government and the School Board Component Unit for the year ended June 30, 2022:

Primary Government	Balance July 1	Additions	Reductions	Balance June 30	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
Principal amount of bonds payable	$ 73,890,212	-	9,696,892	64,193,320	8,514,069
Premium	7,453,524	-	809,822	6,643,702	809,824
Infrastructure and state moral obligation bonds payable:					
Principal amount of bonds payable	58,475,000	-	2,025,000	56,450,000	2,060,000
Premium	4,558,819	-	229,247	4,329,572	229,246
Total bonds payable	144,377,555	-	12,760,961	131,616,594	11,613,139
Notes payable	3,084,993	-	934,113	2,150,880	939,113
Lease obligations	2,018,127	106,428	165,131	1,959,424	211,236
Compensated absences	10,470,126	8,474,617	8,222,240	10,722,503	8,433,768
Liability for landfill closure	1,531,737	-	46,764	1,484,973	46,764
Support agreement	1,490,666	-	306,834	1,183,832	127,979
Net pension liability	37,266,039	4,740,110	42,006,149	-	-
Net other postemployment benefits liability	5,926,913	399,005	2,086,857	4,239,061	-
Total governmental activities	206,166,156	13,720,160	66,529,049	153,357,267	21,371,999
Business-type activities:					
Public Utilities:					
Water and sewer revenue bonds payable:					
Principal amount of bonds payable	8,937,713	-	1,256,831	7,680,882	1,316,831
Premium	1,079,647	-	161,538	918,109	161,538
Total bonds payable	10,017,360	-	1,418,369	8,598,991	1,478,369
Lease obligations	13,816	-	3,657	10,159	3,824
Compensated absences	836,164	580,122	557,565	858,721	572,606
Deposits	498,873	223,289	214,384	507,778	-
Capacity fee credits	550,116	41,721	492,627	99,210	-
Support agreement	190,000	-	60,000	130,000	65,000
Net pension liability	2,676,103	359,361	3,035,464	-	-
Net other postemployment benefits liability	425,616	29,697	155,379	299,934	-
Total Public Utilities	15,208,048	1,234,190	5,937,445	10,504,793	2,119,799
Airport Fund:					
VRA airport revenue bond payable	3,069,187	-	205,148	2,864,039	209,601
Compensated absences	22,470	6,168	21,556	7,082	6,794
Net pension liability	51,595	8,325	59,920	-	-
Net other postemployment benefits liability	8,206	2,220	4,973	5,453	-
Total Airport Fund	3,151,458	16,713	291,597	2,876,574	216,395
Total Business-type activities:					
Revenue bonds payable:					
Principal amount of bonds payable	12,006,900	-	1,461,979	10,544,921	1,526,432
Premium	1,079,647	-	161,538	918,109	161,538
Total bonds payable	13,086,547	-	1,623,517	11,463,030	1,687,970
Lease obligations	13,816	-	3,657	10,159	3,824
Compensated absences	858,634	586,290	579,121	865,803	579,400
Deposits	498,873	223,289	214,384	507,778	-
Capacity fee credits	550,116	41,721	492,627	99,210	-
Support agreement	190,000	-	60,000	130,000	65,000
Net pension liability	2,727,698	367,686	3,095,384	-	-
Net other postemployment benefits liability	433,822	31,917	160,352	305,387	-
Total business-type activities	18,359,506	1,250,903	6,229,042	13,381,367	2,336,194
Total noncurrent liabilities - Primary Government	$ 224,525,662	14,971,063	72,758,091	166,738,634	23,708,193

School Board Component Unit					
Lease obligations	$ 840,123	110,396	337,958	612,561	347,509
Compensated absences	6,649,819	5,857,816	6,459,871	6,047,764	5,783,321
Net pension liability	178,079,031	34,477,080	119,826,689	92,729,422	-
Net other postemployment benefits liability	25,522,629	3,132,384	6,625,838	22,029,175	-
Total noncurrent liabilities - School Board Component Unit	$ 210,251,479	43,467,280	132,912,398	120,806,361	5,783,321
Economic Development Authority Component Unit					
Support agreement	$ 1,565,000	-	275,000	1,290,000	190,000
Total noncurrent liabilities - EDA Component Unit	$ 1,565,000	-	275,000	1,290,000	190,000

Lease obligations, support agreements, compensated absences, net pension liabilities, net other postemployment benefit obligations and the liability for landfill closure reported as governmental activities liabilities of the Primary Government are liquidated by the General Fund.

Liability for landfill closure
State and Federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill closed December 31, 2002 and a permanent cap was completed in 2003 over the 35-acre site. The $1,484,973 reported as landfill closure and post closure care liability at June 30, 2022 represents the remaining estimated cost of post closure care. These amounts are based on what it would cost to perform all closure and post closure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Capacity fee credits
Public Utilities provides water and sewer capacity fee credits where a property owner extending the public system is required to oversize lines or other facilities for the convenience of the County. Capacity fee credits are limited to the difference in pipe material cost only based on current material costs or other public bids for similar work. Capacity fee credits are deducted from respective water and sewer capacity fees which would otherwise be due for the connection of units in the area of the property owner's property served by the extension as identified by the utility service agreement for the extension.

General obligation bonds
The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds (including Virginia Public School Authority (VPSA) bonds) have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the County and generally are issued as 20- to 30-year serial bonds with equal amounts of principal maturing each year.

On July 26, 2017, the Virginia Public School Authority issued School Financing Refunding Bonds in which the Primary Government was a participant. The County debt service payments will remain unchanged and the VPSA will issue an annual credit for the return of debt services savings each year from fiscal year 2019 through fiscal year 2032. The credit received in fiscal year 2022 was $17,050 and the total credit savings from this refunding transaction total $220,594. As the County’s local bond was not refunded, there is no defeased debt and no deferred gain or loss recognized in the transaction.

On November 10, 2020, the Virginia Public School Authority issued School Financing Refunding Bonds in which the Primary Government was a participant. The County debt service payments will remain unchanged and the VPSA will issue an annual credit for the return of debt services savings each year from fiscal year 2022 through fiscal year 2026. The credit received in fiscal year 2022 was $9,811 and the credit savings from this refunding transaction total $237,286. As the County's local bond was not refunded, there is no defeased debt and no deferred gain or loss recognized in the transaction.

Revenue bonds

The County also issues bonds for which it pledges the income derived from the acquired or constructed assets to pay the debt service. Outstanding revenue bonds have been issued on behalf of the public utilities and airport functions.

The County has pledged the sum of its future Public Utilities Fund Operating Income or Loss, prior to depreciation expense, and its Public Utilities Fund Nonoperating Revenues (together "Net Available Revenues") in the approximate amount of $14.1 million as of June 30, 2022, to secure the total remaining debt service requirements of the then-outstanding Public Utilities Water and Sewer Revenue Bonds (Bonds), which have financed various Public Utilities improvements. Based on an estimate of the average net available revenues over the ten-year period ended June 30, 2022 of approximately $14.1 million annually, it is estimated that approximately 6.4 percent of future Utility net available revenues are pledged through fiscal 2032, and will expire in that fiscal year with the final maturity of the current Bonds. However, future water and sewer revenue bonds, which may be issued to finance future utility improvements, will likely contain similar pledges, and future annual net available revenues may differ significantly from the average used in this estimate. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. During fiscal year 2022, pledged net available revenues totaled $17,069,458 and the water and sewer revenue bond debt service requirement was $1,607,702.

The County has also pledged future lease rental income from the airport's fixed base operator (FBO), or successor FBOs, of $698,285 as of June 30, 2022, to secure the then-remaining debt service requirements on the Airport VRA Series 2007 revenue bond (Bond), which financed airport improvements completed in fiscal 2008. This pledge obligates substantially all future FBO rental income through July 1, 2027 and will expire on that date with the final maturity of the Bond. However, future annual net available revenues may differ significantly from the average used in this estimate. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. During fiscal year 2022, pledged rental receipts totaled $228,695 and the debt service requirement was $126,194.

The following is a schedule, by year, of principal and interest payments of revenue bonds as of June 30, 2022:

Fiscal Year		Principal	Interest
2023	$	118,550	8,411
2024		120,108	6,853
2025		121,686	5,274
2026		123,286	3,675
2027		124,906	2,055
2028-2032		63,067	413
Totals	$	671,603	26,681

Airport Revolving Loan

In June 2020, the County finalized a loan from the Virginia Airports Revolving Fund in the amount of $2,323,575 to design and construct a new hangar at the Hanover County Municipal Airport. Obligations for this loan will be liquidated by rental revenues generated by a lease of the hangar facility. The rental revenues are structured to generate revenues sufficient to maintain rate covenant requirements. The County covenants that, in each fiscal year, the Airport's rental revenues relating to the new hangar will be at least 125% of the amount required to pay annual debt service on the loan. Default of the rate covenant requires a qualified independent consultant report including recommendations as to proper maintenance and operation of the system and estimation of costs thereof and the rates, fees and other charges which should be established by the County to satisfy the rate covenant.

The County's pledged future lease rental income is $2,921,004 as of June 30, 2022, to secure the then-remaining debt service requirements on the Airport VRA Series 2019 revenue bond. This pledge obligates substantially all future rental income through February 1, 2040 and expires on the final maturity of the bond. However, future annual Net Available Revenues may differ significantly from the average used in this estimate. During fiscal year 2022, pledged rental receipts totaled $176,140 and the debt service requirement was $160,998.

The following is a schedule, by year, of principal and interest payments of revenue bonds as of June 30, 2022:

Fiscal Year		Principal	Interest
2023	$	91,051	71,228
2024		94,064	68,215
2025		97,177	65,101
2026		100,393	61,885
2027		103,716	58,563
2028-2032		572,394	238,997
2033-2037		673,593	137,798
2038-2042		460,048	26,786
Totals	$	2,192,436	728,573

County General Obligation Bonds and Revenue Bonds

Outstanding general obligation bonds and revenue bonds as of June 30, 2022 are comprised of the following issues:

(See schedule on following page)

Purpose	Interest Rates (%)	Date Issued	Original Issue	Principal Outstanding
Governmental activities:				
General obligation bonds:				
County:				
Series 2011A Public Improvement	2.00 - 5.25	01-20-11	$ 11,452,000	$ 1,813,996
Series 2015 Refunding	2.00 - 5.00	03-19-15	11,199,110	7,727,850
Series 2019 Refunding	5.00	10-17-19	7,415,100	4,752,000
Total general obligation bonds - County				14,293,846
Schools:				
Series 2011A Public Improvement	2.00 - 5.25	01-20-11	1,048,000	166,004
Series 2011A Refunding	2.00 - 5.25	01-20-11	5,340,000	1,070,000
Series 2015 Refunding	2.00 - 5.00	03-19-15	9,335,890	6,442,150
Series 2019 Refunding	5.00	10-17-19	7,564,900	4,848,000
VPSA Series 2005A	3.10 - 5.10	05-12-05	16,105,000	3,220,000
VPSA Series 2005B	4.60 - 5.10	11-10-05	6,995,000	1,395,000
VPSA Series 2005C	4.60 - 5.10	11-10-05	6,967,658	1,480,002
VPSA Series 2007	4.35 - 5.10	11-08-07	13,838,206	4,368,318
VPSA Series 2011B	2.05 - 5.05	11-09-11	5,855,000	2,905,000
VPSA Series 2014A	2.68 - 5.05	05-15-14	1,895,000	1,400,000
VPSA Series 2015B	2.05 - 5.05	05-14-15	4,470,000	3,530,000
VPSA Series 2016B	2.80 - 5.05	11-01-16	9,140,000	6,840,000
VPSA Series 2018B	3.675 - 5.05	11-06-18	4,680,000	3,975,000
VPSA Series 2020B	2.05 - 5.05	11-10-20	8,695,000	8,260,000
Total general obligation bonds - Schools				49,899,474
Total governmental activities - general obligation bonds				64,193,320
Infrastructure and state moral obligation revenue bonds:				
VRA Series 2014A	2.74 - 4.83	5-21-14	19,950,000	17,825,000
VRA Series 2015B	3.125 - 5.125	8-19-15	21,505,000	19,095,000
VRA Series 2018C	4.125 - 5.125	11-14-18	10,945,000	9,295,000
VRA Series 2019C	2.966 - 5.125	11-20-19	11,375,000	10,235,000
Total infrastructure and state moral obligation bonds				56,450,000
Business-type activities:				
Public Utilities:				
Water and sewer revenue bonds:				
Series 2002A	0.00	06-14-02	920,400	46,020
Series 2007	0.00	07-19-07	616,206	184,862
Series 2014B Refunding	2.031 - 5.025	08-13-14	6,420,000	4,715,000
Series 2015D Refunding	3.094 - 5.125	11-18-15	7,130,000	2,735,000
Total Public Utilities				7,680,882
Airport Fund:				
Taxable airport revenue bond:				
VRA Series 2007	5.08	03-21-07	1,795,000	671,601
VRA Series 2019	3.283	06-27-19	2,323,575	2,192,438
Total Airport Fund				2,864,039
Total Business-type activities				10,544,921
Total bond indebtedness - Primary Government				$ 131,188,241

Principal and interest to maturity for the County's governmental activities general obligation bonds and business-type activities revenue bonds outstanding at June 30, 2022, are as follows:

	Governmental Activities		Business-type Activities					
	General Obligation Bonds		Water and Sewer Revenue Bonds		Taxable Airport Revenue Bond		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 8,514,069	2,697,902	1,316,831	321,288	209,601	79,639	10,040,501	3,098,829
2024	7,475,672	2,315,119	1,330,810	256,201	214,172	75,067	9,020,654	2,646,387
2025	7,504,891	1,955,578	1,410,810	187,525	218,863	70,376	9,134,564	2,213,479
2026	7,519,578	1,594,018	475,810	140,759	223,679	65,560	8,219,067	1,800,337
2027	6,023,132	1,277,277	490,810	119,019	228,622	60,617	6,742,564	1,456,913
2028-2032	17,740,978	3,132,472	2,655,811	267,235	635,461	239,410	21,032,250	3,639,117
2033-2037	7,220,000	835,737	-	-	673,593	137,798	7,893,593	973,535
2038-2042	2,195,000	94,368	-	-	460,048	26,786	2,655,048	121,154
Totals	$ 64,193,320	13,902,471	7,680,882	1,292,027	2,864,039	755,253	74,738,241	15,949,751

The County has no legal debt margin requirement. Any issuance of general obligation bonded debt, except State Literary Fund loans, VPSA bonds, and VRA Infrastructure and State Moral Obligation Revenue Bonds must be approved by a voting majority of the qualified County voters. Revenue bonds, State Literary Fund loans, VPSA bonds and VRA Infrastructure and State Moral Obligation Revenue Bonds may be issued by the adoption of a resolution by the Board of Supervisors.

Infrastructure and State Moral Obligation Revenue Bonds

On May 21, 2014, the Primary Government issued a $19,950,000 Series 2014A subfund revenue bond through the Virginia Resources Authority (VRA). In return for issuing the 2014 VRA Bond, VRA provided the County with a portion of the proceeds realized from its May 2014 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2014 VRA Bond was issued to finance the construction of a new courthouse facility.

On August 19, 2015, the Primary Government issued a $21,505,000 Series 2015B subfund revenue bond through the VRA. In return for issuing the 2015 VRA Bond, VRA provided the County with a portion of the proceeds realized from its August 2015 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2015 VRA Bond was issued to finance the completion of a new courthouse facility and renovations of existing buildings.

On November 14, 2018, the Primary Government issued a $10,945,000 Series 2018C subfund revenue bond through the VRA. In return for issuing the 2018 VRA Bond, VRA provided the County with a portion of the proceeds realized from its August 2018 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2018 VRA Bond was issued to finance parks, recreation and cultural capital projects.

On November 20, 2019, the Primary Government issued a $11,375,000 Series 2019C subfund revenue bond through the VRA with interest rates between 2.966% and 5.125%. In return for issuing the 2019 VRA Bond, VRA provided the County with a portion of the proceeds realized from its fall 2019 pooled financing bond transaction. Amounts required for debt service are deposited into a special fund within the Debt Service Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the Debt Service Fund and is subject to annual appropriation. The 2019 VRA Bond was issued to finance building renovations, parks, recreation and cultural capital projects.

The County has a moral obligation to appropriate and pay the amounts due for subfund revenue bonds issued by the VRA from the Debt Service Fund. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment.

Principal and interest to maturity for the Infrastructure and State Moral Obligation Revenue Bonds outstanding at June 30, 2022 are as follows:

	Governmental Activities	
Fiscal Year	Principal	Interest
2023	$ 2,060,000	2,380,024
2024	2,110,000	2,277,994
2025	2,155,000	2,173,753
2026	2,210,000	2,065,275
2027	2,260,000	1,953,231
2028-2032	12,020,000	8,165,778
2033-2037	13,345,000	5,560,075
2038-2042	12,290,000	2,916,182
2043-2047	8,000,000	656,670
Totals	$ 56,450,000	28,148,982

Conduit Debt Obligations

The EDA is empowered by the Commonwealth of Virginia to issue Industrial Revenue Bonds (IRBs) on behalf of businesses relocating to or expanding their operations within the County. Principal and interest on the IRBs are paid entirely by the businesses. Neither the EDA nor the County guarantees the repayment of principal or interest to the bondholders, and the debt is not a pledge of the faith and credit of the EDA or the County. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2022, the principal amounts outstanding on these IRBs totaled approximately $94.2 million.

Support Agreement

On March 23, 2011, the EDA issued Revenue and Refunding Bonds, Series 2011 (EDA Bonds) in the amount of $17,260,000, of which $2,205,000 consisted of new debt for the acquisition and build-out of a building to be used by the Community Services Board, the Social Services Department, and the Registrar's Office and $15,055,000 was used to refund existing County general obligation school bonds and water and sewer revenue bonds. The original issue premium of $681,656 is amortized over the life of the bonds. On March 1, 2011, the County and the EDA entered into a Support Agreement, which obligates the County to make support payments on behalf of the EDA on a periodic basis in an amount equal to the debt service on the bonds. The EDA Bonds are limited obligations of the EDA, payable solely from payments made by the County, pursuant to the Support Agreement. Neither the EDA Bonds nor the Support Agreement are general obligation debt of the County and payments made pursuant to the Support Agreement are subject to annual appropriation by the Board. Support principal and interest payments of $344,075 were paid by the County during the fiscal year ended June 30, 2022.

The Support Agreement annual debt service requirements to maturity as of June 30, 2022, excluding amortization of premium, are as follows:

	Governmental Activities		Business-type Activities		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 125,000	52,875	65,000	5,200	190,000	58,075
2024	130,000	47,875	65,000	2,600	195,000	50,475
2025	135,000	42,675	-	-	135,000	42,675
2026	140,000	37,275	-	-	140,000	37,275
2027	145,000	31,500	-	-	145,000	31,500
2028-2032	485,000	49,250	-	-	485,000	49,250
Totals	$ 1,160,000	261,450	130,000	7,800	1,290,000	269,250

Notes Payable

The County has financed the acquisition of office facilities and a communications system by issuing notes payable.

On November 15, 2017, the County issued Series 2017C VRA refunding bonds in the amount of $1,285,000, and entered into a Local Lease Acquisition Agreement and Amended and Restated Financing Lease with the VRA. The Series 2017C bonds were issued with interest rates between 4.443 and 5.125 percent, to refund $1,370,000 of Series 2010A VRA bonds.

The balance of capital assets, net of accumulated depreciation, and the principal and interest payments as of June 30, 2022, are as follows:

(See schedule on following page)

Asset Class	Primary Government - Governmental Activities
Land	$ 384,847
Buildings	13,804,580
Machinery and equipment	859,437
Total assets, at cost	15,048,864
Accumulated depreciation	(9,440,699)
Total assets, net	$ 5,608,165

	Notes Payable	
Fiscal Year	Prinicpal	Interest
2023	$ 110,000	55,981
2024	115,000	50,591
2025	115,000	44,697
2026	120,000	38,675
2027	130,000	32,269
2028-2031	590,000	59,175
Totals	$ 1,180,000	281,388

On July 6, 2017, the Primary Government entered into a Master Equipment Lease Purchase Agreement with Banc of America Public Capital Corp in the amount of $4,044,300 with an interest rate of 1.8498 percent with a five-year amortization period. The proceeds were used to finance School Board technology capital projects.

The balance of capital assets, net of accumulated depreciation, and the principal and interest payments as of June 30, 2022, are as follows:

Asset Class	Primary Government - Governmental Activities
Machinery and equipment	$ 4,033,446
Total assets, at cost	4,033,446
Accumulated depreciation	(3,662,806)
Total assets, net	$ 370,640

	Notes Payable	
Fiscal Year	Principal	Interest
2023	$ 808,860	7,481
Totals	$ 808,860	7,481

Defeasance of debt

In prior years, the County defeased certain outstanding bonds by placing the proceeds of newly issued bonds in irrevocable escrow funds to provide for all future debt service payments on the old bonds. Accordingly, the escrow fund assets and the liabilities for the defeased bonds are not included in the accompanying financial statements. At June 30, 2022, the County had general obligation bonds that were outstanding but considered defeased totaling $1,260,000 and Public Utilities had revenue bonds that were outstanding, but considered defeased totaling $8,975,000.

Lease Obligations

The County, Public Utilities and School Board lease assets from a number of suppliers, including leases for office space, office equipment, vehicles, and land. The lease agreement durations for vehicles and office equipment range from three years with extensions to five years. The duration for office space ranges from two to ten years and the duration for land leases range from twenty to thirty years. Amounts are paid on a monthly basis with no variable components noted. Additionally, there are no residual terms or guarantees.

The leased assets are presented as right-to-use assets on the Statement of Net Position and in footnote IV.C. for Capital assets and the lease obligations are outlined in footnote IV.F. for Noncurrent liabilities. As stated rates were unavailable in the lease agreements, the discount rate used to determine the liability amount was the average majority prime rate charged by banks on short-term loans, quoted on an investment basis. The principal and interest to maturity on these obligations at June 30, 2022 are as follows:

	Governmental Activities			Public Utilities		School Board Component Unit			
	Lease Obligations		Lease Obligations		Lease Obligations			
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 211,236	107,702	3,824	324	347,509	17,506	562,569	125,532
2024	212,154	97,553	2,883	161	182,345	5,724	397,382	103,438
2025	154,708	88,265	1,857	85	66,081	1,370	222,646	89,720
2026	93,235	81,494	1,595	24	16,626	186	111,456	81,704
2027	34,817	79,118	-	-	-	-	34,817	79,118
2028-2032	56,501	382,667	-	-	-	-	56,501	382,667
2033-2037	40,085	377,798	-	-	-	-	40,085	377,798
2038-2042	115,718	356,644	-	-	-	-	115,718	356,644
2043-2047	222,071	307,705	-	-	-	-	222,071	307,705
2048-2052	372,808	219,264	-	-	-	-	372,808	219,264
2053-2057	407,911	83,286	-	-	-	-	407,911	83,286
2058-2063	38,180	820	-	-	-	-	38,180	820
Totals	$ 1,959,424	2,182,316	10,159	594	612,561	24,786	2,582,144	2,207,696

V. Other information

A. 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 County carries insurance through commercial carriers or through the Virginia Municipal Liability Pool. The County carries commercial insurance for all risks of loss including property, theft, auto liability, general liability, line of duty, cyber and construction insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for each of the past three years. There was no reduction in insurance coverage during fiscal year 2022. All claims are paid in accordance with policy coverage in effect at the time. In addition, the County provides various surety bond coverage as required under regulations, generally at industry-recommended levels.

The County and School Board are participating members in the Virginia Risk Sharing Association (formerly VML). Both of these not-for-profit entities provide workers' compensation coverage in compliance with the Virginia Workers' Compensation code.

The County and School Board have chosen to retain the risk associated with the employee's health insurance plan. Risk is retained at 100% up to an individual stop loss amount of $200,000 for individual claims paid during the contract year. All County and School Board full-time and benefited part-time employees are eligible to participate. Premiums are paid for participating employees to the Self Insurance Fund, which is reported in the County's financial statements as an internal service fund. An administrator selected by the County processes all claims, and is reimbursed based on actual claims processed. Net position balances in the Self Insurance Fund are used as a reserve to offset rate increases and to fund losses in future years. The County's benefits consultant has actuarially determined an estimated liability for combined County and School Board healthcare claims that have been incurred but not reported (IBNR) at fiscal year-end, substantially all of which is expected to be liquidated within the following fiscal year, and which is reported in the Self Insurance Fund. Changes in balances of health insurance claim liabilities and IBNR during the past two years are as follows:

Fiscal Year	Payable (Prepaid) Beginning of Year	Claims and Other Charges Processed	Claims and Benefit Payments	Payable (Prepaid) End of Year	Incurred But Not Reported
2021	$ -	35,729,446	35,729,446	-	1,803,103
2022	$ -	40,666,987	40,666,987	-	1,865,770

	Balance July 1	Increases	Decreases	Balance June 30
Incurred But Not Reported	$ 1,803,103	40,666,987	(40,604,320)	1,865,770

B. Fund Balance Classifications

The accompanying financial statements display nonspendable, restricted, committed and assigned fund balance classifications in the aggregate per GAAP. Specific purpose information for these fund balance classifications follows:

	Primary Government						
	General Fund	County Improvements Fund	School Improvements Fund	Debt Service Fund	Total Governmental Funds	School Board Component Unit	Economic Development Authority
Nonspendable:							
Inventory	$ 341,221	-	-	-	341,221	-	-
Prepaid expenditures	-	1,932,705	-	-	1,932,705	397,661	-
Total nonspendable	341,221	1,932,705	-	-	2,273,926	397,661	-
Restricted for:							
Public safety - asset forfeitures	261,561	-	-	-	261,561	-	-
Judicial administration - asset forfeitures	27,478	-	-	-	27,478	-	-
Judicial administration - grants and donations	174,780	-	-	-	174,780	-	-
Public safety - grants and donations	4,173	-	-	-	4,173	-	-
Public works - recycling service districts	139,817	-	-	-	139,817	-	-
Health and human services - Federal and state grants	327,036	-	-	-	327,036	-	-
Health and human services - donations	3,816	-	-	-	3,816	-	-
Parks, recreation and cultural donations	65,154	-	-	-	65,154	-	-
Education - grants	-	-	-	-	-	277,200	-
Capital improvements	-	41,742,205	2,754,507	-	44,496,712	-	-
Total restricted	1,003,815	41,742,205	2,754,507	-	45,500,527	277,200	-
Committed to:							
Economic development	500,000	-	-	-	500,000	-	-
Total committed	500,000	-	-	-	500,000	-	-
Assigned to:							
Education	10,684,000	-	-	-	10,684,000	9,177,671	-
Economic development	4,000,000	-	-	-	4,000,000	-	-
Public works - stormwater	500,000	-	-	-	500,000	-	-
Public works - transportation	1,000,000	-	-	-	1,000,000	-	-
Debt service	-	-	-	801,817	801,817	-	-
Encumbrances and reappropriations	2,817,485	-	-	-	2,817,485	-	-
Funding of subsequent fiscal years' adopted budget	13,805,000	-	-	-	13,805,000	-	-
Insurance reserves	500,000	-	-	-	500,000	-	-
Economic stability reserves	5,000,000	-	-	-	5,000,000	-	-
Capital improvements	22,513,653	20,482,342	3,789,437	-	46,785,432	-	-
Total assigned	60,820,138	20,482,342	3,789,437	801,817	85,893,734	9,177,671	-
Unassigned fund balance	40,333,577	-	-	-	40,333,577	-	118,056
Total fund balances	$ 102,998,751	64,157,252	6,543,944	801,817	174,501,764	9,852,532	118,056

C. Commitments and contingent liabilities

Other commitments

At June 30, 2022, the Primary Government had commitments for capital projects totaling $45,089,295 as follows:

	Primary Government				
	County Improvements Fund	School Improvements Fund	Public Utilities Fund	Airport Fund	Total Primary Government
Total capital commitments	$ 20,017,241	4,365,268	20,390,420	316,366	45,089,295

These commitments will be funded by existing resources within the respective funds and by appropriations.

Encumbrances
Encumbrance accounting, under which purchase orders for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. In accordance with the County's adopted Budget Policy, encumbered funds are reappropriated annually by the Board in the succeeding year's budget resolution. Encumbrances represent the estimated amount of expenditures that will ultimately result if open purchase orders are paid. Encumbrances outstanding at the end of the fiscal year are disclosed below, in accordance with GAAP. However, encumbered amounts are already included within the restricted, committed or assigned fund balances, as appropriate, and are not in addition thereto.

	Primary Government - Governmental Funds				
	General Fund	County Improvements Fund	School Improvements Fund	Total Primary Government	Schools Component Unit
Encumbrances outstanding at fiscal year-end	$ 2,045,457	20,017,241	4,365,268	26,427,966	1,676,785

Contingent liabilities
Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantors cannot be determined at this time, although the County expects such amounts, if any, would not have a material effect on the financial position of the County.

The reporting entity is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel the resolution of these matters will not have a material adverse effect on the financial position of the government.

D. Joint ventures

Capital Region Airport Commission: The Capital Region Airport Commission (Airport Commission) was established in 1975 by an Act of the Virginia General Assembly. The Airport Commission owns and operates Richmond International Airport (Airport). The Airport Commission is governed by 14 Commissioners, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Airport Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Airport Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. After approval of the proposed budget by the governing bodies, if the Airport Commission's budget contains estimated expenditures that exceed estimated revenues, the governing bodies are required to fund the deficit in proportion to their pro rata financial basis in the Airport Commission. The pro rata basis is to be determined by the percentage of the population of each locality to the combined total population of all participating localities according to the most recent census, with Hanover County's pro rata share approximating 10.5%. If actual revenues are less than estimated revenues identified in the budget (resulting in a deficit), the localities may, at their discretion, appropriate funds necessary to fund the deficit. To date, the County has not been required to fund any deficit. Complete financial statements for the Airport Commission can be obtained from the Chief Financial Officer, 1 Richard E. Byrd Terminal Drive, Suite A, Richmond International Airport, Richmond, VA 23250-2400.

Greater Richmond Convention Center Authority: The Greater Richmond Convention Center Authority (GRCCA), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998 pursuant to the Public Recreational Facilities Authorities Act, Chapter 56, Title 15.2 of the Code. The political subdivisions participating in the incorporation of the GRCCA are the City of Richmond and the Counties of Chesterfield, Hanover and Henrico. The GRCCA is governed by a five member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

The GRCCA was created for the purpose of acquiring, constructing, equipping, maintaining, and operating a regional convention center facility. In August 1996, each locality designated future revenue from the transient occupancy tax for expansion of the convention center. The GRCCA issued $158,415,000 in Hotel Tax Revenue Bonds, which are secured by an eight percent transient occupancy tax imposed and collected by the localities. The County made an expenditure of $1,405,542 for transient occupancy tax to the GRCCA during fiscal year 2022. Complete financial statements for the GRCCA can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, Virginia 23832.

Dominion Energy Innovation Center: The Dominion Energy Innovation Center (DEIC), formally known as Dominion Resources GreenTech Incubator, a Virginia non-profit, non-stock corporation, was created in 2009, under authority granted by the Virginia General Assembly to the Virginia Biotechnology Research Partnership Authority, pursuant to an Agreement between the County, the Town of Ashland (Town), their respective economic development authorities, the Virginia Biotechnology Research Partnership Authority (Authority) and the Virginia Biosciences Development Center, Inc. The DEIC's governing structure consists of a Board of Directors of up to seven members, including the executive director of the Authority, a representative designated by each of Hanover County and the Town and up to four additional representatives as initially determined by the Authority, selected from a representative of the lead corporate sponsor, a representative of the other sponsors, and other outside directors.

The DEIC was created to encourage new business formation primarily in the areas of clean, "green" and energy conservation technologies within the County, by incubating member companies via the provision of affordable facilities, assistance with strategic business planning, access to business advisory boards, introduction to potential sources of investment capital, and other benefits. Under the Agreement and subject to annual appropriation, beginning in fiscal year 2010, the County and EDA have agreed to provide $80,000, prorated annually for each of the first five years, to cover start-up costs and have also agreed to contribute amounts necessary to cover the costs of materials and labor for tenant improvements in the space leased by DEIC. In fiscal year 2015, the County renewed its commitment to this partnership for another three years. The Participants are committed to ensuring the long-term financial viability of DEIC, without the requirement for major cash subsidies after the first five years of operation. During fiscal year 2022, the EDA contributed $10,000. Neither the County nor EDA have any ongoing financial interest in DEIC. Annual audited financial statements are available from DEIC at 201 Duncan Street, Ashland, VA 23005.

CodeRVA Regional High School: CodeRVA Regional High School (CodeRVA) was established pursuant to Section 22.1-26 of the *Code of Virginia* and Regulation of the Virginia Board of Education. CodeRVA provides an innovative program of studies for students from fifteen participating school divisions to graduate with a high school diploma and opportunities for extended internships, industry credentialing, and completion of an associate's degree in computer science. The governing structure consists of one member elected or appointed from the Hanover County Public Schools Board and each of the other partnering school boards. The CodeRVA school board powers and duties include adopting bylaws and policies, establishing and managing business property, affairs and operations, and approving CodeRVA's annual budget. Each participating school board is required to commit to a minimum number of allocated student slots and are required to pay the tuition of the minimum number of slots. Tuition payments are payable July 15 of the new fiscal year. During the fiscal year 2022, the School Board paid tuition in the amount of $321,600. Additional information is available from CodeRVA Regional High School at 1405 Cummings Drive, Suite 10, Richmond, VA 23220.

E. Jointly governed organizations

Pamunkey Regional Library: The Pamunkey Regional Library (Library) is a political subdivision of the Commonwealth of Virginia and is governed by a separate Board of Trustees, appointed for specific terms of office by the Boards of Supervisors of the counties to which it provides library services, including the Counties of Hanover, Goochland, King William, and King and Queen. Management and accountability for fiscal matters rest with the Library's Board, of which the County appoints four of the ten members. The Library receives contributions from the participating counties, but invests its own funds and formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Library, and has no equity interest in it. In fiscal year 2022, the County contributed a total of $2,941,000 to the Library's operations. Complete financial statements for the Library can be obtained from the Director's office at 7527 Library Drive, Hanover, Virginia 23069.

Pamunkey Regional Jail Authority: The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The County serves as fiscal agent for the Jail Authority; however, the Jail Authority Board of Directors formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail Authority. The County, which typically provides a majority of the inmates to the facility, made per diem contributions totaling $5,090,776 in fiscal year 2022. Complete financial statements for the Jail Authority can be obtained from the Jail Superintendent's office at P.O. Box 510, Hanover, Virginia 23069.

Middle Peninsula Juvenile Detention Commission: The Middle Peninsula Juvenile Detention Commission (Detention Commission) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Detention Commission was created by resolutions adopted in 1993 by its member jurisdictions, which include the Counties of Caroline, Charles City, Essex, Gloucester, Hanover, James City, King and Queen, King William, Lancaster, Matthews, Middlesex, New Kent, Northumberland, Richmond, Westmoreland, and York, and the Cities of Poquoson and Williamsburg. Each member jurisdiction appoints one member to the Detention Commission. The County of Hanover does not bear any direct or indirect liabilities for the operation of this organization, and has no equity interest in it.

The Detention Commission was created to enhance the protection of the region's citizens by the maintenance and operation of a juvenile detention facility (the Merrimac Center) to serve the member jurisdictions. The member jurisdictions have entered into a Service Agreement which is a long-term contract governing the parties' respective obligations. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Detention Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Detention Commission. If the sum of all per diem rates paid during the fiscal year is below $2,500, the County shall pay the Detention Commission the amount equal to the difference. During fiscal year 2022, the County's per diem payments to the Detention Commission totaled $256,448. Complete financial statements for the Detention Commission can be obtained from the fiscal agent's office at James City County, Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

Central Virginia Waste Management Authority: The Central Virginia Waste Management Authority (Waste Authority) was established under the provisions of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George; the Cities of Colonial Heights, Hopewell, Petersburg and Richmond; and the Town of Ashland. The 19 member board is comprised of no less than one and no more than three members from each of the participating jurisdictions, determined on a population basis. The County has two representatives serving on the Waste Authority's Board. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Twenty-two subdivisions in the County participate in the Waste Authority's curbside recycling program. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest in the Waste Authority. The County's fiscal year 2022 payments to the Waste Authority totaled $561,577. Complete financial statements can be obtained from the Waste Authority at 2100 West Laburnum Avenue, Suite 105, Richmond, Virginia 23227.

Greater Richmond Partnership: The Greater Richmond Partnership, Inc. (GRP) serves the Counties of Chesterfield, Hanover and Henrico, and the City of Richmond by seeking to enhance economic development in the participating localities. The County has two representatives serving on GRP's Board of Directors. During fiscal year 2022, the County made payments to the GRP totaling $387,000. Complete financial statements can be obtained from GRP's office at 800 E. Canal Street, Ste. 925, Richmond, Virginia 23219.

Richmond Region Tourism: The Richmond Metropolitan Convention and Visitors Bureau (RMCVB) serves the Counties of Chesterfield, Hanover, Henrico, New Kent, Town of Ashland, and the Cities of Richmond and Colonial Heights by promoting conventions and tourism in the participating localities. The County has two representatives serving on RMCVB's Board of Directors, and made fiscal year 2022 contributions to RMCVB totaling $222,439. Complete financial statements can be obtained from the RMCVB's office at 401 North 3rd Street, Richmond, Virginia 23219.

PlanRVA The Regional Commission: The PlanRVA the Regional Commission, formally known as the Richmond Regional Planning District Commission, is a regional planning agency serving the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The primary functions of the Commission are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the PlanRVA promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County paid member dues to PlanRVA totaling $54,932 in fiscal year 2022. Complete financial statements can be obtained from PlanRVA at 9211 Forest Hill Avenue, Richmond, Virginia 23235.

F. Defined benefit pension plans – Virginia Retirement System

Pension Plans

Agent Multiple-Employer Plan - The County and School Board non-professional employees participate in agent multiple-employer defined benefit pension plans administered by the VRS. The VRS requires periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The required employer contributions for County employees and for School Board non-professional employees are established annually by the VRS, by separate actuarial valuations specific to each group.

Cost-Sharing Multiple-Employer Plan - The School Board professional employees participate in a cost-sharing multiple-employer defined benefit pension plan administered by VRS. The VRS establishes a separate annual contribution requirement for the School Board's professional employees who participate in the VRS statewide teacher cost-sharing pool.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS agent multiple-employer and cost-sharing multiple-employer plans and the additions to/deductions from the VRS agent multiple-employer and cost-sharing multiple-employer plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Detailed information about the VRS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Financial Report (Annual Report) and GASB 68 Report. A copy of the 2021 VRS Annual Report and GAAP Pension Report may be downloaded from the VRS website at VRS Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2021 (varetire.org), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

VRS Plan Description

All full-time, salaried permanent employees of the County and School Board (professional and non-professional) are automatically covered by VRS upon employment. This plan is administered by the VRS 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 the County or School Board pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia* (the Code), as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The VRS administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has a different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out as described below:

VRS Plan 1 and Plan 2
Overview: Plan 1 and Plan 2 are defined benefit plans. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula. Employees are eligible for and in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013 and they have not taken a refund. Employees are eligible for and in Plan 2 if their membership date is on or

after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. VRS Plan 1 and Plan 2 non-hazardous duty covered members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

Contributions: Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.

Service Credit: Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. The Board elected to provide the health insurance credit program as provided in Section 51.1-140-2 of the Code to all eligible current and future County retirees.

Vesting: Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan.

Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Benefit Calculations: The Basic Benefit is calculated based on a formula using the member's average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this Basic Benefit if the member retiring with a reduced retirement benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

For Plan 1, a member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee. The Plan 1 retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%, and the multiplier for hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer. The Board elected to provide the higher retirement multiplier (1.85%) to all eligible employees in hazardous duty positions as described in the Code Section 51.1-138.

Under Plan 1, the normal retirement age is 65, with a provision of age 60 for hazardous duty members. The earliest unreduced retirement can occur at age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. For hazardous duty employees, the earliest unreduced eligibility is at age 60 with at least five years of credible service or age 50 with at least 25 years of credible service. The earliest reduced retirement can occur at age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees can receive a reduced retirement benefit as early as age 50 with at least five years of credible service.

For Plan 2, a member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. The service retirement multiplier factor is the same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier for non-hazardous duty employees is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. The retirement multiplier for Sheriffs and regional jail superintendents is 1.85%, the same as Plan 1. The retirement multiplier for hazardous duty employees is 1.70% or 1.85% as elected by the employer, the same as under Plan 1.

Under Plan 2, the normal retirement age is consistent with the normal Social Security retirement age. The earliest unreduced retirement can occur at normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. The earliest reduced retirement can occur at Age 60 with at least five years (60 months) of service credit.

Cost-of-Living Adjustment (COLA) in Retirement: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.

For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.

Under Plan 1, the COLA matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. Under Plan 2, the COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:

- The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- The member retires on disability.
- The member retires directly from short-term or long-term disability.
- The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage: Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% under Plan 1 and 1.65% under Plan 2 on all service, regardless of when it was earned, purchased or granted.

Purchase of Prior Service: Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

Hybrid Plan

Overview: The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan as noted:

- The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window held January 1-April 30, 2014. The plan's effective date for opt-in members was July 1, 2014.

Contributions: A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.

Service Credit: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit, as well as determining vesting for the employer contribution portion of the plan. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. The Board elected to provide the health insurance credit program as provided in Section 51.1-140-2 of the Code to all eligible current and future County retirees.

Under the defined contribution component, credible service is used to determine vesting for the employer contribution portion of the plan.

Vesting: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service, as follows:

- After two years, a member is 50% vested and may withdraw 50% of employer contributions.
- After three years, a member is 75% vested and may withdraw 75% of employer contributions.
- After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.

Distribution is not required, except as governed by law.

Benefit Calculations: The benefit calculations for the Hybrid Plan are as outlined in Plan 1 and 2, except the defined contribution component is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

The average final compensation is a member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee. It is used in the retirement formula for the defined benefit component of the plan.

The service retirement multiplier for the defined benefit component 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.

The normal retirement age is consistent with the normal Social Security retirement age, with a provision that members are eligible to receive distributions upon leaving employment, subject to restrictions. The earliest member unreduced retirement can occur at normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90. Members may retire as early as age 60 with at least five years (60 months) of service credit. The COLA in retirement terms are consistent with the provisions noted for Plan 2.

Disability Coverage: Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (the VLDP) unless their local governing body provides an employer-paid comparable program for its members.

Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under the VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.

Purchase of Prior Service: Considerations are the same as noted under Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Agent Multiple-Employer Plan

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:

(See schedule on following page)

	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	623	201
Inactive members:		
Vested inactive members	218	37
Non-vested inactive members	263	91
Inactive members active elsewhere in VRS	384	75
Total inactive members	865	203
Active members:	1,178	207
Total covered employees	2,666	611

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code, 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 contractually required employer contribution rates for the County and for the School Board's non-professional employee group for the fiscal year ended June 30, 2022 were 10.47% and 1.42%, respectively, of their annual covered employee compensation. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

These rates, when combined with employee contributions, were 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 $7,366,936 and $6,987,056 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the School Board's non-professional group were $45,421 and $48,374 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Liability and Asset

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. At June 30, 2022, the County reported a net pension asset of $6,026,351 and the School Board's non-professional group reported a net pension asset of $6,961,428. The total pension liability used to calculate the net pension liability/asset 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 – General and Public Safety Employees

The total pension liability was measured as of June 30, 2020 for general employees of the County, School Board non-professional group, and the County public safety employees, 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:

(See schedule on following page)

	General Employees and Public Safety Employees
Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35% for County general employees and School Board non-professional group and 3.50% - 4.75% for County public safety employees
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates	15% of deaths are assumed to be service related for County general employees and School Board non-professional group and 45% of deaths are assumed to be service related for County public safety 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; for County public safety employees, 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; 110% of rates for males; 105% of rates for females set forward 3 years; for County public safety employees, Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and 105% 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; for County public safety employees, 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; 110% of rates for males and females set forward 2 years; for County public safety employees, 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; for County public safety employees, 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 are as follows:

County General Employees	County Public Safety Employees
Updated mortality rates to PUB2010 public sector mortality tables	Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020	Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age	Decreased withdrawal rates
Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service	No change in disability rates, salary scale, line of duty disability, or discount rate
No change in disability rates, salary scale, line of duty disability, or discount rate	

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	34.00%	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 Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic normal 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation at that time, providing a median return of 7.11%, including an expected inflation rate of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in 2012 or 100% of the actuarially determined employer rate from the June 30, 2017, actuarial valuations, whichever is greater. From July 1, 2021 on, participating employers and employees are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability/(Asset) (County)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2020	$ 308,024,613	$ 268,030,876	$ 39,993,737
Changes for the year:			
Service cost	8,516,435	-	8,516,435
Interest	20,379,641	-	20,379,641
Changes of assumptions	13,119,584	-	13,119,584
Differences between expected and actual experience	(4,183,534)	-	(4,183,534)
Contributions - employer	-	6,987,052	(6,987,052)
Contributions - employee	-	3,414,683	(3,414,683)
Net investment income	-	73,623,416	(73,623,416)
Benefit payments, including refunds of employee contributions	(12,208,002)	(12,208,002)	-
Administrative expenses	-	(179,904)	179,904
Other changes	-	6,967	(6,967)
Net changes	25,624,124	71,644,212	(46,020,088)
Balances at June 30, 2021	$ 333,648,737	$ 339,675,088	$ (6,026,351)

Changes in Net Pension (Asset) (School Board non-professional group)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) (a) - (b)
Balances at June 30, 2020	$ 26,103,338	$ 27,995,062	$ (1,891,724)
Changes for the year:			
Service cost	508,416	-	508,416
Interest	1,716,571	-	1,716,571
Changes of assumptions	754,172	-	754,172
Difference between expected and actual experience	(225,649)	-	(225,649)
Contributions - employer	-	48,374	(48,374)
Contributions - employee	-	234,999	(234,999)
Net investment income	-	7,558,460	(7,558,460)
Benefit payments, including refunds of employee contributions	(1,345,317)	(1,345,317)	-
Administrative expenses	-	(19,326)	19,326
Other changes	-	707	(707)
Net changes	1,408,193	6,477,897	(5,069,704)
Balances at June 30, 2021	$ 27,511,531	$ 34,472,959	$ (6,961,428)

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

The following presents the net pension liability of the County and School non-professional group using the discount rate of 6.75%, as well as what their 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:

	1% Decrease (5.75%)	**Discount Rate (6.75%)**	**1% Increase (7.75%)**
County Employees			
Net Pension Liability (Asset)	$ 42,098,948	$ (6,026,351)	$ (45,451,832)
School Non-Professional			
Net Pension Liability (Asset)	$ (3,901,464)	$ (6,961,428)	$ (9,537,435)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (County)

For the year ended June 30, 2022, the County recognized pension expense of $3,164,463. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$3,213,200	$3,129,747
Changes of assumptions	11,842,690	-
Net difference between projected and actual earnings on pension plan investments	-	36,784,517
Employer contributions subsequent to the measurement date	7,366,936	-
Total	$22,422,826	$39,914,264

$7,366,936 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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 the pension expense in future reporting periods as follows:

Year ended June 30	
2023	$ (2,590,668)
2024	(4,757,495)
2025	(6,390,585)
2026	(11,119,626)
2027	-
Thereafter	-
Total	$ (24,858,374)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (School Board non-professional group)

For the year ended June 30, 2022, the School Board non-professional group recognized pension expense of ($923,773). At June 30, 2022, the School Board non-professional group reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$148,497
Changes of assumptions	395,042	-
Net difference between projected and actual earnings on pension plan investments	-	3,741,355
Employer contributions subsequent to the measurement date	45,421	-
Total	$440,463	$3,889,852

$45,421 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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 the pension expense in future reporting periods as follows:

Year ending June 30	
2023	$ (654,932)
2024	(828,371)
2025	(870,453)
2026	(1,141,054)
2027	-
Thereafter	-
Total	$ (3,494,810)

Cost-Sharing Multiple-Employer Plan

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code, 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.

Each school division's contractually required 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 Board were $18,107,471 and $16,890,538 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 Teachers Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Net Pension Liability

At June 30, 2022, the School Board professional group reported a liability of $92,729,422 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 as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The School Board's proportion of the net pension liability was based on the School Board'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 Board's proportion was 1.19449% as compared to 1.22369% at June 30, 2020.

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

For the year ended June 30, 2022, the School Board's professional group recognized pension expense of ($344,456). 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. At June 30, 2022, the School Board's professional group reported deferred outflows of resources and deferred inflows of resources related to pensions form the following sources:

(See schedule on following page)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$58,435,600
Net difference between projected and actual earnings on pension plan investments	-	7,898,131
Change in assumptions	16,245,952	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	34,020	5,706,401
Employer contributions subsequent to the measurement date	18,107,472	-
Total	$34,387,444	$72,040,132

$18,107,472 reported as deferred outflows of resources related to pensions resulting from the School Board's professional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the 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 ending June 30	
2023	$(13,439,375)
2024	(12,076,845)
2025	(12,995,310)
2026	(17,256,772)
2027	8,142
Thereafter	-
Total	$(55,760,160)

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:

(See schedule on following page)

	School Board Professional Employee Group
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables 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

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

School Board's Professional Employee Group
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
No change in disability rates, salary scale, or discount rate

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less the 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):

	Teacher Employee Retirement Plan
Total Pension Liability	$ 53,381,141
Plan Fiduciary Net Position	45,617,878
Employers' Net Pension Liability	$ 7,763,263
Plan Fiduciary Net Position as a Percentage of the Total Plan 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 GAAP in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on the pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 estimates of arithmetic real rates of return for each major asset are summarized on the following page:

Asset Class (Strategy)	Target 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 Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic normal 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the employer for the cost-sharing plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, school divisions are assumed to contribute 100% 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.

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

The following presents the net pension liability for the School Board's professional group using the discount rate of 6.75%, as well as what their 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:

	1% Decrease (5.75%)	**Discount Rate (6.75%)**	**1% Increase (7.75%)**
School Board Professional proportionate share of the VRS Teacher Employment Retirement Plan Net Pension Liability	$ 178,962,763	$ 92,729,422	$ 21,790,981

G. Postemployment healthcare plan and Other Postemployment Benefits (OPEB) Trust

In addition to the pension benefits described in note V-F, the County provides for optional participation by eligible retirees and their eligible spouses and dependents, in the medical and prescription drug healthcare benefit program available to employees. Pursuant to Code Section 15.2-1544 *et seq*. the County has established the Hanover County, Virginia Retiree Medical Benefits Plan (Plan), an agent multiple-employer defined benefit healthcare plan, and the Hanover County, Virginia Retiree Medical Benefits Trust Agreement (Trust), which are administered as one plan. The Plan covers only eligible retirees of the reporting entity, the Pamunkey Regional Library and the Pamunkey Regional Jail Authority, hereinafter referred to as Affiliates. The Trust provides the funding mechanism for the postemployment healthcare benefits established by the Plan. The Code assigns the authority to administer the Plan, and to establish and amend the benefit provisions of the Plan by the Board. The Plan provides for biennial reviews of benefit provisions based on actuarial analysis, but does not require any automatic or ad hoc benefit increases, although the Board may amend or terminate the Plan at any time. The Trust's accumulated assets may legally be used to pay all plan benefits provided to any of the plan's members or beneficiaries. The Trust is considered part of the County of Hanover's financial reporting entity and is included in the County's financial statements as an Other Postemployment Benefits Trust Fund. Accordingly, audited financial statements are not separately available.

a. Summary of significant accounting policies

Basis of accounting – The Trust's financial statements are prepared using the accrual basis of accounting. Employer contributions to the Trust (including cash contributions and actuarially estimated employer premium subsidies) are recognized when due and the employer has made a formal commitment to provide the contributions. Plan member contributions are recognized in the period in which the contributions and subsidies are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Valuation of investments – All plan investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price on June 30, 2022. Securities without an established market are reported at estimated fair value.

b. Plan description, contribution and funding information

Membership - The Plan covers all employees of the reporting entity and its Affiliates (Employers) who retire and meet certain eligibility requirements. For the most recent biennial actuarial valuation dated as of June 30, 2020, the Plan membership at July 1, 2020 consisted of the following:

	Primary Government	School Board Component Unit	Affiliates	Total
Retirees and beneficiaries receiving benefits	18	66	2	86
Active employees	1,058	2,062	128	3,248
Total number of plan members	1,076	2,128	130	3,334
Number of participating employers	1	1	2	4

Plan description - The Plan provides that the Employers will provide certain subsidies toward the cost of the health benefit coverage of eligible retirees, spouses and dependents. In order to participate in the Plan, retirees must be enrolled in the health insurance program available to County employees at date of separation. In addition, participants must meet the VRS retirement age and service retirement requirements, and, if hired after September 30, 2007, must have five years of service with an Employer or retire pursuant to the disability requirements of Social Security or the VRS. The amount of monthly subsidy provided by the Plan is based on years of service and, as of June 30, 2013, ranged from $100 per month for employees with 10 but less than 15 years of service to $200 per month for 20 or more years of service. The subsidy for a retiree's spouse and dependents are equal to that of the retiree, with a limit of three subsidies per retiree. Effective for those who retire July 1, 2015 or later, there shall not be a subsidy for their spouse or dependents. Retirees hired prior to October 1, 2007 have no years of service requirement, but must meet all other requirements for participation. In addition, retirees hired prior to October 1, 2007, who have at least ten years of service with an Employer and whose age and years of service equal at least 60 (grandfathered employees), will receive an initial subsidy of $251 per month. For employees retiring after September 30, 2008, subsidies will end with Medicare eligibility. Any Plan participants currently in the Plan over age 65 must be enrolled in Medicare as primary insurer effective July 1, 2015. Additionally, any grandfathered retirees who are not yet age 65 must enroll in Medicare as primary insurer once they have met the Medicare eligibility requirements.

Retirees under the Plan may select from the health care plans offered to active employees and pay the health insurance premium rate established annually based on biennial actuarial analysis of the claims cost of the retiree group, net of the applicable subsidy established by the Plan. Depending upon the health care plan selected, the net retiree premium amounts range from $471 to $1,272 per month for those electing retiree-only coverage, and from $1,835 to $3,815 per month for family coverage. Costs of administering the Plan will be borne by the Trust or by the Employers.

Benefits provided - The Plan funds subsidy amounts for participating eligible retirees and their dependents. The amounts vary based on retirement date and years of service as outlined above.

Contributions - The Code permits the Board to make appropriations to fund the Trust and to enter into agreement with its School Component Unit and its Affiliates to participate in and contribute to the Trust. Contributions to the Trust are irrevocable; however, continued participation in the Plan is voluntary, and any Employer may individually terminate future participation in the Plan. Retiree medical activity is processed through the self-insurance fund on a pay-go basis.

Each year the Trust Board determines whether there should be any withdrawals or contributions made to the Trust. During the year ended June 30, 2022, the Trust Board did not make any withdrawals or contributions to the Trust.

Funding policy - The Board has adopted a resolution under which the Employers will contribute funds to the Trust periodically, as determined appropriate, based on periodic actuarial analysis of the future obligations of the Employers.

Investments – The OPEB Trust Board has determined that to achieve the greatest likelihood of meeting the applicable investment objectives, the Trust should allocate assets into two broad classes:

- Investment Assets to be invested to achieve the annual rate of return equal to the Trust's actuarial discount rate with a target allocations comprised of 42% in Domestic Equity, 23% in International Equity, and 35% in Fixed Income investments,
- Liquidity Assets to be held solely in cash equivalent investments and used to pay for benefits and expenses of the Trust.

Rate of Return – For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (-13.98%). This return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset – As of June 30, 2021, in accordance with GAAP, the Net OPEB Asset amount for the Plan is as follows:

	Hanover OPEB Plan for Retiree Medical
Total OPEB Liability	$ 4,363,054
Plan Fiduciary Net Position	7,354,644
Employers' Net OPEB Asset	$ 2,991,590
Plan Fiduciary Net Position as a Percentage of the Total Plan Liability	168.57%

The total OPEB liability is calculated by the Plan's actuary. The most recent actuarial valuation was based on data as of July 1, 2020 with a measurement date of June 30, 2021 for its June 30, 2022 reporting.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2020 actuarial valuation, the Entry-Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 6.5% annual investment rate of return (net of administrative expenses) and a payroll increase assumption of 2.50%. The liability is being amortized as a level percentage of projected payroll on a closed basis over sixteen years. Mortality rates were based on the RP-2000 Fully Generational Combined Table.

The assumed inflation rate is 2.5%. The long-term expected rate of return of OPEB plan investments net of inflation is 5.10% on Domestic Equities, 4.80% on International Developed Equities, International Emerging Market Equities, 5.20% on International Emergency Markets Equities, 1.40% on Core Fixed, 1.40% on Investment Grade Corporate Debt, 2.40% on Emerging Market Debt, and 2.50% on High Yield Investments.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.5%. This is the expected rate of return on trust assets. During its February 2020 meeting, the OPEB Trust Board established this 6.5% rate (not adjusted for inflation) as the long-term target rate for the Plan over a rolling five-year period. Previously the discount rate was 7.0%, unchanged since the Plan's inception. The OPEB Trust Board reviews annual feasibility studies performed by the Plan's investment consultant to consider the ongoing appropriateness of the target rate and whether a change should be considered. No changes were made to the 6.5% rate in the year ended June 30, 2022.

Long-Term Medical Trend – As Plan funding is used subsidize premium rates, the OPEB Plan liability is not affected by changes in the Long-Term Medical Trend.

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the total OPEB liability and net pension asset for the OPEB plan for the June 30, 2021 valuation using the discount rate of 6.5%, as well as what their net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.5%) or one percentage point higher (7.5%) than the current rate:

	5.5% 1% Decrease	**6.5% Discount Rate**	**7.5% 1% Increase**
Total OPEB Liability	4,629,838	4,363,054	4,112,727
Net OPEB Asset	2,724,806	2,991,590	3,241,917

c. County's and School Board's portion of the Postemployment Healthcare Plan and Other Postemployment Benefits Trust

Net Postemployment Healthcare Plan and OPEB Asset (County and School Board) - At June 30, 2021, the County reported $1,006,371 and the School Board reported $1,939,149 for their portions of the net pension OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation performed as of July 1, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled to the measurement date of June 30, 2021.

Changes in Net OPEB Asset - The related change in the Net OPEB Asset for the County and School Board for the measurement date of June 30, 2021 are outlined as follows:

Changes in Net OPEB Asset (County)

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB (Asset) (a) - (b)**
Balances at June 30, 2020	$ 2,058,458	$ 2,130,242	$ (71,784)
Changes for the year:			
Service cost	94,768	-	94,768
Interest	117,209	-	117,209
Change in benefit terms	(475,605)	-	(475,605)
Experience (Gains)	(61,021)	-	(61,021)
Change in proportionate share	(183,383)	(189,778)	6,395
Net investment income	-	616,333	(616,333)
Benefit payments	(82,695)	(82,695)	-
Net changes	(590,727)	343,860	(934,587)
Balances at June 30, 2021	$ 1,467,731	$ 2,474,102	$ (1,006,371)

Changes in Net OPEB Asset (School Board)

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB (Asset) (a) - (b)**
Balances at June 30, 2020	$ 3,435,222	$ 3,555,017	$ (119,795)
Changes for the year:			
Service cost	182,606	-	182,606
Interest	225,847	-	225,847
Change in benefit terms	(916,431)	-	(916,431)
Experience (Gains)	(117,580)	-	(117,580)
Change in proportionate share	177,809	184,011	(6,202)
Net investment income	-	1,187,594	(1,187,594)
Benefit payments	(159,342)	(159,342)	-
Net changes	(607,091)	1,212,263	(1,819,354)
Balances at June 30, 2021	$ 2,828,131	$ 4,767,280	$ (1,939,149)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate - The following presents the net OPEB asset of the County and School Board at June 30, 2021, using the discount rate of 6.5%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

	5.5% 1% Decrease	**6.5% Discount Rate**	**7.5% 1% Increase**
County			
Net OPEB Asset	$ 916,624	$ 1,006,371	$ 1,090,581
School Board			
Net OPEB Asset	$ 1,766,220	$ 1,939,149	$ 2,101,411

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (County) – For the year ended June 30, 2022, the County recognized OPEB expense of ($542,410), including ($505,808) for the Primary Government, ($35,937) for public utilities, and ($665) for the airport. At June 30, 2022, the County reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$72	$167,825
Changes of assumptions	26,365	-
Net difference between projected and actual earnings on OPEB plan investments	-	415,546
Change in proportion	13,940	72,180
Total	$40,377	$655,551

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the County portion of the OPEB plan will be recognized in the County OPEB expense in the future reporting periods as follows:

Year ending June 30	
2023	$ (143,566)
2024	(139,546)
2025	(128,878)
2026	(130,252)
2027	(33,825)
Thereafter	(39,107)
Total	$ (615,174)

<u>OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (School Board)</u> – For the year ended June 30, 2022, the School Board recognized OPEB expense of ($1,025,265). At June 30, 2022, the School Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$138	$323,378
Changes of assumptions	50,802	-
Net difference between projected and actual earnings on OPEB plan investments	-	800,703
Change in proportion	68,333	31,842
Total	$119,273	$1,155,923

Amounts reported as deferred inflows of resources related to the School Board portion of the OPEB plan will be recognized in the School Board OPEB expense in the future reporting periods as follows:

Year ending June 30	
2023	$ (256,739)
2024	(248,994)
2025	(228,430)
2026	(231,076)
2027	(30,612)
Thereafter	(40,799)
Total	$ (1,036,650)

H. Health Insurance Credit program - Virginia Retirement System

The County participates in the Political Subdivision HIC Program as an agent multiple-employer plan. The School Board participates in the Teacher Employee HIC Program, a cost sharing multiple-employer plan. Additionally, the School Board began participating in the Political Subdivision HIC Program as an agent multiple-employer plan for its non-professional employees with contributions beginning in July 2020.

Political Subdivision HIC Program

<u>Plan Description</u>
All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Program upon employment. This plan is administered by VRS, 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 health insurance credit 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.

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

Benefit Amounts: The Political Subdivision HIC Program provides the following benefits for eligible employees:

- At Retirement – 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.
- Disability Retirement – 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.

Program Notes: The monthly HIC benefit cannot exceed the individual premium amount. No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. And employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit 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:

	County	School Board Non-Professional
Inactive members or their beneficiaries currently receiving benefits	135	75.00
Inactive members:		
Vested inactive members	15	4
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	150	4
Active members:	763	207
Total covered employees	913	286

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2022 was 0.19% of covered employee compensation. The School Board's contractually required employer contribution rate for its non-professional employees for the year ended June 30, 2022 was 0.73% of covered employee compensation. These rate were 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 County to the Political Subdivision HIC Program were $89,145 and $84,384 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the School Board to the Political Subdivision HIC Program were $36,717 and $36,881 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net HIC OPEB liability

The net HIC OPEB liability for the County and School Board non-professional group was measured as of June 30, 2021. The total Health Insurance Credit 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.

	County & School Board Non-Professional Employees
Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35% for County general employees and School Board non-professional group and 3.50% - 4.75% for County public safety employees
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates	
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; for County public safety employees, 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; 110% of rates for males; 105% of rates for females set forward 3 years; for County public safety employees, Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and 105% 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; for County public safety employees, 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; 110% of rates for males and females set forward 2 years; for County public safety employees, 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; for County public safety employees, 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:

County General & School Board Non-Professional Employees	County Public Safety Employees
Updated mortality rates to PUB2010 public sector mortality tables	Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020	Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age from 75 to 80 for all	Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service	Decreased withdrawal rates and changed from rates based on age to rates based on service only to better fit experience and to be and to be more consistent with Locals Top 10 Hazardous Duty
No change in disability rates, salary scale, line of duty disability, or discount rate	No change in disability rates, salary scale, line of duty disability, or discount rate

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)	Target 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 Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic normal 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board

elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation rate of 2.50%.

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 ending 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 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

Changes in Net OPEB - HIC Liability (County Employees)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (a) - (b)**
Balances at June 30, 2020	$ 1,367,516	$ 637,435	$ 730,081
Changes for the year:			
Service cost	38,929	-	38,929
Interest	89,461	-	89,461
Changes of assumptions	20,177	-	20,177
Difference between expected and actual experience	(124)	-	(124)
Contributions - employer	-	84,385	(84,385)
Net investment income	-	167,713	(167,713)
Benefit payments, including refunds of employee contributions	(84,317)	(84,317)	-
Administrative expenses	-	(1,995)	1,995
Net changes	64,126	165,786	(101,660)
Balances at June 30, 2021	$ 1,431,642	$ 803,221	$ 628,421

Changes in Net OPEB - HIC Liability (School Non-Professional Employees)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	$ 486,125	$ -	$ 486,125
Changes for the year:			
Service cost	7,993	-	7,993
Interest	32,814	-	32,814
Changes of assumptions	16,065	-	16,065
Contributions - employer	-	36,882	(36,882)
Net investment income	-	4,936	(4,936)
Administrative expenses	-	(164)	164
Net changes	56,872	41,654	15,218
Balances at June 30, 2021	$ 542,997	$ 41,654	$ 501,343

Sensitivity of the County HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the Political Subdivision HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the Political subdivision'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:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1 % Increase (7.75%)
County Employees			
Net HIC OPEB Liability	$ 798,245	$ 628,421	$ 485,412
School Board Non-Professional Employees			
Net HIC OPEB Liability	$ 554,047	$ 501,343	$ 456,003

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB (County)

For the year ended June 30, 2022, the County recognized HIC Program OPEB expense $65,132, including $60,755 for the general government, $4,299 for public utilities, and $78 for the airport. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

(See schedule on following page)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$3,161	$9,400
Changes of assumptions	37,559	14,702
Net difference between projected and actual earnings on HIC plan investments	-	81,224
Employer contributions subsequent to the measurement date	89,145	-
Total	$129,865	$105,326

$89,145 reported as deferred outflows of resources related to the HIC OPEB resulting from the political subdivision'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 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	
2023	$ (18,378)
2024	(18,310)
2025	(14,979)
2026	(19,174)
2027	2,839
Thereafter	3,396
Total	$ (64,606)

HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB (School Board non-professional group)

For the year ended June 30, 2022, the School Board recognized HIC Program OPEB expense $42,618. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on HIC plan investments	$ -	$2,958
Change in assumptions	12,439	-
Employer contributions subsequent to the measurement date	36,717	-
Total	$49,156	$2,958

$36,717 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 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		
2023	$	2,887
2024		2,887
2025		2,887
2026		820
2027		-
Thereafter		-
Total	$	9,481

Teacher Employee Health Insurance Credit Program

Plan Description:
All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by VRS, 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 health insurance credit 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.

Eligibility: The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.

Eligible employees are enrolled automatically upon employment. They include Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts: The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:

- At Retirement – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the VLDP, the monthly benefit is either:
    - $4.00 per month, multiplied by twice the amount of service credit, or
    - $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

Contributions: The contribution requirement for active employees is governed by §51.1-1401(E) of the Code, 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 Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the VRS Teacher Employee HIC Program were $1,369,725 and $1,272,917 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the School Board reported a liability of $15,268,825 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The School Board's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC Program was 1.18956% as compared to 1.21953% at June 30, 2020.

For the year ended June 30, 2022, the School Board recognized VRS Teacher Employee HIC Program OPEB expense of $1,090,004. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$266,440
Net difference between projected and actual earnings on Teacher HIC plan investments	-	201,136
Change in assumptions	412,744	61,364
Changes in proportionate share	-	690,642
Employer contributions subsequent to the measurement date	1,369,725	-
Total	$1,782,469	$1,219,582

$1,369,725 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the School Board'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 inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year ending June 30

2023	$ (170,247)
2024	(172,531)
2025	(165,367)
2026	(153,272)
2027	(78,580)
Thereafter	(66,841)
Total	$ (806,838)

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

	School Board Professional Employee Group
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables 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

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

School Board's Professional Employee Group
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
No change in disability rates, salary scale, or discount rate

Net Teacher Employee HIC OPEB Liability: The Net OPEB liability (NOL) for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee HIC Program 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	$ 1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP in VRS's notes to the financial statements and required supplementary information.

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

(See schedule on following page)

Asset Class (Strategy)	Target 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 Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic normal 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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 Board's proportionate share of the VRS Teacher Employee HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board'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:

(See schedule on following page)

	1% Decrease (5.75%)	Discount Rate (6.75%)	1 % Increase (7.75%)
School Board's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net Pension Liability	$ 17,188,465	$ 15,268,825	$ 13,644,352

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 report, which may be downloaded from the VRS website at 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.

I. Group Life Insurance Program - Virginia Retirement System

The County and School Board participates in the VRS GLI Program, cost-sharing multiple employer plans, for both its professional and non-professional employees.

Group Life Insurance Program

Plan Description: All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI Program upon employment. This plan is administered by VRS, along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

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

Eligibility: The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts: The benefits payable under GLI Program have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.

- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
  - Accidental dismemberment benefit
  - Safety belt benefit
  - Repatriation benefit
  - Felonious assault benefit
  - Accelerated death benefit option

Reduction in benefit Amounts: The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment: For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions: The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the Code, 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 Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to 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. The County and School Board have elected to pay the entire 1.34% rate. The employer component of contributions (.54% rate) to the GLI Program from the County were $393,383 and $372,221 for the years ended June 30, 2022 and June 30, 2021, respectively. The employer component of contributions to the GLI Program from the Schools for the professional group were $608,979 and $567,626 for the years ended June 30, 2022 and June 30, 2021, respectively. The employer component of contributions to the GLI Program from the Schools for the non-professional group were $27,186 and $27,261 for the years ended June 30, 2022 and June 30, 2021, respectively.

GLI OPEB Liabilities: At June 30, 2022, the County reported a liability of $3,916,027 for its proportionate share of the Net GLI OPEB Liability. The School Board reported a liability of $5,972,130 for its professional group and $286,877 for its non-professional group for their 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 GLI 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 0.33635% as compared to 0.33740% at June 30, 2020. At June 30, 2021, the School Board professional's proportion was 0.51295% as compared to 0.52100% at June 30, 2020. At June 30, 2021, the School Board non-professional's proportion was 0.02464% as compared to 0.02594% at June 30, 2020.

GLI OPEB Expense: For the year ended June 30, 2022, the County recognized GLI OPEB expense of $185,817, including $173,330 for the general government, $12,264 for public utilities, and $223 for the airport. The School Board recognized a GLI OPEB expense of $173,777 for its professional group and ($8,092) for its non-professional group. 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.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (County): At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$446,637	$29,838
Net difference between projected and actual earnings on GLI OPEB program investments	-	934,672
Change in assumptions	215,889	535,796
Changes in proportion	83,740	12,928
Employer contributions subsequent to the measurement date	393,383	-
Total	$1,139,649	$1,513,234

$393,383 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's employer portion of 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 ending June 30	
2023	$ (163,726)
2024	(127,066)
2025	(136,916)
2026	(283,517)
2027	(55,743)
Thereafter	-
Total	$ (766,968)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (School Board professional group): At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for its professional group from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$681,142	$45,504
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,425,419
Change in assumptions	329,242	817,115
Changes in proportion	17,595	275,732
Employer contributions subsequent to the measurement date	608,979	-
Total	$1,636,958	$2,563,770

$608,979 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board professional 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 and inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

(See schedule on following page)

Year ending June 30	
2023	$ (359,265)
2024	(299,662)
2025	(288,925)
2026	(481,473)
2027	(106,466)
Thereafter	-
Total	$ (1,535,791)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Program OPEB (School Board non-professional group): At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for its non-professional group from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$32,719	$2,186
Net difference between projected and actual earnings on GLI OPEB program investments	-	68,471
Change in assumptions	15,815	39,251
Changes in proportion	-	49,736
Employer contributions subsequent to the measurement date	27,186	-
Total	$75,720	$159,644

$27,186 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board non-professional 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 ending June 30

2023	$	(33,692)
2024		(24,823)
2025		(18,186)
2026		(26,742)
2027		(7,667)
Thereafter		-
Total	$	(111,110)

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.

(See schedule on following page)

	Group Life Insurance Plan Assumptions
Inflation	2.50%
Salary increases, including inflation	
Teachers	3.50% - 5.95%
County General Employees	3.50% - 5.35%
County Public Safety Employees	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

	School Board Employees
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 Employee Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disablement	Pub-2010 Amount Weighted Teachers Disables 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

	County General Employees
Mortality Rates:	
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	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

	County Public Safety Employees
Mortality Rates:	
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 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 are as follows:

School Board Employees
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age from 75 to 80 for all
Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
No change in disability rates, salary scale, or discount rate

County General Employees
Updated mortality rates to PUB2010 public sector mortality tables
For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age from 75 to 80 for all
Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
No change in disability rates, salary scale, line of duty disability, or discount rate

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

Net GLI OPEB Liability

The Net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$3,577,346
Plan Fiduciary Net Position	2,413,074
Employers' Net GLI OPEB Liability	$1,164,272
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 GAAP in VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS'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:

(See schedule on following page)

Asset Class (Strategy)	Target 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 Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic normal 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10. 2019, the VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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 member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 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.

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

The following presents the County and School Board'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 as shown on the following page:

	1% Decrease (5.75%)	**Discount Rate (6.75%)**	**1 % Increase (7.75%)**
County's proportionate share of the GLI Program Net OPEB Liability	$ 5,721,457	$ 3,916,027	$ 2,458,060
School Board professional group's proportionate share of the GLI Program Net OPEB Liability	$ 8,725,498	$ 5,972,130	$ 3,748,660
School Board non-professional group's proportionate share of the GLI Program Net OPEB Liability	$ 419,137	$ 286,877	$ 180,071

Group Life Insurance Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2021 annual report, which may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to VRS's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

J. Tax abatements

Speculative Building Strategy

Hanover County and the Hanover County Economic Development Authority have adopted a strategy granting a partial real property tax incentive for certain new commercial or industrial structures to encourage development within the County. This strategy is established under the authority of the Board of Supervisors, which approves agreements individually based on the County's speculative building guidelines. Upon approval, the applicant must obtain a land disturbance permit and building permit. At the beginning of each calendar year after issuance of a building permit, the applicant shall notify the County of the amount of real property tax paid for the previous calendar year. The County agrees to disburse funds to the applicant in an amount equal to the real property incremental tax increase. The obligation of the County to disburse funds shall be reduced proportionately by the percentage of floor area leased by the applicant. The agreement may terminate upon the earliest of several conditions, including the sale of the property to another party, the date upon which the entire building is leased by the applicant, or a set time period from the date of the issuance of an early land disturbance permit. Because real property taxes are not abated until after improvements have been made, there are no provisions for recapturing abated taxes. In fiscal year 2022, there were no tax abatement payments relating to the Speculative Building Program. No other commitments are made by the County as part of these agreements.

K. Special assessments and tax increment commitment

- **Bell Creek Community Development Authority**:
  The Bell Creek Community Development Authority (Bell Creek CDA) was created by an ordinance adopted by the Board of Supervisors on July 24, 2002. This was a result of a petition filed with the Board of Supervisors by the owners of a majority of the land area within the Bell Creek District (District). The District consists of approximately 325 acres of land within the County. The District encompasses a mixed-use development and is expected to provide commercial development with retail space including a shopping center known as *The Shoppes at Bell Creek*, a light industrial park, and a residential development on 167 acres known as *The Bluffs at Bell Creek*.

  On September 25, 2002, the Board of Supervisors adopted an ordinance authorizing the levy of Special Assessments on abutting property within the boundaries of the District. On February 5, 2003, the Bell Creek CDA issued its $12,135,000 Special Assessment Bonds, Series 2003A (the "2003A Bonds") and its $3,845,000 Special Assessment Bonds, Series 2003B (the "2003B Bonds" and together with the 2003A Bonds, the "2003 Bonds"), in accordance with the provision of Article 6 of Chapter 51 of Title 15.2 of the Code, as amended. The 2003 Bonds were issued to finance the acquisition and construction of certain infrastructure improvements to benefit the District. Neither the faith and credit of the Bell Creek CDA, nor the faith and credit of the County, are pledged to the payment of the principal of or interest on the 2003 Bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements. At June 30, 2022, the total 2003 Bonds outstanding were $881,470. The Bell Creek CDA is obligated to make all debt service payments on the 2003 Bonds.

Pursuant to the terms of the Rate and Method of Apportionment of Special Assessments approved by the Board of Supervisors on September 25, 2002 between the County and the Bell Creek CDA, the 2003 Bonds are payable by the Bell Creek CDA based on prepaid and annual Special Assessments imposed and collected by the County as agent for the Bell Creek CDA on taxable real property within the District. After collection, such Special Assessments are appropriated and paid annually to the Bell Creek CDA for debt service payments. However, such payments to the Bell Creek CDA are not deemed general obligations of the County, but are appropriated and paid only to the extent the Special Assessments have been received by the County. The County has also agreed to pursue collection of delinquent special assessments, including, at its discretion, initiation of foreclosure procedures.

During fiscal year 2022, special assessments on property within the District totaled \$163,000 and payments to the Bell Creek CDA of special assessments collected totaled \$163,075.

- **Lewistown Commerce Center Community Development Authority**:
  The Lewistown Commerce Center Community Development Authority (Lewistown CDA) was created by an ordinance adopted by the Board on October 25, 2006. This was a result of a petition filed with the Board by the owners of 100% of the land area within the Lewistown Commerce Center District (District). The District consists of approximately 186.5 acres of land within the County. The District is part of a planned business complex that is expected to provide commercial and retail spaces, recreation and tourism facilities and other amenities that are expected to be developed in phases by different entities. The overall development has been named *The Shops at Winding Brook*.

  By ordinances adopted by the Board on May 9, 2007 and March 23, 2011, the Board authorized the levy of Special Assessments on abutting property within the bounds of the District. On October 23, 2007, the Lewistown CDA issued \$37,675,000 of Revenue Bonds, Series 2007 (2007 Bonds) in accordance with the provisions of Article 6 of Chapter 51 of Title 15.2 of the Code. The 2007 Bonds were issued to finance the acquisition of certain land and the construction of certain infrastructure improvements to benefit the District, in accordance with a Development/Acquisition Agreement dated September 1, 2007. In August 2014, the 2007 Bonds were redeemed in full as the Lewistown CDA restructured and replaced the Series 2007 Bonds. The 2014 Bonds, issued in three series, replaced the original 2007 Bonds and modified the pledged revenue, collection of incremental taxes from the County, and modified the maturity dates, with Series A and B maturing March 1, 2044 and Series C maturing on March 1, 2054. The Lewistown CDA's most recently issued financial statements indicate that the Amended 2014 Bonds outstanding totaled \$42,531,000 as of June 30, 2020. The Lewistown CDA is obligated to make all debt service payments on the Amended 2014 Bonds, in accordance with the revised Indenture of Trust. The principal of and the interest on the Amended 2014 Bonds are not deemed to constitute a pledge of the faith and credit of the County, and neither the faith nor credit of the Lewistown CDA, nor the faith and credit of the County are pledged to the payment of the principal of or interest on the Amended 2014 bonds.

  Pursuant to the terms of an Amended Special Assessment Agreement (Agreement) dated August 26, 2014 between the County, the Lewistown CDA, and the developers, the Amended 2014 Bonds are payable from (1) a Special Real Property Tax, (2) Incremental Tax Revenues, and, if necessary, (3) Special Assessments imposed and collected by the County pursuant to an Amended Rate and Method Agreement on taxable real property within the District.

The County functions as an agent for the Lewistown CDA by collecting and making the payments to the Lewistown CDA annually, and has agreed to pursue collection of delinquent special assessments, including, at its discretion, initiation of foreclosure procedures. However, the payments described above to the Lewistown CDA are not deemed general obligations of the County, but are dependent upon appropriation and paid only to the extent the Special Real Property Tax, Incremental Tax Revenues, or Special Assessments have been received by the County.

During fiscal year 2022, Special Assessment Tax levy on property within the district totaled \$893,099. The 2022 Special Real Estate Property Tax (Valorem) levy was \$67,294. Incremental tax collections owed to the Lewistown CDA totaled \$345,624 and are payable semiannually by February 1 and August 1 of each year.

L. Subsequent events

On September 28, 2022, the County issued bonds to the Virginia Public School Authority in the principal amount of \$41,285,000 with interest rates between 4.0 and 5.0 percent. The proceeds will be used for the design and construction of a new elementary school and various capital projects for the schools.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

Virginia Retirement System-Pension Plan - Primary Government

Schedule of Changes in the Net Pension Liability/(Asset) and Related Ratios

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total pension liability								
Service cost	$ 8,516,435	$ 8,516,368	$ 7,696,287	$ 7,331,577	$ 7,359,194	$ 7,195,250	$ 7,003,117	$ 6,872,262
Interest on total pension liability	20,379,641	18,836,367	17,771,484	16,663,276	15,932,633	14,918,283	14,159,064	13,186,216
Changes of assumptions	13,119,584	-	8,940,696	-	(1,150,577)	-	-	-
Differences between expected and actual experience	(4,183,534)	6,595,585	232,863	182,107	(4,220,153)	(566,270)	(3,717,438)	-
Benefit payments	(12,208,002)	(9,962,002)	(8,962,753)	(7,728,076)	(7,238,603)	(6,874,514)	(6,323,001)	(5,604,586)
Other	-	-	-	-	-	-	(196,852)	-
Net change in total pension liability	25,624,124	23,986,318	25,678,577	16,448,884	10,682,494	14,672,749	10,924,890	14,453,892
Total pension liability - beginning	308,024,613	284,038,295	258,359,718	241,910,834	231,228,340	216,555,591	205,630,701	191,176,809
Total pension liability - ending (a)	$ 333,648,737	$308,024,613	$284,038,295	$ 258,359,718	$ 241,910,834	$ 231,228,340	$ 216,555,591	$ 205,630,701
Total fiduciary net position								
Contributions - employer	$ 6,987,052	$ 5,906,015	$ 5,650,320	$ 5,918,509	$ 5,698,852	$ 6,383,455	$ 6,227,470	$ 6,347,611
Contributions - employee	3,414,683	3,520,775	3,219,861	3,111,501	3,033,422	2,911,440	2,841,053	2,728,734
Net investment income	73,623,416	5,047,032	16,685,971	17,020,572	25,051,577	3,550,392	8,626,111	25,182,288
Benefit Payments, including refunds of employee contributions	(12,208,002)	(9,962,002)	(8,962,753)	(7,728,076)	(7,238,603)	(6,874,514)	(6,323,001)	(5,604,586)
Administrative expense	(179,904)	(169,144)	(160,692)	(142,977)	(140,541)	(122,126)	(113,582)	(131,515)
Other	6,967	(6,631)	(10,525)	(15,347)	(22,390)	(1,496)	(485,907)	1,327
Net change in plan fiduciary net position	71,644,212	4,336,045	16,422,182	18,164,182	26,382,317	5,847,151	10,772,144	28,523,859
Plan fiduciary net position - beginning	268,030,876	263,694,831	247,272,649	229,108,467	202,726,150	196,878,999	186,106,855	157,582,996
Plan fiduciary net position - ending (b)	$ 339,675,088	$268,030,876	$263,694,831	$ 247,272,649	$ 229,108,467	$ 202,726,150	$ 196,878,999	$ 186,106,855
Net pension liability/(asset) ending (a) - (b)	$ (6,026,351)	$ 39,993,737	$ 20,343,464	$ 11,087,069	$ 12,802,367	$ 28,502,190	$ 19,676,592	$ 19,523,846
Plan fiduciary net position as a percentage of the total pension liability	101.81%	87.02%	92.84%	95.71%	94.71%	87.67%	90.91%	90.51%
Covered payroll	$ 69,319,445	$ 69,250,382	$ 65,738,841	$ 63,272,936	$ 60,564,521	$ 58,128,921	$ 56,469,989	$ 55,711,055
Political subdivision's net pension liability/ (asset) as a percentage of covered payroll	-8.69%	57.75%	30.95%	17.52%	21.14%	49.03%	34.84%	35.04%

Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Virginia Retirement System-Pension Plan - School Board Non-Professional

Schedule of Changes in the Net Pension Asset and Related Ratios

	2022*	2021*	2020*	2019*	2018*	2017*	2016*	2015*
Total pension liability								
Service cost	$ 508,416	$ 529,745	$ 527,361	$ 526,335	$ 563,888	$ 704,264	$ 717,494	$ 761,268
Interest on total pension liability	1,716,571	1,698,127	1,663,215	1,627,896	1,619,611	1,604,103	1,563,895	1,470,488
Changes of assumptions	754,172	-	657,553	-	(126,666)	-	-	-
Differences between expected and actual experience	(225,649)	(581,206)	(160,869)	(477,022)	(822,111)	(1,070,969)	(750,409)	-
Benefit payments	(1,345,317)	(1,401,532)	(1,178,551)	(1,166,740)	(1,066,000)	(965,702)	(947,448)	(847,310)
Net change in total pension liability	1,408,193	245,134	1,508,709	510,469	168,722	271,696	583,532	1,384,446
Total pension liability - beginning	26,103,338	25,858,204	24,349,495	23,839,026	23,670,304	23,398,608	22,815,076	21,430,630
Total pension liability - ending (a)	$ 27,511,531	$ 26,103,338	$ 25,858,204	$ 24,349,495	$ 23,839,026	$ 23,670,304	$ 23,398,608	$ 22,815,076
Total fiduciary net position								
Contributions - employer	$ 48,374	$ 78,603	$ 82,764	$ 195,964	$ 202,659	$ 437,250	$ 507,170	$ 595,088
Contributions - employee	234,999	250,453	250,620	245,280	250,592	280,632	325,545	325,403
Net investment income	7,558,460	537,270	1,816,980	1,936,203	2,913,758	418,439	1,054,611	3,133,692
Benefit Payments, including refunds of employee contributions	(1,345,317)	(1,401,532)	(1,178,551)	(1,166,740)	(1,066,000)	(965,702)	(947,448)	(847,310)
Administrative expense	(19,326)	(18,924)	(18,429)	(16,985)	(17,086)	(14,837)	(14,331)	(16,675)
Other	707	(631)	(1,140)	(1,713)	(2,581)	(177)	(223)	165
Net change in plan fiduciary net position	6,477,897	(554,761)	952,244	1,192,009	2,281,342	155,605	925,324	3,190,363
Plan fiduciary net position - beginning	27,995,062	28,549,823	27,597,579	26,405,570	24,124,228	23,968,623	23,043,299	19,852,936
Plan fiduciary net position - ending (b)	$ 34,472,959	$ 27,995,062	$ 28,549,823	$ 27,597,579	$ 26,405,570	$ 24,124,228	$ 23,968,623	$ 23,043,299
Net pension asset ending (a) - (b)	$ (6,961,428)	$ (1,891,724)	$ (2,691,619)	$ (3,248,084)	$ (2,566,544)	$ (453,924)	$ (570,015)	$ (228,223)
Plan fiduciary net position as a percentage of the total pension asset	125.30%	107.25%	110.41%	113.34%	110.77%	101.92%	102.44%	101.00%
Covered payroll	$ 5,076,697	$ 5,337,485	$ 5,256,371	$ 5,150,695	$ 5,201,892	$ 5,775,545	$ 6,613,413	$ 6,145,564
Net pension asset as a percentage of covered payroll	137.13%	35.44%	51.21%	63.06%	49.34%	7.86%	8.62%	3.71%

Schedule is intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedule of School Board Professional's Share of Net Pension Liability/(Asset)
VRS Teacher Retirement Plan

	2022*	2021*	2020*	2019*
Employer's Proportion of the Net Pension Liability	1.19449%	1.22369%	1.23585%	1.25655%
Employer's Proportionate Share of the Net Pension Liability	$ 92,729,422	$ 178,079,031	$ 162,644,883	$ 147,770,000
Employer's Covered Payroll	$ 105,176,978	$ 106,871,061	$ 103,292,430	$ 101,392,249
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	88.17%	166.63%	157.46%	145.74%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%	73.51%	74.81%

	2018*	2017*	2016*	2015*
Employer's Proportion of the Net Pension Liability	1.26798%	1.26562%	1.27192%	1.26737%
Employer's Proportionate Share of the Net Pension Liability	$ 155,936,000	$ 177,365,000	$ 160,089,000	$ 153,157,000
Employer's Covered Payroll	$ 99,817,919	$ 96,591,415	$ 94,472,208	$ 90,933,148
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.22%	183.62%	169.46%	168.43%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.92%	68.28%	70.68%	70.88%

* The amounts presented have a measurement date of the previous fiscal year end.

VRS Retirement Plan - Schedule of Employer Contributions

	Date*	Contractually Required Contribution of Employer (1)	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	$ 7,366,936	$ 7,366,936	$ -	$ 73,191,300	10.07%
	2021	6,987,056	6,987,056	-	69,319,445	10.08%
	2020	5,906,015	5,906,015	-	69,250,382	8.53%
	2019	5,650,643	5,650,643	-	65,738,841	8.60%
	2018	5,919,004	5,919,004	-	63,272,936	9.35%
	2017	5,698,852	5,698,852	-	60,564,521	9.41%
	2016	6,383,455	6,383,455	-	58,128,921	10.98%
	2015	6,227,470	6,227,470	-	56,469,989	11.03%
School Non-Professional:	2022	$ 45,421	$ 45,421	$ -	$ 5,030,853	0.90%
	2021	48,374	48,374	-	5,076,697	0.95%
	2020	78,603	78,603	-	5,337,485	1.47%
	2019	82,764	82,764	-	5,256,371	1.57%
	2018	195,963	195,963	-	5,150,695	3.80%
	2017	202,659	202,659	-	5,201,892	3.90%
	2016	437,250	437,250	-	5,775,545	7.57%
	2015	507,170	507,170	-	6,613,413	7.67%
School Professional:	2022	$ 18,107,471	$ 18,107,471	$ -	$113,162,890	16.00%
	2021	16,890,538	16,890,538	-	105,176,978	16.06%
	2020	16,259,030	16,259,030	-	106,871,061	15.21%
	2019	15,833,642	15,833,642	-	103,292,430	15.33%
	2018	16,263,667	16,263,667	-	101,392,249	16.04%
	2017	14,445,391	14,445,391	-	99,817,919	14.47%
	2016	13,472,067	13,472,067	-	96,591,415	13.95%
	2015	13,679,435	13,679,435	-	94,472,208	14.48%

Schedules above are intended to show information for 10 years. Since 2015 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2022

Hanover County, Virginia Retiree Medical Benefits Plan

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year	2022*	2021*	2020*	2019*	2018*
Total OPEB liability					
Service cost	$ 281,713	$ 178,821	$ 165,789	$ 172,531	$ 161,244
Interest cost	348,422	251,394	250,445	241,190	230,876
Experience losses/(gains)	(181,395)	(436,754)	342	(31,678)	-
Change in benefit terms	(1,413,809)	1,845,584	-	-	-
Changes in Assumptions	-	-	125,400	-	-
Benefit payments	(245,822)	(270,196)	(229,000)	(271,000)	(218,532)
Net change in total OPEB liability	(1,210,891)	1,568,849	312,976	111,043	173,588
Total OPEB liability - beginning	5,573,945	4,005,096	3,692,120	3,581,077	3,407,489
Total OPEB liability - ending (a)	$ 4,363,054	$ 5,573,945	$ 4,005,096	$ 3,692,120	$ 3,581,077
Total fiduciary net position					
Contributions - employer	$ -	$ 8,000	$ 20,000	$ 42,000	$ 218,532
Net investment income	1,832,142	340,861	527,273	414,736	502,797
Benefit payments	(245,822)	(270,196)	(229,000)	(271,000)	(218,532)
Net change in plan fiduciary net position	1,586,320	78,665	318,273	185,736	502,797
Plan fiduciary net position - beginning	5,768,324	5,689,659	5,371,386	5,185,650	4,682,853
Plan fiduciary net position - ending (b)	$ 7,354,644	$ 5,768,324	$ 5,689,659	$ 5,371,386	$ 5,185,650
Net OPEB asset ending (b) - (a)	$ 2,991,590	$ 194,379	$ 1,684,563	$ 1,679,266	$ 1,604,573
Plan fiduciary net position as a percentage of the total OPEB liability	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	$ 203,300,396	$ 200,751,445	$ 196,805,332	$ 190,489,157	$ 187,285,093
Net OPEB asset as a percentage of covered payroll	1.47%	0.10%	0.86%	0.88%	0.86%
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.02%	0.12%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2022

Hanover County, Virginia Retiree Medical Benefits Plan - County Portion

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year	2022*	2021*	2020*	2019*	2018*
County					
Total OPEB liability					
Service cost	$ 94,768	$ 66,038	$ 51,869	$ 53,979	$ 53,516
Interest cost	117,209	92,840	78,355	75,460	76,628
Experience losses/(gains)	(61,021)	(161,293)	107	(9,910)	-
Change in benefit terms	(475,605)	681,574	-	-	-
Change in proportionate share	(183,383)	226,032	-	(68,170)	-
Change in assumptions	-	-	39,233	-	-
Benefit payments	(82,695)	(99,783)	(71,646)	(84,786)	(72,531)
Net change in total OPEB liability	(590,727)	805,408	97,918	(33,427)	57,613
Total OPEB liability - beginning	2,058,458	1,253,050	1,155,132	1,188,559	1,130,946
Total OPEB liability - ending (a)	$ 1,467,731	$ 2,058,458	$ 1,253,050	$ 1,155,132	$ 1,188,559
Total fiduciary net position					
Contributions - employer	$ -	$ 2,954	$ 6,257	$ 13,140	$ 72,531
Change in proportionate share	(189,778)	321,102	-	(98,714)	-
Net investment income	616,333	125,880	164,965	129,756	166,878
Benefit payments	(82,695)	(99,783)	(71,646)	(84,786)	(72,531)
Net change in plan fiduciary net position	343,860	350,153	99,576	(40,604)	166,878
Plan fiduciary net position - beginning	2,130,242	1,780,089	1,680,513	1,721,117	1,554,239
Plan fiduciary net position - ending (b)	$ 2,474,102	$ 2,130,242	$ 1,780,089	$ 1,680,513	$ 1,721,117
Net OPEB asset ending (b) - (a)	$ 1,006,371	$ 71,784	$ 527,039	$ 525,381	$ 532,558
Plan fiduciary net position as a percentage of the total OPEB liability	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	$ 75,822,649	$ 73,542,941	$ 71,153,221	$ 66,734,243	$ 65,107,962
Net OPEB asset as a percentage of covered payroll	1.33%	0.10%	0.74%	0.79%	0.82%
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.02%	0.11%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Hanover County, Virginia Retiree Medical Benefits Plan - School Board Portion

Schedule of Changes in the Net OPEB Asset and Related Ratios

As of June 30 of the Fiscal Year	2022*	2021*	2020*	2019*	2018*
School Board					
Total OPEB liability					
Service cost	$ 182,606	$ 110,207	$ 111,010	$ 115,524	$ 100,955
Interest cost	225,847	154,934	167,696	161,498	144,551
Experience losses/(gains)	(117,580)	(269,171)	229	(21,212)	-
Change in benefit terms	(916,431)	1,137,433	-	-	-
Change in proportionate share	177,809	(213,420)	-	155,731	-
Change in assumptions	-	-	83,966	-	-
Benefit payments	(159,342)	(166,522)	(153,335)	(181,458)	(136,823)
Net change in total OPEB liability	(607,091)	753,461	209,566	230,083	108,683
Total OPEB liability - beginning	3,435,222	2,681,761	2,472,195	2,242,112	2,133,429
Total OPEB liability - ending (a)	$ 2,828,131	$ 3,435,222	$ 2,681,761	$ 2,472,195	$ 2,242,112
Total fiduciary net position					
Contributions - employer	$ -	$ 4,930	$ 13,392	$ 28,123	$ 136,823
Change in proportionate share	184,011	(303,186)	-	225,509	-
Net investment income	1,187,594	210,073	353,055	277,702	314,801
Benefit payments	(159,342)	(166,522)	(153,336)	(181,458)	(136,823)
Net change in plan fiduciary net position	1,212,263	(254,705)	213,111	349,876	314,801
Plan fiduciary net position - beginning	3,555,017	3,809,722	3,596,611	3,246,735	2,931,934
Plan fiduciary net position - ending (b)	$ 4,767,280	$ 3,555,017	$ 3,809,722	$ 3,596,611	$ 3,246,735
Net OPEB asset ending (b) - (a)	$ 1,939,149	$ 119,795	$ 1,127,961	$ 1,124,416	$ 1,004,623
Plan fiduciary net position as a percentage of the total OPEB liability	168.57%	103.49%	142.06%	145.48%	144.81%
Covered payroll	$ 120,318,942	$ 119,790,791	$ 118,335,411	$ 116,538,102	$ 114,872,079
Net OPEB asset as a percentage of covered payroll	1.61%	0.10%	0.95%	0.96%	0.87%
Contributions as a percentage of covered payroll	0.00%	0.00%	0.01%	0.02%	0.12%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedules of Required Supplementary Information (Unaudited)
June 30, 2022

Hanover County Retiree Medical Benefits Trust

Schedule of Investment Returns

	Fiscal Year	Rate
Annual money-weighted rate of return, net of investment expense	6/30/2022	-13.98%
	6/30/2021	28.25%
	6/30/2020	5.89%
	6/30/2019	6.41%
	6/30/2018	8.91%
	6/30/2017	11.35%
	6/30/2016	1.68%
	6/30/2015	2.71%
	6/30/2014	17.48%
	6/30/2013	12.53%

Note: Returns are net of fees. Returns are expressed as percentages.

Schedule of Employer Contributions

County

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ -	$ -	-	$ 78,175,198	0.00%
6/30/2021	-	-	-	75,822,649	0.00%
6/30/2020	-	2,503	(2,503)	73,542,941	0.00%
6/30/2019	-	6,257	(6,257)	71,153,221	0.00%
6/30/2018	-	13,140	(13,140)	66,734,243	0.02%

School Board

Date	Contractually Required Contribution (a)	Contributions in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ -	$ -	-	$ 124,363,364	0.00%
6/30/2021	-	-	-	120,318,942	0.00%
6/30/2020	-	5,357	(5,357)	119,790,791	0.00%
6/30/2019	-	13,392	(13,392)	118,335,411	0.00%
6/30/2018	-	28,123	(28,123)	116,538,102	0.02%

Note: Schedule is intended to show information for 10 years. 2018 is the first fiscal year for this presentation, additional years will be added as they become available.

(continued)

Virginia Retirement System-Net OPEB HIC Plan - Primary Government

Schedule of Changes in the Net OPEB Liability Health Insurance Credit Program

	2022*	2021*	2020*	2019*	2018*
Total OPEB liability					
Service cost	$ 38,929	$ 38,144	$ 36,034	$ 33,937	$ 36,106
Interest on total OPEB liability	89,461	86,806	84,678	80,423	79,070
Changes of assumptions	20,177	-	34,499	-	(45,582)
Difference between expected and actual experience	(124)	(4,765)	(10,045)	6,981	-
Benefit payments	(84,317)	(77,371)	(60,311)	(60,799)	(39,706)
Net change in total OPEB liability	64,126	42,814	84,855	60,542	29,888
Total OPEB liability - beginning	1,367,516	1,324,702	1,239,847	1,179,305	1,149,417
Total OPEB liability - ending (a)	$ 1,431,642	$ 1,367,516	$ 1,324,702	$ 1,239,847	$ 1,179,305
Total fiduciary net position					
Contributions - employer	$ 84,385	$ 84,961	$ 80,463	$ 86,037	$ 81,864
Net investment income	167,713	12,533	37,527	36,347	49,782
Benefit Payments, including refunds of employee contributions	(84,317)	(77,371)	(60,311)	(60,799)	(39,706)
Administrative expense	(1,995)	(1,220)	(828)	(886)	(858)
Other	-	(6)	(45)	(2,349)	2,349
Net change in plan fiduciary net position	165,786	18,897	56,806	58,350	93,431
Plan fiduciary net position - beginning	637,435	618,538	561,732	503,382	409,951
Plan fiduciary net position - ending (b)	$ 803,221	$ 637,435	$ 618,538	$ 561,732	$ 503,382
Net OPEB liability ending (a) - (b)	$ 628,421	$ 730,081	$ 706,164	$ 678,115	$ 675,923
Plan fiduciary net position as a percentage of the total OPEB liability	56.10%	46.61%	46.69%	45.31%	42.68%
Covered payroll	$ 44,410,120	$ 44,834,721	$ 42,350,786	$ 40,978,883	$ 38,987,994
Political subdivision's net OPEB liability as a percentage of covered payroll	1.42%	1.63%	1.67%	1.65%	1.73%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Virginia Retirement System-Net OPEB HIC Plan - Schools Non-Professional

Schedule of Changes in the Net OPEB Liability Health Insurance Credit Program

	2022*	2021*
Total OPEB liability		
Service cost	$ 7,993	$ -
Interest	32,814	-
Changes in benefit terms	-	486,125
Changes of assumptions	16,065	-
Net change in total OPEB liability	56,872	486,125
Total OPEB liability - beginning	486,125	-
Total OPEB liability - ending (a)	542,997	$ 486,125
Total fiduciary net position		
Contributions - employer	$ 36,882	$ -
Net investment income	4,936	-
Administrative expense	(164)	-
Net change in plan fiduciary net position	41,654	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending (b)	$ 41,654	$ -
Net OPEB liability ending (a) - (b)	$ 501,343	$ 486,125
Plan fiduciary net position as a percentage of the total OPEB liability	7.67%	0.00%
Covered payroll	$ 5,052,181	$ -
Political subdivision's net OPEB liability as a percentage of covered payroll		

Schedule is intended to show information for 10 years. Since 2021 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Schedule of School Board Professional's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)

	2022*	2021*	2020*	2019*	2018*
Employer's Proportion of the Net OPEB Liability	1.18956%	1.21953%	1.23144%	1.25384%	1.26516%
Employer's Proportionate Share of the Net OPEB Liability	$ 15,268,825	$ 15,908,970	$ 16,120,747	$ 15,919,000	$ 16,050,000
Employer's Covered Payroll	$ 105,204,144	$ 106,913,212	$ 103,288,960	$ 101,392,249	$ 99,817,919
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	14.51%	14.88%	15.61%	15.70%	16.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.95%	9.95%	8.97%	8.08%	7.04%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Virginia Retirement System-Health Insurance Credit Program

County

Schedule of Employer Contributions

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 89,145	$ 89,145	-	$ 46,918,647	0.19%
6/30/2021	84,384	84,384	-	44,410,120	0.19%
6/30/2020	84,961	84,961	-	44,834,721	0.19%
6/30/2019	80,463	80,463	-	42,350,786	0.19%
6/30/2018	86,037	86,037	-	40,978,883	0.21%
6/30/2017	81,864	81,864	-	38,987,994	0.21%
6/30/2016	78,845	78,845	-	37,911,409	0.21%
6/30/2015	77,293	77,293	-	36,028,121	0.21%

See accompanying independent auditors' report.

School Board Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 1,274,871	$ 1,274,871	-	$ 113,200,538	1.13%
6/30/2021	1,272,917	1,272,917	-	105,204,144	1.21%
6/30/2020	1,283,480	1,283,480	-	106,913,212	1.20%
6/30/2019	1,240,096	1,240,096	-	103,288,960	1.20%
6/30/2018	1,248,193	1,248,193	-	101,392,249	1.23%
6/30/2017	1,109,570	1,109,570	-	99,817,919	1.11%
6/30/2016	1,022,883	1,022,883	-	96,591,415	1.06%
6/30/2015	1,003,397	1,003,397	-	94,472,208	1.06%

School Board Non-Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 36,717	$ 36,717	-	$ 5,029,826	0.73%
6/30/2021	36,881	36,881	-	5,052,181	0.73%

See accompanying independent auditors' report.

** Schedule is intended to show information for 10 years. Data will be added in subsequent years.*

(continued)

Virginia Retirement System-Net GLI OPEB Plan

Schedule of Employer's Share of the Net OPEB Liability Group Life Insurance Program
For the Year Ended

County's share	**2022***	**2021***	**2020***	**2019***	**2018***
County's Proportion of the Net GLI OPEB Liability	0.33635%	0.33740%	0.33555%	0.33281%	0.32895%
County's Proportionate Share of the Net GLI OPEB Liability	$ 3,916,027	$ 5,630,654	$ 5,460,292	$ 5,054,000	$ 4,950,000
Covered Payroll	$ 69,319,445	$ 69,250,382	$ 65,738,841	$ 63,272,936	$ 60,564,521
County's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.65%	8.13%	8.31%	7.99%	8.17%

School Board professional group's share	**2022***	**2021***	**2020***	**2019***	**2018***
School Board's Proportion of the Net GLI OPEB Liability	0.51295%	0.52100%	0.52833%	0.53434%	0.54244%
School Board's Proportionate Share of the Net GLI OPEB Liability	$ 5,972,130	$ 8,694,637	$ 8,597,335	$ 8,115,000	$ 8,163,000
Covered Payroll	$ 105,176,978	$ 106,871,061	$ 103,292,430	$ 101,392,249	$ 99,817,919
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.68%	8.14%	8.32%	8.00%	8.18%

School Board non-professional group's share	**2022***	**2021***	**2020***	**2019***	**2018***
School Board's Proportion of the Net GLI OPEB Liability	0.02464%	0.02594%	0.02686%	0.02712%	0.02825%
School Board's Proportionate Share of the Net GLI OPEB Liability	$ 286,877	$ 432,897	$ 437,084	$ 411,000	$ 425,000
Covered Payroll	$ 5,076,697	$ 5,337,485	$ 5,256,371	$ 5,150,695	$ 5,201,892
School Board's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.65%	8.11%	8.32%	7.98%	8.17%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first fiscal year for presentation, no earlier data is available. However, additional years will be included as they become available.

* The amounts presented have a measurement date of the previous fiscal year end.

(continued)

Virginia Retirement System - Group Life Insurance Program

Schedule of Employer Contributions*

County

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 393,383	$ 393,383	-	$ 73,440,688	0.54%
6/30/2021	372,221	372,221	-	69,319,445	0.54%
6/30/2020	363,795	363,795	-	69,250,382	0.53%
6/30/2019	334,679	344,679	-	65,738,841	0.51%
6/30/2018	331,609	331,609	-	63,272,936	0.52%
6/30/2017	317,970	317,970	-	60,564,521	0.53%
6/30/2016	278,174	278,174	-	58,128,921	0.48%
6/30/2015	271,056	271,056	-	56,469,989	0.48%

Schools Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 608,979	$ 608,979	-	$ 113,615,624	0.54%
6/30/2021	567,626	567,626	-	105,176,978	0.54%
6/30/2020	562,083	562,083	-	106,871,061	0.53%
6/30/2019	542,821	542,821	-	103,292,430	0.53%
6/30/2018	532,831	532,831	-	101,392,249	0.53%
6/30/2017	524,832	524,832	-	99,817,919	0.53%
6/30/2016	460,192	460,192	-	96,591,415	0.48%
6/30/2015	451,796	451,796	-	94,472,208	0.48%

Schools Non-Professional

Date	Contractually Required Contribution (a)	Contribution in Relation to Contractually Required Contribution (b)	Contribution Deficiency (Excess) (a - b)	Employer's Covered Payroll (c)	Contributions as a % of Covered Payroll (b/c)
6/30/2022	$ 27,186	$ 27,186	-	$ 5,073,636	0.54%
6/30/2021	27,261	27,261	-	5,076,697	0.54%
6/30/2020	27,716	27,716	-	5,337,485	0.52%
6/30/2019	27,445	27,445	-	5,256,371	0.52%
6/30/2018	27,039	27,039	-	5,150,695	0.52%
6/30/2017	27,271	27,271	-	5,201,892	0.52%
6/30/2016	27,510	27,510	-	5,775,545	0.48%
6/30/2015	31,524	31,524	-	6,613,413	0.48%

See accompanying independent auditors' report.

** Schedule is intended to show information for 10 years. Data will be added in subsquent years.*

(continued)

Notes to Required Supplementary Information
For the Year Ended June 30, 2022

VRS Pension, Health Insurance Credit, and Group Life Insurance Program

Changes of benefit terms**:** There have been no actuarially material changes to the VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions**:** The assumption 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, 2022, 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:

County General Employees

- Updated mortality rates to PUB2010 public sector mortality tables
- For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid changed final retirement age
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service
- No change in disability rates, salary scale, line of duty disability, or discount rate

County Public Safety Employees

- Updated mortality rates to PUB2010 public sector mortality tables
- Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Decreased withdrawal rates
- No change in disability rates, salary scale, line of duty disability, or discount rate

School Board's Professional Employee Group

- Updated mortality rates to PUB2010 public sector mortality tables
- For future mortality improvements, replaced load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- No change in disability rates, salary scale, or discount rate

SUPPLEMENTARY INFORMATION

GENERAL FUND

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

Presents budget to actual comparison schedule by department for the General Fund.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final	Budget Basis	(Negative)
REVENUES				
Revenues from local sources:				
General property taxes:				
Real property taxes	$ 131,430,000	131,430,000	135,490,134	4,060,134
Public service corporation property taxes	6,350,000	6,350,000	6,138,581	(211,419)
Personal property taxes	39,559,273	39,559,273	45,679,799	6,120,526
Machinery and tools taxes	1,725,000	1,725,000	1,775,403	50,403
Merchants' capital taxes	1,676,000	1,676,000	1,709,524	33,524
Delinquent taxes	2,208,000	2,208,000	3,462,281	1,254,281
Penalties and interest	1,210,000	1,210,000	1,966,142	756,142
Total general property taxes	184,158,273	184,158,273	196,221,864	12,063,591
Other local taxes:				
Local sales and use taxes	26,822,000	26,822,000	31,386,267	4,564,267
Consumer utility taxes	1,800,000	1,800,000	2,085,443	285,443
Contractor license taxes	800,000	800,000	1,124,749	324,749
Franchise license taxes	520,000	520,000	466,587	(53,413)
Lodging taxes	900,000	1,550,000	1,407,264	(142,736)
Bank stock tax	1,100,000	1,100,000	1,221,416	121,416
Taxes on recordation and wills	2,185,000	2,185,000	3,570,398	1,385,398
Communication sales tax	3,900,000	3,900,000	3,557,780	(342,220)
Total other local taxes	38,027,000	38,677,000	44,819,904	6,142,904
Permits, privilege fees and regulatory licenses:				
General Government Administration:				
Land use application fee	-	-	1,740	1,740
Public Safety:				
Animal licenses	20,000	20,000	33,482	13,482
Building permits	850,000	900,000	1,893,634	993,634
Heating and air conditioning	350,000	350,000	512,242	162,242
Electrical permits	250,000	250,000	516,727	266,727
Plumbing permits	110,000	110,000	191,635	81,635
Inspection fees	190,000	190,000	136,479	(53,521)
Public Works:				
Erosion and sediment inspections	280,000	280,000	428,200	148,200
Stormwater management	5,000	5,000	14,400	9,400
Community Development:				
Planning fees	245,000	245,000	298,440	53,440
Total permits, privilege fees and regulatory licenses	2,300,000	2,350,000	4,026,979	1,676,979
Fines and Forfeitures:				
Public Works:				
Erosion and sediment fines	5,000	5,000	5,000	-
Judicial Administration:				
Court fines and forfeitures	665,500	665,500	543,371	(122,129)
Courthouse maintenance fees	86,000	86,000	67,411	(18,589)
Court appointed attorney fees	30,000	30,000	21,981	(8,019)
Public Safety:				
Criminal Justice Academy training fees	60,000	60,000	46,893	(13,107)
Security alarm fines	45,000	45,000	50,150	5,150
Animal control	510	510	915	405
Total fines and forfeitures	892,010	892,010	735,721	(156,289)
Revenues from use of money and property:				
Revenue from use of money	200,000	200,000	(1,249,436)	(1,449,436)
Revenue from use of property	745,416	727,916	458,482	(269,434)
Total revenues from use of money and property	945,416	927,916	(790,954)	(1,718,870)
Charges for services:				
EMS cost recovery	2,600,000	2,600,000	3,232,051	632,051
Landfill fees	671,500	796,500	1,026,993	230,493
Recreation fees	648,600	608,599	246,986	(361,613)
Community Services	3,196,000	3,196,000	3,500,005	304,005
Other	989,600	1,456,546	1,303,554	(152,992)
Total charges for services	8,105,700	8,657,645	9,309,589	651,944

(Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
Miscellaneous:				
Refunds	$ 68,000	5,000	25,498	20,498
Insurance recoveries	-	339,479	547,161	207,682
Gifts and donations	28,000	134,211	143,010	8,799
Other miscellaneous revenue	393,250	450,770	742,641	291,871
Reserve for revenue transfers	700,000	80,249	-	(80,249)
Total miscellaneous	1,189,250	1,009,709	1,458,310	448,601
Recovered costs:				
General Government Administration:				
Pamunkey Regional Jail Authority	515,000	515,000	515,000	-
Public Utilities Fund:				
Cost allocation	1,444,060	1,444,060	1,290,000	(154,060)
Service assessment	348,000	348,000	348,000	-
Board of Supervisors	-	-	531	531
Treasurer	50,000	50,000	109,256	59,256
Commissioner of the Revenue	172,000	326,826	326,827	1
Judicial Administration:				
Clerk of Circuit Court	13,500	13,500	18,391	4,891
Court Services	7,500	7,500	4,400	(3,100)
Commonwealth's Attorney	-	-	12,368	12,368
Public Safety:				
Community Corrections	69,100	69,100	68,403	(697)
Sheriff	30,000	30,000	24,033	(5,967)
Building Inspector	1,000	1,000	508	(492)
Animal Control	6,000	6,000	11,309	5,309
Fire	37,000	37,000	34,407	(2,593)
Human Services:				
Social Services	32,513	32,513	33,734	1,221
Community Resources	5,000	5,000	5,000	-
Comprehensive Services	70,000	70,000	85,536	15,536
Community Services	150,000	182,000	63,193	(118,807)
Health Department	-	-	56,504	56,504
Public Works:				
Solid Waste Management	250,000	250,000	585,504	335,504
Recycling Service Districts	141,895	141,895	147,308	5,413
General Servcies	2,000	2,000	19,428	17,428
Community Development:				
Contributions: Greater Richmond Convention Center Authority	720,000	720,000	527,037	(192,963)
Planning	10,000	10,000	4,300	(5,700)
Lewistown CDA	34,215	34,215	34,218	3
Economic Development	79,180	79,180	79,180	-
Total recovered costs	4,187,963	4,374,789	4,404,375	29,586
Total revenues from local sources	239,805,612	241,047,342	260,185,788	19,138,446
Intergovernmental:				
Revenue from the Commonwealth:				
Non-categorical aid:				
Vehicle rental tax	450,000	450,000	510,172	60,172
Personal property taxes (State remittance)	15,002,000	15,002,000	15,002,745	745
Rolling Stock Tax	75,000	75,000	69,851	(5,149)
Total non-categorical aid	15,527,000	15,527,000	15,582,768	55,768
Categorical aid:				
Shared expenses:				
Commissioner of the Revenue	278,880	278,880	278,003	(877)
Treasurer	241,820	241,820	244,582	2,762
Registrar	94,571	94,571	96,773	2,202
Clerk of Circuit Court	598,080	598,080	632,075	33,995
Commonwealth's Attorney	990,150	990,150	991,333	1,183
Sheriff	3,729,600	3,969,600	4,013,287	43,687
Total shared expenses	5,933,101	6,173,101	6,256,053	82,952
Other categorical aid:				
Social Services	1,495,618	1,528,572	1,253,972	(274,600)
Comprehensive Services	3,936,579	4,146,733	3,883,481	(263,252)
Community Services	2,973,496	3,532,579	3,548,108	15,529
Other	1,599,616	1,589,091	1,723,362	134,271
Total other categorical aid	10,005,309	10,796,975	10,408,923	(388,052)
Total categorical aid	15,938,410	16,970,076	16,664,976	(305,100)
Total revenue from the Commonwealth	31,465,410	32,497,076	32,247,744	(249,332)

(Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
Revenue from the Federal government:				
Categorical aid:				
American Rescue Plan Act - Federal grants	$ -	5,332,282	1,066,673	(4,265,609)
General Government - Federal grants	20,000	20,000	8,018	(11,982)
Fire - Federal grants	404,880	489,880	558,271	68,391
Sheriff - Federal grants	121,986	271,744	213,585	(58,159)
Social Services - Federal grants	3,251,344	3,287,087	3,039,302	(247,785)
Community Resources - Federal grants	30,000	388,452	338,934	(49,518)
Commonwealth's Attorney - Federal grants	126,000	153,750	134,405	(19,345)
Comprehensive Services - Federal grants	55,000	55,000	63,982	8,982
Community Services - Federal grants	469,955	878,473	905,583	27,110
Parks & Recreation - Federal grants	-	-	4,950	4,950
Total revenue from the Federal government	4,479,165	10,876,668	6,333,703	(4,542,965)
Total intergovernmental	35,944,575	43,373,744	38,581,447	(4,792,297)
Total revenues	275,750,187	284,421,086	298,767,235	14,346,149
EXPENDITURES				
General government administration:				
Legislative - Board of Supervisors	641,076	704,070	681,002	23,068
General and financial administration:				
County Administrator	1,501,335	1,579,223	1,519,972	59,251
Human Resources	1,422,156	1,909,583	1,859,426	50,157
County Attorney	1,126,351	1,145,917	1,120,803	25,114
Commissioner of the Revenue	1,970,395	2,455,204	2,011,755	443,449
Assessor	1,314,299	1,315,975	1,302,729	13,246
Treasurer	1,810,623	1,777,687	1,791,560	(13,873)
Finance	2,174,862	2,144,888	2,109,103	35,785
Management Services	389,324	395,785	396,700	(915)
Information Technology	4,988,231	4,972,361	4,899,254	73,107
Total general and financial administration	16,697,576	17,696,623	17,011,302	685,321
Board of elections - Registrar and Electoral Board	716,509	846,911	849,976	(3,065)
Total general government administration	18,055,161	19,247,604	18,542,280	705,324
Judicial administration:				
Courts:				
Circuit Court	326,824	317,387	305,866	11,521
General District Court	134,731	134,731	63,688	71,043
Magistrates	3,440	3,440	2,101	1,339
Juvenile and Domestic Relations District Court	25,871	25,871	17,921	7,950
Clerk of the Circuit Court	1,662,491	1,732,702	1,667,160	65,542
Court Services	3,231,081	3,401,682	3,256,084	145,598
Total courts	5,384,438	5,615,813	5,312,820	302,993
Commonwealth's Attorney	2,317,875	2,382,783	2,338,508	44,275
Total judicial administration	7,702,313	7,998,596	7,651,328	347,268
Public safety:				
Sheriff	29,233,928	31,286,863	30,551,227	735,636
Fire and Rescue Services:				
Fire and Emergency Management Services	25,652,541	27,503,150	27,289,092	214,058
Total fire and rescue services	25,652,541	27,503,150	27,289,092	214,058
Correction and Detention:				
Pamunkey Regional Jail Authority	5,796,600	5,796,600	5,090,776	705,824
Juvenile Court Services	552,660	557,473	532,870	24,603
Community Corrections	632,951	635,792	626,048	9,744
Total correction and detention	6,982,211	6,989,865	6,249,694	740,171
Inspections - Building Inspections	1,713,007	1,771,749	1,702,158	69,591
Other protection:				
Emergency Communications	6,509,221	6,397,857	5,938,745	459,112
Animal Control	1,134,802	1,200,523	1,169,288	31,235
Total other protection	7,644,023	7,598,380	7,108,033	490,347
Total public safety	71,225,710	75,150,007	72,900,204	2,249,803

(Continued)

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
Public works:				
Sanitation and waste removal:				
Public Works	$ 2,121,725	2,064,795	2,017,811	46,984
Solid Waste Services	5,128,713	5,676,645	5,494,178	182,467
Total sanitation and waste removal	7,250,438	7,741,440	7,511,989	229,451
Maintenance of buildings, grounds and equipment:				
Facilities and Vehicle Management	5,445,656	5,232,123	5,232,136	(13)
Total maintenance of buildings, grounds and equip.	5,445,656	5,232,123	5,232,136	(13)
Total public works	12,696,094	12,973,563	12,744,125	229,438
Health and human services:				
Health	673,000	763,604	738,062	25,542
Human Services:				
Social Services	6,502,688	6,523,179	5,974,759	548,420
Community Resources	662,901	1,079,867	865,300	214,567
Comprehensive Services	7,232,500	7,682,000	7,161,064	520,936
Community Services	12,548,691	13,825,573	12,078,125	1,747,448
Tax Relief	2,150,000	2,150,000	2,434,614	(284,614)
Total human services	29,096,780	31,260,619	28,513,862	2,746,757
Total health and human services	29,769,780	32,024,223	29,251,924	2,772,299
Parks, recreation and cultural:				
Parks and Recreation	4,116,932	4,240,807	3,566,670	674,137
Pamunkey Regional Library	2,941,000	2,941,000	2,941,000	-
Total parks, recreation and cultural	7,057,932	7,181,807	6,507,670	674,137
Community development:				
Planning and Community Development:				
Planning	2,480,498	2,488,721	2,382,390	106,331
Economic Development	1,766,059	1,763,456	1,944,061	(180,605)
Community Support	1,475,433	2,365,433	2,085,834	279,599
Total planning and community development	5,721,990	6,617,610	6,412,285	205,325
Environmental mgmt. - Soil and Water Conservation District	109,170	109,170	109,170	-
Cooperative Extension Program - VPI Extension	134,450	134,450	95,873	38,577
Total community development	5,965,610	6,861,230	6,617,328	243,902
Education:				
School Fund	98,021,000	98,021,000	93,874,859	4,146,141
Total education	98,021,000	98,021,000	93,874,859	4,146,141
Total education	98,021,000	98,021,000	93,874,859	4,146,141
Nondepartmental:				
Reserves	2,402,040	5,862,136	-	5,862,136
Total nondepartmental	2,402,040	5,862,136	-	5,862,136
Total expenditures - budgetary basis	252,895,640	265,320,166	248,089,718	17,230,448
Less encumbrances at June 30, 2022	-	-	(2,045,457)	2,045,457
Total expenditures	252,895,640	265,320,166	246,044,261	19,275,905
Excess of revenues over expenditures	22,854,547	19,100,920	52,722,974	33,622,054
OTHER FINANCING SOURCES (USES)				
Other financing sources:				
Transfers from governmental funds:				
County Improvements Fund	-	135,846	135,846	-
Lease financing	-	-	106,428	(106,428)
Total other financing sources	-	135,846	242,274	(106,428)
Other financing uses:				
Transfers to governmental funds:				
County Improvements Fund	(15,043,160)	(16,415,423)	(16,415,423)	-
School Improvements Fund	(3,000,000)	(3,000,000)	(3,000,000)	-
Debt Service Fund	(18,792,770)	(18,792,770)	(18,792,770)	-
Total transfers to governmental funds	(36,835,930)	(38,208,193)	(38,208,193)	-
Transfers to Proprietary Fund:				
Airport Fund	(113,967)	(113,967)	(113,967)	-
Total other financing uses	(36,949,897)	(38,322,160)	(38,322,160)	-
Total other financing uses, net	(36,949,897)	(38,186,314)	(38,079,886)	(106,428)
Net change in fund balance	(14,095,350)	(19,085,394)	14,643,088	33,728,482
Fund balance - beginning	14,095,350	88,355,663	88,355,663	-
Fund balance - ending	$ -	69,270,269	102,998,751	33,728,482

See accompanying independent auditors' report.

COUNTY IMPROVEMENTS FUND

***County Improvements* –** Accounts for the acquisition or construction of the County's capital assets

County Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive
	Original	Final	Budget Basis	(Negative)
REVENUES				
Revenue from local sources:				
Other local taxes	$ 6,228,950	6,228,950	14,429,399	8,200,449
Charges for services	1,000,000	3,250,000	1,601,841	(1,648,159)
Recovered costs	-	-	1,845	1,845
Miscellaneous	700,000	950,000	172,503	(777,497)
Total revenue from local sources	7,928,950	10,428,950	16,205,588	5,776,638
Intergovernmental:				
Revenue from the Commonwealth	1,645,200	14,920,183	913,114	(14,007,069)
Revenue from the Federal government	1,583,223	46,373,725	1,591,450	(44,782,275)
Total intergovernmental	3,228,423	61,293,908	2,504,564	(58,789,344)
Total revenues	11,157,373	71,722,858	18,710,152	(53,012,706)
EXPENDITURES				
General government administration	1,825,000	33,151,153	1,978,486	31,172,667
Judicial administration	4,550,000	4,553,729	3,802,897	750,832
Public safety	5,137,000	13,659,698	10,536,694	3,123,004
Public works	14,703,513	57,598,538	19,183,468	38,415,070
Human services	-	120,000	9,400	110,600
Parks, recreation and cultural	-	11,136,178	620,102	10,516,076
Community development	-	377	1,345	(968)
Reserve for future projects	700,000	700,000	-	700,000
Total expenditures - budgetary basis	26,915,513	120,919,673	36,132,392	84,787,281
Less encumbrances at June 30, 2022	-	-	(20,017,241)	20,017,241
Total expenditures	26,915,513	120,919,673	16,115,151	104,804,522
Excess (deficiency) of revenues over (under) expenditures	(15,758,140)	(49,196,815)	2,595,001	51,791,816
OTHER FINANCING SOURCES				
Other financing sources:				
Transfers in	15,043,160	16,415,423	16,415,423	-
Total other financing sources	15,643,160	16,415,423	16,415,423	-
Other financing uses:				
Transfers out	-	(135,846)	(135,846)	-
Total other financing uses	-	(135,846)	(135,846)	-
Total other financing sources, net	15,643,160	16,279,577	16,279,577	-
Net change in fund balance	(114,980)	(32,917,238)	18,874,578	51,791,816
Fund balance - beginning	114,980	45,282,674	45,282,674	-
Fund balance - ending	$ -	12,365,436	64,157,252	51,791,816

See accompanying independent auditors' report.

SCHOOL IMPROVEMENTS FUND

***School Improvements* –** Accounts for the acquisition or construction of capital assets used by the County's School Board Component Unit.

School Improvements Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Intergovernmental:				
Revenue from the Federal government	$ -	7,938,549	4,189,310	(3,749,239)
Total intergovernmental	-	7,938,549	4,189,310	(3,749,239)
Total revenues	-	7,938,549	4,189,310	(3,749,239)
EXPENDITURES				
Capital outlay:				
Education	7,000,000	25,223,907	15,810,304	9,413,603
Total expenditures - budgetary basis	7,000,000	25,223,907	15,810,304	9,413,603
Less encumbrances at June 30, 2022	-	-	(4,365,268)	4,365,268
Total expenditures	7,000,000	25,223,907	11,445,036	13,778,871
Excess (deficiency) of revenues over (under) expenditures	(7,000,000)	(17,285,358)	(7,255,726)	10,029,632
OTHER FINANCING SOURCES				
Other financing sources:				
Transfers in	3,000,000	3,000,000	3,000,000	-
Issuance of general obligation bonds	4,000,000	4,000,000	-	(4,000,000)
Total other financing sources	7,000,000	7,000,000	3,000,000	(4,000,000)
Net change in fund balance	-	(10,285,358)	(4,255,726)	6,029,632
Fund balance - beginning	-	10,799,670	10,799,670	-
Fund balance - ending	$ -	514,312	6,543,944	6,029,632

See accompanying independent auditors' report.

DEBT SERVICE FUND

Debt Service Fund – accounts for the resources to be used for County and School Board obligations for the payment of interest and principal on long-term debt.

COUNTY OF HANOVER, VIRGINIA **Exhibit 16**

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2022

		Budgeted Amounts			Variance with Final Budget - Positive (Negative)
		Original	Final	Actual Amounts	
REVENUES					
Revenue from local sources:					
Revenues from use of money and property	$	-	-	61,870	61,870
Miscellaneous		26,860	26,860	26,861	1
Total revenues		26,860	26,860	88,731	61,871
EXPENDITURES					
Debt service:					
Principal retirement		12,850,750	12,850,752	12,850,752	-
Interest		5,943,080	5,943,078	5,854,076	89,002
Other fiscal charges		25,800	25,800	10,575	15,225
Debt issuance costs		69,000	69,000	-	69,000
Total expenditures		18,888,630	18,888,630	18,715,403	173,227
Excess (deficiency) of revenues over (under) expenditures		(18,861,770)	(18,861,770)	(18,626,672)	235,098
OTHER FINANCING SOURCES					
Other financing sources:					
Transfers in		18,792,770	18,792,770	18,792,770	-
Issuance of general obligation bonds		69,000	69,000	-	(69,000)
Total other financing sources		18,861,770	18,861,770	18,792,770	(69,000)
Net change in fund balance		-	-	166,098	166,098
Fund balance - beginning		-	635,719	635,719	-
Fund balance - ending	$	-	635,719	801,817	166,098

See accompanying independent auditors' report.

CUSTODIAL FUNDS

Custodial Funds are a type of Fiduciary Fund. Custodial funds are maintained to account for funds held by the County on behalf of individuals, private organizations or other governments, as follows:

Bell Creek Community Development Authority (Bell Creek CDA) – Accounts for monies collected on behalf of, and subsequently remitted to the Bell Creek CDA.

***Lewistown Community Development Authority (Lewistown CDA)* –** Accounts for monies collected on behalf of, and subsequently remitted to the Lewistown CDA.

Escrow – Accounts for monies held by the County for the benefit of individuals, organizations, or other governments that are not part of the financial reporting entity.

Special Welfare – Accounts for monies received for and expenditures made on behalf of social service clients.

Commonwealth Fund – Accounts for monies received on behalf of, and subsequently remitted to the Commonwealth.

Custodial Funds

Combining Statement of Net Position

June 30, 2022

	Bell Creek Community Development Authority	Lewistown Community Development Authority	Escrow	Special Welfare	Commonwealth	Total
ASSETS						
Pooled cash, cash equivalents and investments	$ 74,974	1,364,977	4,313,188	56,181	8,951	5,818,271
Accounts receivable	78,604	296,258	-	-	-	374,862
Total assets	153,578	1,661,235	4,313,188	56,181	8,951	6,193,133
LIABILITIES						
Accounts payable	74,974	1,334,077	13,188	-	-	1,422,239
Accrued liabilities	-	30,900	-	-	-	30,900
Deposits	-	-	-	-	8,951	8,951
Total liabilities	74,974	1,364,977	13,188	-	8,951	1,462,090
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	78,604	296,258	-	-	-	374,862
Total deferred inflows of resources	78,604	296,258	-	-	-	374,862
NET POSITION						
Restricted for:						
Individuals, organizations and other governments	-	-	4,300,000	56,181	-	4,356,181
Total net position	$ -	-	4,300,000	56,181	-	4,356,181

See accompanying independent auditors' report.

Custodial Funds

Combining Statement of Changes in Fiduciary Net Position

For the Year Ended June 30, 2022

	Bell Creek Community Development Authority	Lewistown Community Development Authority	Escrow	Special Welfare	Commonwealth	Total
ADDITIONS						
Income tax collections for other governments	$ -	-	-	-	3,567,528	3,567,528
Sales tax collections for other governments	-	-	748,461	-	-	748,461
Special assessment tax collections for other governments	163,075	1,993,242	-	-	-	2,156,317
Business license surcharge collections for other governments	-	-	61,767	-	-	61,767
Miscellaneous	-	-	-	88,161	-	88,161
Total additions	163,075	1,993,242	810,228	88,161	3,567,528	6,622,234
DEDUCTIONS						
Benefits paid to participants or beneficiaries	-	-	-	77,273	-	77,273
Administrative expense	5,000	-	-	-	-	5,000
Payments of income tax collections to other governments	-	-	-	-	3,567,528	3,567,528
Payments of sales tax to other governments	-	-	748,461	-	-	748,461
Payments of special assessment tax to other governments	158,075	1,993,242	-	-	-	2,151,317
Payments of business license surcharge to other governments	-	-	61,767	-	-	61,767
Total deductions	163,075	1,993,242	810,228	77,273	3,567,528	6,611,346
Net increase in fiduciary net position	-	-	-	10,888	-	10,888
Net position						
Beginning	-	-	4,300,000	45,293	-	4,345,293
Ending	$ -	-	4,300,000	56,181	-	4,356,181

See accompanying independent auditors' report.

DISCRETELY PRESENTED COMPONENT UNIT – SCHOOL BOARD

Governmental Funds:

School – Accounts for the activities of primary and secondary education.

Cafeteria – Accounts for the operations of school food services.

Student Activity Funds – Accounts for funds maintained by schools for instructional and extracurricular activities.

Discretely Presented Component Unit - School Board
Combining Balance Sheet
June 30, 2022

		Governmental Funds		
			Special Revenue	
	School	Cafeteria	Student Activity Fund	Totals
ASSETS				
Pooled cash, cash equivalents and investments	$ 10,452,184	2,930,552	3,626,423	17,009,159
Accounts receivable	265,992	-	-	265,992
Due from other governmental units	11,862,606	647,395	-	12,510,001
Inventory	-	395,264	-	395,264
Prepaid expenses	2,397	-	-	2,397
Total assets	$ 22,583,179	3,973,211	3,626,423	30,182,813
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 1,671,203	90,536	173,272	1,935,011
Accrued liabilities	17,765,787	335,448	-	18,101,235
Unearned revenues	151,907	-	142,128	294,035
Total liabilities	19,588,897	425,984	315,400	20,330,281
Fund balances:				
Nonspendable	2,397	395,264	-	397,661
Restricted	39,297	-	237,903	277,200
Assigned	2,952,588	3,151,963	3,073,120	9,177,671
Total fund balances	2,994,282	3,547,227	3,311,023	9,852,532
Total liabilities and fund balances	$ 22,583,179	3,973,211	3,626,423	30,182,813

Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		$ 118,800,376
Right to use assets in governmental activities are not financial resources and, therefore, are not reported in the funds.		586,722
Long-term liabilities and some accrued liabilities, such as compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds:		(6,660,325)
GAAP require the recognition of net pension asset, net pension liability and deferred inflows and outflows of resources related to pensions. These amounts do not use current financial resources and are not reported in the funds.		
Net pension asset	6,961,428	
Net pension liability	(92,729,422)	
Pension investment experience	(58,584,097)	
Pension contributions after measurement date	18,152,893	
Change in actual and proportionate share of pension contributions, net	(5,672,381)	
Difference between expected and actual experience	(11,639,486)	
Change in assumptions, net	16,640,994	
		(126,870,071)
GAAP require the recognition of net other postemployment benefits asset, net other postemployment benefits liability and deferred inflows and outflows of resources related to other postemployment benefits. These amounts do not use current financial resources and are not reported in the funds.		
Net other postemployment benefits asset	1,939,149	
Net other postemployment benefits liability	(22,029,175)	
OPEB investment experience	(2,021,224)	
OPEB contributions after measurement date	2,042,607	
OPEB change in assumptions	50,802	
Change in actual and proportionate share of OPEB contributions	(962,024)	
Difference between expected and actual experience	(400,972)	
Change in assumptions	(147,490)	
		(21,528,327)
Net position of School Board Component Unit activities		$ (25,819,093)

See accompanying independent auditors' report.

COUNTY OF HANOVER, VIRGINIA **Exhibit 20**

Discretely Presented Component Unit - School Board

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2022

	School	Cafeteria	Special Revenue Student Activity Fund	Totals
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	$ 154,800	(9,029)	964	146,735
Charges for services - operating	591,520	397,033	1,628,623	2,617,176
Miscellaneous	721,612	58,436	2,410,244	3,190,292
Recovered costs	302,960	-	276,936	579,896
Payments from Primary Government	93,874,859	-	-	93,874,859
Revenue from the Commonwealth	98,043,943	176,302	-	98,220,245
Revenue from the Federal government	12,564,219	11,364,417	-	23,928,636
Total revenues	206,253,913	11,987,159	4,316,767	222,557,839
EXPENDITURES				
Education	206,436,660	9,219,987	4,261,024	219,917,671
Total expenditures	206,436,660	9,219,987	4,261,024	219,917,671
Excess (deficiency) of revenues over (under) expenditures	(182,747)	2,767,172	55,743	2,640,168
OTHER FINANCING SOURCES				
Other financing sources:				
Lease financing	110,396	-	-	110,396
Total other financing sources	110,396	-	-	110,396
Net change in fund balance	(72,351)	2,767,172	55,743	2,750,564
Fund balances - beginning	3,066,633	780,055	3,255,280	7,101,968
Fund balances - ending	$ 2,994,282	3,547,227	3,311,023	9,852,532

See accompanying independent auditors' report.

COUNTY OF HANOVER, VIRGINIA **Exhibit 21**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Discretely Presented School Component Unit to the Statement of Activities
For the Year Ended June 30, 2022

Net change in fund balances - total governmental funds	$ 2,750,564
The County's School Improvements Fund accounts for the construction and acquisition of School Board capital assets. As the School Improvements Fund makes capital outlay expenditures, the capital assets, and a corresponding increase in the "Payment from Hanover County," are recorded by the School Board Component Unit in the government-wide financial statements. After their completion, the cost of the capital assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Capital outlay	9,500,320
Depreciation and amortization expense	(8,978,870)
Under Virginia law, the County has a tenancy in common for School Board Component Unit capital assets for which the County is obligated to repay outstanding "on-behalf" bonds. Under the tenancy in common, the County reports the net book value of School Board Component Unit capital assets up to the outstanding principal balance of "on-behalf" bonds at year end. This amount is the decrease in the net book value of School Board Component Unit capital assets reported by the County for the fiscal year, which resulted primarily from a decrease in school construction activity during the fiscal period.	1,262,470
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.	602,055
Lease obligations are reported on the government-wide statement of net position and are not reported in the funds. As the School Board component unit makes rental payments for these obligations, the related interest expense and amortization expense are reported in the government-wide statement of activities for the duration of the lease term.	
Principal payments on leases	337,959
Pension contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. Pension expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net pension asset, net pension liability, and deferred inflows and outflows relating to pension.	20,153,873
Other postemployment benefits contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. OPEB expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net OPEB asset, net OPEB liability, and deferred inflows and outflows related to OPEB.	1,769,565
Changes in net position of School Board Component Unit activities	$ 27,397,936

See accompanying independent auditors' report.

School Fund - School Board

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from use of property	$ 154,800	154,800	154,800	-
Total revenue from use of money and property	154,800	154,800	154,800	-
Charges for services:				
Tuition and other charges for services	736,000	736,000	591,520	(144,480)
Total charges for services	736,000	736,000	591,520	(144,480)
Miscellaneous:				
Miscellaneous	1,442,749	1,192,041	721,612	(470,429)
Total miscellaneous revenues	1,442,749	1,192,041	721,612	(470,429)
Recovered costs:				
Recovered costs	710,000	710,000	302,960	(407,040)
Total recovered costs	710,000	710,000	302,960	(407,040)
Payments from Primary Government:				
General Fund	98,021,000	98,021,000	93,874,859	(4,146,141)
Total payments from Primary Government	98,021,000	98,021,000	93,874,859	(4,146,141)
Total revenue from local sources	101,064,549	100,813,841	95,645,751	(5,168,090)
Revenue from the Commonwealth:				
Non-categorical aid:				
Non-categorical aid programs	70,842,346	70,905,470	69,681,875	(1,223,595)
Total non-categorical aid	70,842,346	70,905,470	69,681,875	(1,223,595)
Categorical aid:				
Categorical aid programs	24,028,895	24,009,489	28,362,068	4,352,579
Total categorical aid	24,028,895	24,009,489	28,362,068	4,352,579
Total revenue from the Commonwealth	94,871,241	94,914,959	98,043,943	3,128,984
Revenue from the Federal government:				
Categorical aid:				
Department of Education	7,514,450	18,566,702	12,564,219	(6,002,483)
Total revenue from the Federal government	7,514,450	18,566,702	12,564,219	(6,002,483)
Total revenues	203,450,240	214,295,502	206,253,913	(8,041,589)
EXPENDITURES				
Education:				
General support	11,285,692	11,225,677	10,804,851	420,826
Pupil transportation	9,716,862	10,048,807	9,896,556	152,251
Operations and maintenance	13,879,113	15,030,182	14,523,882	506,300
Instruction	167,942,090	180,145,902	171,902,028	8,243,874
Facilities	626,483	911,567	912,958	(1,391)
Total education	203,450,240	217,362,135	208,040,275	9,321,860
Total expenditures - budgetary basis	203,450,240	217,362,135	208,040,275	9,321,860
Less encumbrances at June 30, 2022	-	-	(1,603,615)	1,603,615
Total expenditures	203,450,240	217,362,135	206,436,660	10,925,475
Excess (deficiency) of revenues over (under) expenditures	-	(3,066,633)	(182,747)	2,883,886
OTHER FINANCING SOURCES AND USES				
Other financing sources:				
Lease financing	-	-	110,396	110,396
Total other financing sources	-	-	110,396	110,396
Net change in fund balance	-	(3,066,633)	(72,351)	2,994,282
Fund balance - beginning	-	3,066,633	3,066,633	-
Fund balance - ending	$ -	-	2,994,282	2,994,282

See accompanying independent auditors' report.

COUNTY OF HANOVER, VIRGINIA **Exhibit 23**

Cafeteria Fund - School Board

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Budget Basis

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget - Positive (Negative)
REVENUES				
Revenue from local sources:				
Revenue from use of money and property	$ -	-	(9,029)	(9,029)
Charges for services	4,319,922	4,319,922	397,033	(3,922,889)
Miscellaneous revenues	310,000	310,000	58,436	(251,564)
Total revenues from local sources	4,629,922	4,629,922	446,440	(4,183,482)
Intergovernmental revenue:				
Revenue from the Commonwealth:				
Categorical aid:				
School food programs	80,450	80,450	176,302	95,852
Total revenues from the Commonwealth	80,450	80,450	176,302	95,852
Revenue from the Federal government:				
Categorical aid:				
USDA donated commodities	304,000	304,000	1,587,391	1,283,391
School food programs	2,296,903	3,688,103	9,777,026	6,088,923
Total revenues from the Federal government	2,600,903	3,992,103	11,364,417	7,372,314
Total intergovernmental revenues	2,681,353	4,072,553	11,540,719	7,468,166
Total revenues	7,311,275	8,702,475	11,987,159	3,284,684
EXPENDITURES				
Education:				
Cafeteria	7,311,275	8,702,475	9,293,157	(590,682)
Total education	7,311,275	8,702,475	9,293,157	(590,682)
Total expenditures - budgetary basis	7,311,275	8,702,475	9,293,157	(590,682)
Less encumbrances at June 30, 2022	-	-	(73,170)	73,170
Total expenditures	7,311,275	8,702,475	9,219,987	(517,512)
Net change in fund balance	-	-	2,767,172	2,767,172
Fund balance - beginning	-	780,055	780,055	-
Fund balance - ending	$ -	780,055	3,547,227	2,767,172

See accompanying independent auditors' report.

DISCRETELY PRESENTED COMPONENT UNIT – ECONOMIC DEVELOPMENT AUTHORITY

Governmental Fund:

Economic Development Authority – Accounts for the operations of the Economic Development Authority of Hanover County.

COUNTY OF HANOVER, VIRGINIA **Exhibit 24**

Discretely Presented Component Unit - Economic Development Authority

Balance Sheet

June 30, 2022

ASSETS	
Pooled cash, cash equivalents and investments	$ 118,056
Total assets	$ 118,056
LIABILITIES AND FUND BALANCES	
Liabilities	$ -
Total liabilities	-
Fund balances:	
Unassigned	118,056
Total fund balances	118,056
Total liabilities and fund balances	$ 118,056
Amounts reported for the Economic Development Authority in the Statement of Net Position are different because:	
Receivables on the Statement of Net Position that do not provide current financial resources are not reported in the funds.	$ 1,290,000
Long-term liabilities, including bonds payable and accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.	(1,290,000)
Total net position of the Economic Development Authority	$ 118,056

See accompanying independent auditors' report.

COUNTY OF HANOVER, VIRGINIA **Exhibit 25**

Discretely Presented Component Unit - Economic Development Authority

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Charges for services:				
Economic development fees	$ 94,230	94,230	94,980	750
Recovered costs	-	-	1,641	1,641
Total revenues	94,230	94,230	96,621	2,391
EXPENDITURES				
Community Development:				
Economic development	94,230	94,230	90,906	3,324
Total expenditures	94,230	94,230	90,906	3,324
Excess of revenues over expenditures	-	-	5,715	5,715
Net change in fund balance	-	-	5,715	5,715
Fund balance - beginning	-	112,341	112,341	-
Fund balance - ending	$ -	112,341	118,056	5,715

See accompanying independent auditors' report.

STATISTICAL SECTION

The Statistical Section of the County of Hanover's Comprehensive Annual Financial Report provides readers with additional detailed information as a context to assist in understanding what the information in the financial statements, accompanying notes, and required supplementary information indicates about the County's economic condition over an extended period of time. Information is presented in the following five categories:

COUNTY OF HANOVER, VIRGINIA **Table 1**

Net Position by Component (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	$ 71,850,313	74,495,930	73,603,011	77,813,118	78,760,193	81,867,826	82,130,809	84,032,333	90,679,700	98,372,276
Restricted	5,034,427	7,621,816	8,444,892	8,991,060	9,405,975	8,211,782	7,883,977	8,716,897	21,217,462	41,922,959
Unrestricted	57,584,445	66,759,717	50,299,917	57,293,783	58,254,707	55,720,981	64,185,650	82,697,815	103,751,059	127,169,386
Total net position, governmental activities	$ 134,469,185	148,877,463	132,347,820	144,097,961	146,420,875	145,800,589	154,200,436	175,447,045	215,648,221	267,464,621
Business-type activities:										
Net investment in capital assets	$ 183,511,196	187,148,593	192,592,248	196,617,097	202,891,621	213,370,261	218,728,265	225,248,001	234,210,628	238,711,588
Restricted	3,431,374	3,474,707	3,524,693	3,486,303	3,587,279	3,755,185	3,887,194	4,063,710	4,237,420	5,053,581
Unrestricted	18,279,356	20,297,896	18,734,211	22,080,371	25,425,525	26,360,193	28,920,096	33,053,382	36,392,034	42,199,872
Total net position, business-type activities	$ 205,221,926	210,921,196	214,851,152	222,183,771	231,904,425	243,485,639	251,535,555	262,365,093	274,840,082	285,965,041
Primary government:										
Net investment in capital assets	$ 255,361,509	261,644,523	266,195,259	274,430,215	281,651,814	295,238,087	300,859,074	309,280,334	324,890,328	337,083,864
Restricted	8,465,801	11,096,523	11,969,585	12,477,363	12,993,254	11,966,967	11,771,171	12,780,607	25,454,882	46,976,540
Unrestricted	75,863,801	87,057,613	69,034,128	79,374,154	83,680,232	82,081,174	93,105,746	115,751,197	140,143,093	169,369,258
Total net position, Primary Government	$ 339,691,111	359,798,659	347,198,972	366,281,732	378,325,300	389,286,228	405,735,991	437,812,138	490,488,303	553,429,662

Notes: (1) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of this statement on net position.
(2) The County adopted GASB Statement No. 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this statement on the change in net position.

COUNTY OF HANOVER, VIRGINIA **Table 2**

Changes in Net Position (Unaudited)

Last Ten Fiscal Years

(accrual basis of accounting)

		Fiscal Year								
	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government administration	$ 13,251,586	13,327,904	14,078,698	14,579,237	16,697,133	15,979,421	18,288,850	19,062,592	28,757,564	20,206,436
Judicial administration	4,737,986	4,671,068	4,699,748	4,968,826	6,931,360	7,981,981	7,493,514	8,030,417	8,513,448	8,237,142
Public safety	51,534,448	50,081,795	51,586,916	53,695,056	59,422,217	60,731,436	63,126,625	65,689,440	72,941,427	74,214,530
Public works	12,115,168	8,156,659	15,054,599	14,580,033	17,693,369	27,958,841	20,567,158	23,624,070	9,883,199	13,282,508
Human services	21,502,295	20,053,613	20,364,814	21,222,733	22,498,625	23,401,758	24,900,685	26,204,530	27,851,496	28,152,179
Parks, recreation and cultural	6,141,549	5,914,812	6,118,595	6,189,937	6,615,395	6,475,656	6,760,866	6,675,108	6,156,104	6,835,545
Community development	4,809,867	4,556,186	4,723,408	5,094,822	5,139,068	5,297,842	5,650,983	5,614,279	7,349,683	6,490,492
Education	88,113,912	80,080,452	82,732,244	85,215,836	89,409,847	93,998,917	98,123,845	98,169,817	100,193,462	109,318,093
Interest on long-term debt	1,966,102	8,266,750	6,005,268	6,611,846	6,132,233	5,883,953	5,787,665	5,303,168	5,124,498	4,654,246
Total governmental activities expenses	204,172,913	195,109,239	205,364,290	212,158,326	230,539,247	247,709,805	250,700,191	258,373,421	266,770,881	271,391,171
Business-type activities:										
Public utilities	26,370,084	26,704,949	26,303,713	26,302,409	26,477,038	25,936,698	28,217,686	29,236,870	31,022,556	30,033,599
Airport	641,915	649,430	736,601	627,311	625,962	658,321	733,997	863,690	1,029,520	1,090,344
Total business-type activities expenses	27,011,999	27,354,379	27,040,314	26,929,720	27,103,000	26,595,019	28,951,683	30,100,560	32,052,076	31,123,943
Total expenses, Primary Government	$ 231,184,912	222,463,618	232,404,604	239,088,046	257,642,247	274,304,824	279,651,874	288,473,981	298,822,957	302,515,114
Program Revenues										
Governmental activities:										
Charges for services:										
General governmental administration	$ 1,989,140	1,919,543	1,945,854	1,687,666	1,847,076	2,362,301	2,414,877	2,455,585	2,841,171	2,789,177
Judicial administration	1,181,522	1,131,565	1,114,869	1,049,789	1,077,473	1,068,257	1,042,023	959,741	1,124,110	912,416
Public safety	4,261,351	4,520,561	4,828,466	4,664,786	5,181,569	4,924,849	5,703,634	5,592,212	5,920,796	8,432,176
Public works	1,172,975	1,270,579	1,021,198	1,106,528	1,715,083	2,428,584	2,579,622	1,788,663	2,088,305	2,479,498
Human services	3,400,041	3,563,282	3,462,587	3,338,548	3,346,538	3,230,466	3,455,355	3,285,753	3,208,018	3,743,972
Parks, recreation and cultural	477,202	523,055	456,682	480,162	554,834	255,579	657,269	524,249	158,623	267,644
Community development	926,660	973,409	1,077,596	1,204,089	1,166,607	1,280,476	1,212,482	1,099,820	807,082	1,718,429
Operating grants and contributions	15,906,997	17,090,061	16,135,262	16,575,846	19,167,150	18,643,069	18,980,164	19,925,541	20,848,487	22,461,537
Capital grants and contributions	3,477,420	4,400,177	6,157,602	5,331,207	5,697,464	14,202,534	8,901,635	16,048,539	16,603,436	18,410,990
Total governmental activities program revenues	32,793,308	35,392,232	36,200,116	35,438,621	39,753,794	48,396,115	44,947,061	51,680,103	53,600,028	61,215,839
Business-type activities:										
Charges for services:										
Public utilities	22,523,614	22,727,173	23,922,093	30,524,162	30,374,748	30,091,001	31,484,081	33,137,653	34,917,953	35,905,086
Airport (1)	189,662	194,468	207,379	207,288	215,748	221,383	227,988	286,679	415,749	653,989
Operating grants and contributions	-	-	-	-	-	-	-	30,000	192,993	531,708.00
Capital grants and contributions	8,634,930	10,021,676	8,745,545	3,282,212	6,131,327	8,094,840	4,232,942	6,062,536	8,831,694	5,771,948
Total business-type activities program revenues	31,348,206	32,943,317	32,875,017	34,013,662	36,721,823	38,407,224	35,945,011	39,516,868	44,358,389	42,862,731
Total program revenues, Primary Government	$ 64,141,514	68,335,549	69,075,133	69,452,283	76,475,617	86,803,339	80,892,072	91,196,971	97,958,417	104,078,570
Net (Expense) Revenue										
Governmental activities	$ (171,379,605)	(159,717,007)	(169,164,174)	(176,719,705)	(191,055,453)	(199,313,690)	(205,753,130)	(206,693,318)	(213,170,853)	(210,175,332)
Business-type activities	4,336,207	5,588,938	5,834,703	7,083,942	9,618,823	11,812,205	6,993,328	9,416,308	12,306,313	11,738,788
Total net expense, Primary Government	$ (167,043,398)	(154,128,069)	(163,329,471)	(169,635,763)	(181,436,630)	(187,501,485)	(198,759,802)	(197,277,010)	(200,864,540)	(198,436,544)

(continued)

COUNTY OF HANOVER, VIRGINIA

Table 2

Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2013	**2014**	**2015 (1)**	**2016**	**2017**	**2018 (2)**	**2019**	**2020**	**2021**	**2022**
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	$ 125,689,871	127,974,854	130,303,062	139,280,061	143,800,396	152,312,919	161,303,287	172,139,996	179,819,627	197,107,865
Sales taxes	17,357,257	18,158,255	19,201,921	19,886,580	20,752,689	22,037,982	22,863,888	24,952,022	27,749,559	31,386,268
Utility taxes	6,871,623	6,769,285	6,770,101	6,726,388	6,639,025	6,557,712	6,156,966	6,195,954	5,683,606	5,643,223
Recordation taxes	2,428,067	1,955,691	2,165,891	2,431,061	2,403,524	2,460,540	2,561,531	2,988,339	3,598,741	3,570,398
Other	2,184,430	2,387,749	2,552,378	2,835,584	3,024,186	3,266,880	3,576,388	3,635,955	3,408,364	4,220,016
Noncategorical State aid	14,850,432	15,273,372	15,107,698	15,322,281	15,390,161	15,433,308	15,550,167	15,558,068	15,695,095	15,582,768
Grants and contributions not restricted to specific programs	1,168,838	1,283,768	1,468,137	1,416,225	1,338,897	911,867	244,755	760,510	17,585,090	6,154,359
Unrestricted investment earnings	164,364	322,311	302,518	582,027	81,738	239,848	1,948,024	2,138,527	623	(1,559,198)
Transfers	(67,742)	-	(90,074)	(10,361)	(52,249)	(71,018)	(52,029)	(429,444)	(168,676)	(113,967)
Total general revenues and other changes in net position, governmental activities	170,647,140	174,125,285	177,781,632	188,469,846	193,378,367	203,150,038	214,152,977	227,939,927	253,372,029	261,991,732
Business-type activities:										
Public utilities - unrestricted investment earnings	56,861	110,332	104,280	188,316	49,582	112,532	1,004,559	983,786	-	(530,144)
Transfers - Airport fund	67,742	-	90,074	10,361	52,249	71,018	52,029	429,444	168,676	113,967
Total general revenues and other changes in net position, business-type activities	124,603	110,332	194,354	198,677	101,831	183,550	1,056,588	1,413,230	168,676	(416,177)
Total general revenues and other changes in net position, Primary Government	$ 170,771,743	174,235,617	177,975,986	188,668,523	193,480,198	203,333,588	215,209,565	229,353,157	253,540,705	261,575,555
Change in Net Position										
Governmental activities	$ (732,465)	14,408,278	8,617,458	11,750,141	2,322,914	3,836,348	8,399,847	21,246,609	40,201,176	51,816,400
Business-type activities	4,460,810	5,699,270	6,029,057	7,282,619	9,720,654	11,995,755	8,049,916	10,829,538	12,474,989	11,322,611
Total change in net position, Primary Government	$ 3,728,345	20,107,548	14,646,515	19,032,760	12,043,568	15,832,103	16,449,763	32,076,147	52,676,165	63,139,011

Notes: (1) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Prior years have not been adjusted for the effect of this statement on the change in net position.
(2) The County adopted GASB Statement No. 75 in fiscal year 2018. Prior years have not been adjusted for the effect of this statement on the change in net position.

COUNTY OF HANOVER, VIRGINIA **Table 3**

Fund Balances, Governmental Funds (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year Ended June 30, (see note 1 below)									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
General Fund:										
Nonspendable	$ 197,871	263,620	201,790	221,923	248,444	247,392	265,730	945,922	322,804	341,221
Restricted	581,242	975,241	892,123	894,106	693,755	868,647	924,397	971,724	921,756	1,003,815
Committed	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	50,000	500,000
Assigned	17,754,733	23,260,372	24,467,668	26,794,234	21,741,736	20,386,174	21,808,028	27,557,732	48,726,920	60,820,138
Unassigned	25,200,284	25,644,215	26,418,188	28,169,774	29,351,651	30,870,027	33,241,543	35,558,697	37,884,183	40,333,577
Total General Fund	$ 44,234,130	50,643,448	52,479,769	56,580,037	52,535,586	52,872,240	56,739,698	65,534,075	87,905,663	102,998,751
All other governmental funds: (2)										
Nonspendable	$ -	178,126	158,852	290,107	264,560	214,911	155,515	1,203,231	137,524	1,932,705
Restricted	4,878,185	26,801,595	24,100,147	23,664,172	22,321,649	11,813,267	19,619,407	20,646,953	34,145,237	44,496,712
Assigned	10,071,820	11,298,077	13,646,110	12,898,509	19,819,146	18,584,547	19,596,130	23,772,281	22,435,302	25,073,596
Total All Other Governmental Funds	$ 14,950,005	38,277,798	37,905,109	36,852,788	42,405,355	30,612,725	39,371,052	45,622,465	56,718,063	71,503,013

Notes: (1) Source: County of Hanover, Virginia Comprehensive Annual Financial Reports for fiscal years indicated.
(2) Includes the County Improvements Fund, the School Improvements Fund and the Debt Service Fund of the Primary Government.

COUNTY OF HANOVER, VIRGINIA **Table 4**

Changes in Fund Balances, Governmental Funds, (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

Primary Government:		Fiscal Year 2013	2014	2015	2016	2017
REVENUES						
General property taxes	$	125,716,871	127,474,854	132,279,062	137,857,061	144,598,402
Other local taxes		28,841,377	29,270,980	30,690,291	31,879,613	32,819,424
Permits, privilege fees and regulatory licenses		2,117,648	2,172,162	2,126,778	2,143,668	2,192,797
Fines and forfeitures		1,122,896	1,142,444	1,086,243	1,002,872	1,033,165
Revenues from use of money and property		519,442	710,460	796,077	1,260,668	706,628
Charges for services		7,738,869	9,170,473	8,015,343	7,764,617	8,982,222
Miscellaneous		765,157	960,005	1,050,022	875,690	1,065,300
Recovered costs		4,085,951	3,743,137	3,746,404	3,539,942	3,445,940
Intergovernmental (state and federal)		32,350,451	34,174,720	36,088,750	35,946,025	39,241,368
Total revenues		203,258,662	208,819,235	215,878,970	222,270,156	234,085,246
EXPENDITURES						
General governmental administration		13,388,389	13,610,993	15,080,859	16,799,922	17,695,118
Judicial administration		4,625,522	5,602,584	9,260,522	27,667,680	13,139,599
Public safety		49,214,788	48,819,005	52,259,053	54,722,857	56,060,444
Public works		10,512,574	10,928,408	14,300,650	14,374,485	18,779,795
Human services		21,110,782	20,337,280	20,978,177	21,640,679	22,172,932
Parks, recreation and cultural		5,611,331	5,472,274	5,748,956	6,116,007	6,161,919
Community development		4,719,372	4,565,432	4,824,351	5,120,515	5,077,614
Education expenditures, for:						
Instruction, operations and administration		72,349,963	70,939,017	71,361,872	72,803,686	76,666,934
Capital outlay		1,863,441	1,632,012	6,188,679	3,527,024	7,224,396
Debt service:						
Principal retirement		10,723,304	-	-	-	-
Interest and fiscal charges		4,992,396	-	-	-	-
Total education, Primary Government		89,929,104	72,571,029	77,550,551	76,330,710	83,891,330
Debt service:						
Principal retirement		2,541,464	13,312,349	12,581,509	12,477,200	12,788,637
Interest and fiscal charges		1,957,177	6,451,957	6,728,512	6,811,762	6,763,982
Bond issuance costs		-	307,254	246,024	289,742	40,116
Total expenditures		203,610,503	201,978,565	219,559,164	242,351,559	242,571,486
Excess (deficiency) of revenues over (under) expenditures		(351,841)	6,840,670	(3,680,194)	(20,081,403)	(8,486,240)
OTHER FINANCING SOURCES (USES)						
Transfers in		4,123,000	23,595,558	27,503,653	26,712,119	33,891,124
Transfers out		(4,190,742)	(23,595,558)	(27,593,727)	(26,722,480)	(33,943,373)
Sale of capital assets		335,300	-	-	-	-
Bonds issued		-	22,896,441	5,014,371	23,139,711	10,046,605
Refunding bonds issued		-	-	23,903,469	-	-
Payments to escrow agent		-	-	(23,683,940)	-	-
Lease financing		-	-	-	-	-
Total other financing sources, net		267,558	22,896,441	5,143,826	23,129,350	9,994,356
Net change in fund balances	$	(84,283)	29,737,111	1,463,632	3,047,947	1,508,116
County capital outlay (other than for education) contained in functional expenditure categories, above	$	3,126,556	8,426,621	9,174,311	30,947,021	14,701,082
GASB 44 debt service disclosure (Primary Government): (2)						
Noncapital expenditures		200,483,947	193,551,944	210,384,853	211,404,538	227,870,404
Debt service as a percentage of noncapital expenditures, Primary Government, governmental funds		10.1%	10.2%	9.2%	9.1%	8.6%
Self-imposed debt margin compliance (Total Reporting Entity): (1)						
Noncapital expenditures - total reporting entity	$	294,560,877	290,620,815	303,333,119	307,134,844	318,829,642
Debt service as a percent of noncapital expenditures - total reporting entity		6.9%	6.8%	6.4%	6.3%	6.1%

Notes: **(1) Self-imposed debt limit information**
The Commonwealth of Virginia does not impose a legal debt limit on the amount of long-term indebtedness the County can incur or have outstanding. The Board of Supervisors, however, has imposed limits in the County's Debt Policy. For example, the County's debt policy provides that the annual debt service will not exceed ten percent of noncapital expenditures for the governmental funds of the reporting entity as a whole. For this purpose, capital outlay consists of total expenditures of the County and School Improvements Funds (Capital Projects Funds), and noncapital expenditures consist of total expenditures of the reporting entity, exclusive of the Capital Projects Funds. This table shows how the County has met this self-imposed debt limit for each of the past ten fiscal years. Information about additional self-imposed debt limits is presented on Table 9.

(2) GASB 44 debt service disclosure
This table also shows debt service as a percent of noncapital expenditures for the governmental funds of the primary government only (excluding component units), as required by GASB Statement No. 44. For this purpose, capital outlay is defined in accordance with GASB 44 as the amount of capital assets constructed or acquired during the fiscal year in accordance with the County's asset capitalization policy.

COUNTY OF HANOVER, VIRGINIA

Changes in Fund Balances, Governmental Funds (3), (Unaudited)

Last Ten Fiscal Years

(modified accrual basis of accounting)

2018	2019	2020	2021	2022	Fiscal Year
					REVENUES
152,391,918	160,914,283	171,784,998	180,507,626	196,221,864	General property taxes
34,323,112	35,158,773	37,772,270	51,118,956	59,249,303	Other local taxes
2,198,363	2,440,338	2,296,678	2,754,554	4,026,979	Permits, privilege fees and regulatory licenses
1,010,284	986,439	863,633	918,173	735,721	Fines and forfeitures
1,054,226	2,925,216	4,135,352	850,725	(729,084)	Revenues from use of money and property
8,931,873	9,653,345	9,850,206	9,122,320	10,911,430	Charges for services
978,881	1,576,947	833,771	1,332,024	1,657,674	Miscellaneous
4,900,822	4,667,132	4,193,451	4,345,971	4,406,220	Recovered costs
46,264,286	40,921,536	48,441,282	57,395,718	45,275,321	Intergovernmental (state and federal)
252,053,765	259,244,009	280,171,641	308,346,067	321,755,428	Total revenues
					EXPENDITURES
22,657,863	19,210,640	23,819,097	21,925,598	20,177,112	General governmental administration
6,346,665	6,463,712	6,829,972	7,603,852	8,339,334	Judicial administration
64,089,189	62,841,589	65,606,558	73,976,095	77,555,479	Public safety
27,725,516	21,778,298	26,092,396	20,100,168	20,042,811	Public works
23,769,039	25,496,769	26,364,325	27,806,894	29,229,576	Human services
6,856,335	7,678,142	14,013,475	7,014,451	6,522,803	Parks, recreation and cultural
5,550,600	6,046,934	5,482,997	7,471,214	6,417,438	Community development
					Education expenditures, for:
80,582,583	82,871,239	85,931,936	84,263,313	93,874,859	Instruction, operations and administration
10,199,131	11,413,274	3,404,742	15,464,747	11,445,036	Capital outlay
					Debt service:
-	-	-	-	-	Principal retirement
-	-	-	-	-	Interest and fiscal charges
90,781,714	94,284,513	89,336,678	99,728,060	105,319,895	Total education, Primary Government
					Debt service:
12,945,718	13,407,335	13,855,812	12,601,325	12,850,752	Principal retirement
6,720,089	6,365,400	6,229,538	6,039,034	5,864,651	Interest and fiscal charges
99,255	195,341	309,924	43,848	-	Bond issuance costs
267,541,983	263,768,673	277,940,772	284,310,539	292,319,851	Total expenditures
(15,488,218)	(4,524,664)	2,230,869	24,035,528	29,435,577	Excess (deficiency) of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES)
29,830,816	32,105,142	33,325,144	29,761,342	38,344,039	Transfers in
(29,901,834)	(32,157,171)	(33,754,588)	(29,930,018)	(38,458,006)	Transfers out
-	-	-	-	-	Sale of capital assets
4,044,300	17,202,478	13,043,805	10,050,334	-	Bonds issued
1,548,284	-	17,548,142	-	-	Refunding bonds issued
(1,489,324)	-	(17,347,582)	-	-	Payments to escrow agent
-	-	-	-	106,428	Lease financing
4,032,242	17,150,449	12,814,921	9,881,658	(7,539)	Total other financing sources, net
(11,455,976)	12,625,785	15,045,790	33,917,186	29,428,038	**Net change in fund balances**
16,124,188	11,042,197	23,304,108	18,651,268	18,025,619	County capital outlay (other than for education) contained in functional expenditure categories, above
					GASB 44 Debt Service Disclosure (primary government): (2)
251,417,795	252,726,476	254,636,664	265,659,271	274,294,232	Noncapital expenditures
7.8%	7.8%	7.9%	7.0%	6.8%	Debt service as a percentage of noncapital expenditures, Primary Government, governmental funds
					Self-imposed debt margin compliance (total reporting entity): (1)
331,834,249	341,092,828	348,306,761	362,932,063	390,893,382	Noncapital expenditures - total reporting entity
5.9%	5.8%	5.8%	5.1%	4.8%	Debt service as a percent of noncapital expenditures - total reporting entity

To assist the reader, the fiscal year 2022 percentages, calculated in accordance with the County's self-imposed debt margin, and with GASB 44, respectively, are as follows:

Debt Margin Information (1), (2)			
Fiscal Year 2022	**Self-imposed**	**Self-imposed**	**GASB 44**
	Total Reporting Entity (Note 1)	Total Reporting Entity (Note 1)	Primary Government (Note 2)
Total expenditures	$ 608,976,324	$ 418,453,569	292,319,851
Less:			
Capital Outlay	(246,044,261)	(27,560,187)	(18,025,619)
Noncapital expenditures	$ 362,932,063	$ 390,893,382	274,294,232
Debt service expenditures	$ 18,684,207	$ 18,715,403	18,715,403
As a % of noncapital expenditures	5.1%	4.8%	6.8%

COUNTY OF HANOVER, VIRGINIA **Table 5**

Assessed Value and Estimated Actual Value of Taxable Property [1,2] (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Machinery and Tools (3)	Merchant's Capital	Public Service Corporations (4)	Total Taxable Assessed Value	Total Direct Tax Rate (5)	Estimated Actual Taxable Value (6)	Taxable Assessed Value as a % of Actual Taxable Value
2013	$ 12,085,083,900	1,362,897,839	52,410,151	54,335,585	641,273,699	14,196,001,174	1.09	15,420,048,309	92.1%
2014	12,811,773,150	1,393,705,252	47,093,690	57,047,845	623,384,698	14,933,004,635	1.08	16,153,767,752	92.4%
2015	13,826,817,650	1,452,694,995	49,984,140	63,368,410	599,981,428	15,992,846,623	1.07	17,293,606,269	92.5%
2016	14,289,819,850	1,565,166,980	58,997,854	67,922,205	624,325,439	16,606,232,328	1.08	18,017,370,030	92.2%
2017	14,858,279,800	1,643,589,209	53,077,040	76,493,600	634,456,928	17,265,896,577	1.08	18,668,289,972	92.5%
2018	15,542,711,200	1,701,821,785	65,753,420	83,535,805	645,117,718	18,038,939,928	1.08	19,584,696,258	92.1%
2019	15,965,286,280	1,752,501,610	56,346,000	97,545,290	719,110,278	18,590,789,458	1.08	20,092,378,612	92.5%
2020	16,496,913,758	1,959,943,148	59,799,172	93,248,378	802,159,233	19,412,063,689	1.10	20,997,650,878	92.4%
2021	17,416,489,765	1,917,675,620	53,732,494	94,767,642	777,923,246	20,260,588,768	1.08	21,837,185,459	92.8%
2022	18,710,186,500	2,175,294,863	54,838,973	92,777,375	748,433,647	21,781,531,358	1.09	23,462,030,817	92.8%
% Change	7.4%	13.4%	2.1%	-2.1%	-3.8%	7.5%		7.4%	
% Ch. Since 2013	54.8%	59.6%	4.6%	70.7%	16.7%	53.4%		52.2%	
% of Total	85.9%	10.0%	0.3%	0.4%	3.4%	100.0%			

Notes: (1) Assessed values of all classes of property approximate market value as of assessment date, unless otherwise noted, and is shown for each period for which taxes are levied.

(2) Real property is assessed as of January 1 each year, with the resulting taxes being payable in two equal installments, on June 5 and October 5. Personal property is assessed as of January 1 each year, with payment due on February 5 of the following year.

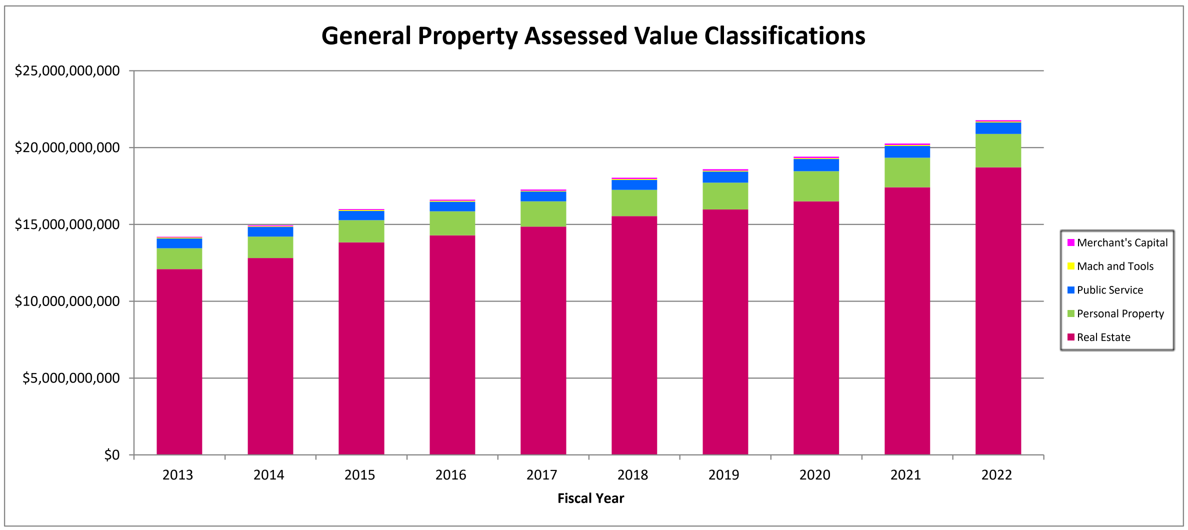
(3) Machinery and tools are assessed at 10% of cost. Litigation with Bear Island resulted in additional supplemental billing in 2015, based on prior years (2012-2014) tax basis. This resulted in 2015 showing an assessed value of $127,046,115. Adjustments to determine the actual tax basis in prior years was calcuated, in applying the retro-adjustments to 2015 for purposes of evaluating a more realistic tax basis in 2015.

(4) The assessed values of Public Service Corporation real and personal property are determined by the State Corporation Commission.

(5) The total direct tax rate for each fiscal year is per $100 of assessed valuation, calculated on the weighted average basis.

(6) Market valuation estimates include: machinery and tools estimated at 90% of cost, real estate (including Public Service Corporation real estate) based on traditional 105% sales/assessment ratio, personal property based on 112% trade to book ratio.

Source: County of Hanover, Virginia Treasurer's Office and Commissioner of Revenue's Office



COUNTY OF HANOVER, VIRGINIA **Table 6**

Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Calendar (Tax) Years

Calendar (Tax) Year (1)	County of Hanover, Virginia Direct Rates (1,2)							County Total Direct Tax Rate For each *Fiscal* Year Shown (3)	Town of Ashland (Overlapping Rates) (4)		
	Real Property	Power Generating Equipment	Personal Property	Fire and Rescue Volunteers	Aircraft	Machinery and Tools	Merchant's Capital		Real Property	Personal Property	Machinery and Tools
2013	$ 0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.09	0.09	0.77	0.77
2014	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2015	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.07	0.09	0.77	0.77
2016	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2017	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2018	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.09	0.77	0.77
2019	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.10	0.77	0.77
2020	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.10	0.10	0.77	0.77
2021	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.08	0.10	0.77	0.77
2022	0.81	0.81	3.57	1.78	0.50	3.57	1.90	1.09	0.10	0.77	0.77
% Change	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.0%	0.0%	0.0%
% Ch. Since 2013	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	0.0%	0.0%

Notes: (1) The individual tax rates are per $100 of assessed value, which is generally determined as of January 1 of each year, and are used to determine tax payments due within the same calendar (tax) year.

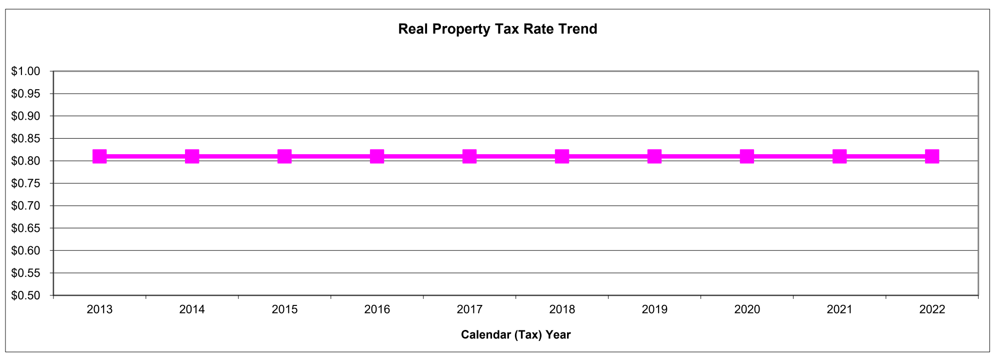
(2) Real property taxes are payable in two equal installments, on June 5 and October 5. Personal property taxes are due on February 5 of the following calendar year.

(3) The County prepares its budgets and its Annual Comprehensive Financial Report on a fiscal year basis (July 1 through June 30), as required by Section 15.2-2500 of the Code of Virginia, and levies taxes to support County activities for the fiscal year in which the tax payments are due. Accordingly, the Total Direct Tax Rates are applicable to the fiscal year for which the taxes are levied and due. The total direct tax rates are calculated per $100 of assessed valuation and calculated on the weighted average basis.

(4) These overlapping rates are in addition to the County rates, but only apply to taxpayers owning property within the borders of the Town of Ashland, Virginia, which lies within the County.

(5) The Power Generating Equipment rate for 2013 has been revised from the 6/30/20 Annual Comprehensive Finance Report reporting.

Source: Hanover County Commissioner of the Revenue's Office and Treasurer's Office and Town of Ashland



COUNTY OF HANOVER, VIRGINIA **Table 7**

Principal Property Tax Payers (1) (Unaudited)

Current Year and Nine Years Ago

		2022			2013		
Taxpayer	Type of Business	General Property Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	General Property Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Virginia Electric and Power Company	Electric company	$ 298,166,130	1	1.4%	$ 176,812,528	2	1.2%
Doswell Limited Partnership	Power Generation Facility	239,465,141	2	1.1%	222,743,569	1	1.6%
Memorial Regional Medical Center	Hospital/medical center	153,269,600	3	0.7%	118,724,145	3	0.8%
Covenant Woods	Nursing home	108,650,451	4	0.5%	42,220,800	9	0.3%
Cedar Fair Southwest(2022)/Paramount Parks(2013)	Entertainment	85,734,110	5	0.4%	86,692,640	4	0.6%
Virginia Natural Gas	Natural gas distributor	75,786,059	6	0.3%	48,652,073	5	0.3%
Super Rite Foods (2022)/Richfood (2013)	Grocery Wholesale	45,333,395	7	0.2%	43,504,660	8	-
Rappahannock Electric Coop	Electric company	44,266,496	8	0.2%	34,599,434	10	0.2%
819 Virginia, LLC	Paper Mill	42,615,758	9	0.2%		n/a	-
Verizon Virginia	Telecommunications	34,791,449	10	0.2%	47,983,360	6	0.3%
Bear Island Paper Company	Paper Mill		n/a	-	45,309,970	7	0.3%
		$ 1,128,078,589		5.2%	$ 867,243,179		6.1%
Total taxable assessed values		$ 21,781,531,358			$ 14,196,001,174		

Notes: (1) Source: Hanover County Commissioner of the Revenue's Office

(2) n/a = not applicable (taxpayer not in top 10 taxpayers of applicable year)

COUNTY OF HANOVER, VIRGINIA **Table 8**

Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Fiscal Year	General Property Taxes Levied for the Fiscal Year (1,2)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date as of June 30, 2022	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	$ 136,956,978	135,351,034	98.8%	1,603,320	136,954,354	99.8%
2014	138,899,948	137,555,596	99.0%	1,337,987	138,893,583	99.8%
2015	144,003,614	143,368,974	99.6%	625,949	143,994,923	99.6%
2016	147,705,971	144,943,605	98.1%	2,742,057	147,685,662	99.1%
2017	157,129,677	154,661,526	98.4%	2,431,686	157,093,212	98.4%
2018	164,152,649	161,148,623	99.5%	2,711,484	163,860,107	99.5%
2019	172,172,776	169,675,177	98.5%	2,085,399	171,760,576	99.0%
2020	183,902,348	178,043,680	96.8%	5,188,503	183,232,183	96.8%
2021	191,901,902	186,702,001	97.3%	3,825,253	190,527,254	99.3%
2022	207,262,970	200,785,085	96.9%	-	200,785,085	96.9%

Notes:
(1) Source: County of Hanover, Virginia Treasurer's Office
(2) Total tax levies include the Commonwealth of Virginia's personal property tax relief reimbursements, and are net of supplemental levies for prior fiscal years, abatements, land use deferrals and tax relief in each fiscal year. The levies exclude special assessments on behalf of the Bell Creek and Lewistown Community Development Authorities and curbside recycling districts.
(3) The lower and negative net collections figure in subsequent years for 2014 and 2015 are due to abatements of Bear Island bills. Due to system limitations, the movement of funds from the abatements to the revised bills are handled as negative adjustments. FY15 adjustments equaled $827,225.05 for Bear Island. Litigation is still in process.

COUNTY OF HANOVER, VIRGINIA **Table 9**

Ratios of Outstanding Debt by Type, and

Self-Imposed Debt Limit Information (3) (Unaudited)

Last Ten Fiscal Years

	Governmental Activities										
	General Bonded Debt Outstanding (1)										
Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	State Literary Fund Loans	Total General Bonded Debt	Estimated Actual Value of Taxable Property	Percent of General Bonded Debt to Estimated Actual Value of Taxable Property	Population (2)	General Bonded Debt per Capita	Infrastructure and State Moral Obligation Revenue Bonds	Leases	Support Agreement
2013	$ 99,349,768	44,497,391	-	143,847,159	15,420,048,309	0.9%	101,702	1,414	-	2,256,096	5,963,481
2014	90,596,851	42,302,195	-	132,899,046	16,153,767,752	0.8%	102,714	1,294	20,849,280	2,166,620	5,250,629
2015	82,248,421	43,338,840	-	125,587,261	17,293,606,269	0.7%	104,013	1,207	20,818,270	2,077,143	4,547,777
2016	73,803,009	39,555,423	-	113,358,432	18,017,370,030	0.6%	104,210	1,088	43,782,481	1,982,667	3,844,925
2017	67,513,286	45,691,844	-	113,205,130	18,668,289,972	0.6%	106,375	1,064	43,421,982	1,883,191	3,152,074
2018	59,173,311	41,594,579	-	100,767,890	19,584,696,258	0.5%	107,357	939	42,571,482	5,887,085	2,464,221
2019	51,003,400	42,667,356	-	93,670,756	20,092,378,612	0.5%	107,928	868	53,776,786	4,955,594	2,001,370
2020	43,198,220	38,425,290	-	81,623,510	20,997,650,878	0.4%	109,229	747	65,248,065	4,019,105	1,713,518
2021	36,639,578	44,704,158	-	81,343,736	21,837,185,459	0.4%	115,428	705	63,033,819	3,084,993	1,490,666
2022	30,325,938	40,511,084	-	70,837,022	23,462,030,817	0.3%	114,173	620	60,779,572	2,150,880	1,183,832
% Change	-17.2%	-9.4%	0.0%	-12.9%	7.4%	-18.9%	-1.1%	-12.0%	-3.6%	-30.3%	-20.6%
% Ch. Since 2013	-69.5%	-9.0%	0.0%	-50.8%	52.2%	-67.6%	12.3%	-56.1%	0.0%	-4.7%	-80.1%

	Business-type Activities		Total Primary Government					Self-Imposed Debt Limit Information (3)			
				Demographic Information							
Fiscal Year	Revenue Bonds	Support Agreement	Total Primary Government	Total Personal Income (2) (000's)	Per Capita Personal Income (2)	Total Primary Government Debt as a Percentage of Personal Income	Total Primary Government Debt Per Capita	Outstanding Debt Funded by General Governmental Expenditures (4)	Ratio of Outstanding Debt Funded by General Governmental Expenditures to Assessed Value (4)	Outstanding Debt Funded by General Governmental Expenditures per Capita (5)	Ratio of Total General Bonded Debt per Per Capita Income (6)
2013	$ 19,951,453	7,792,489	179,810,678	4,961,925	48,789	3.6%	1,768	152,066,736	1.1%	1,495	2,948
2014	19,525,241	6,432,696	187,123,512	5,303,083	51,630	3.5%	1,822	161,165,575	1.1%	1,569	2,574
2015	18,970,376	5,077,903	177,078,730	5,698,253	54,784	3.1%	1,702	153,030,451	1.0%	1,471	2,292
2016	17,581,614	3,723,110	184,273,229	5,954,461	56,596	3.1%	1,768	162,968,505	0.9%	1,564	2,003
2017	16,321,357	2,375,964	171,301,519	6,197,972	58,265	2.8%	1,610	161,662,377	0.9%	1,480	1,401
2018	15,026,887	1,015,979	167,733,544	6,433,347	59,925	2.6%	1,562	151,690,678	0.8%	1,413	1,682
2019	13,677,986	310,000	168,392,492	6,663,431	61,740	2.5%	1,560	154,404,506	0.8%	1,431	1,517
2020	14,593,003	250,000	167,447,201	6,743,754	61,740	2.5%	1,533	152,604,198	0.8%	1,397	1,322
2021	13,086,547	190,000	162,229,761	7,126,478	61,740	2.3%	1,431	148,953,214	0.7%	1,314	1,318
2022	11,463,030	130,000	146,544,336	7,048,995	61,740	2.1%	1,284	134,951,306	0.6%	1,182	1,147
% Change	-12.4%	-31.6%	-9.7%	-1.1%	0.0%	-8.7%	-10.3%	-9.4%	-15.7%	-10.0%	-12.9%
% Ch. Since 2013	-40.5%	-83.5%	-17.0%	42.7%	26.9%	-38.5%	-25.1%	-10.3%	-42.1%	-19.2%	-55.4%

Notes:

(1) See Financial Statement Note IV-E for additional information on outstanding debt. The County's general bonded debt is direct debt.

(2) Population estimates at June 30th for each year from Weldon Cooper. Populations were updated for prior years based on a change in data source. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year. Personal income data for 2012 through 2019 (the last year available) is obtained from the Bureau of Economic Analysis, U.S. Department of Commerce. Per Capita Personal Income for 2021 and 2022 is assumed to be equal to 2020, the last year for which Personal Income data is available from the U.S. Department of Commerce. Personal Income amounts for 2021 and 2022 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.

(3) **Self-imposed debt limit information:**
The Commonwealth of Virginia does not impose a legal limit on the amount of long-term indebtedness the County can incur or have outstanding. The Board of Supervisors, however, has imposed limits in the County's Debt Policy. These limits, and relevant information pertaining to them are described in this table, and on Table 4 of this Statistical Section.

(4) The County's debt policy provides that outstanding debt funded by general government expenditures as a percentage of Assessed Value will not exceed 2.5 percent. Outstanding debt funded by general governmental expenditures includes general bonded debt, infrastructure and state moral obligation debt, governmental activity capital lease obligations, and governmental activies support agreements presented above.

(5) The County's debt policy provides that outstanding debt funded by general government expenditures per Capita will not exceed $1,900 at June 30, 2007, growing at two percent annually ($2,556 for fiscal year 2022).

(6) The County's debt policy provides that general bonded debt per Per Capita Income will not exceed $5,000.

COUNTY OF HANOVER, VIRGINIA **Table 10**

Pledged Revenue Coverage (1) (Unaudited)

Last Ten Fiscal Years

Utility - Water and Sewer Revenue Bonds

		Less:	Net	Debt Service Requirements		Net Available	Utility - Debt Covenant Coverage Ratio (1,5)		
							Debt Service		Debt Covenant
Fiscal Year	Utility Revenues (2,7)	Operating Expenses (3)	Available Revenues	Principal	Interest	Revenues Coverage (4)	Senior Debt Service	Subordinate Debt Service	Coverage Test
2013	$ 27,320,235	$ 16,487,597	$ 10,832,638	$ 2,006,019	$ 1,508,668	3.1	$ 3,349,252	$ 165,435	2.7
2014	28,940,235	16,732,863	12,207,372	2,296,831	1,001,088	3.7	3,297,919	-	3.2
2015	29,549,906	16,531,486	13,018,420	2,406,830	884,863	4.0	3,291,693	-	3.4
2016	30,835,377	16,545,081	14,290,296	2,418,471	593,230	4.7	3,011,701	-	4.1
2017	30,424,331	16,679,572	13,744,759	2,321,830	656,573	4.6	2,978,403	-	4.0
2018	30,203,533	16,038,366	14,165,167	2,351,830	501,997	5.0	2,853,827	-	4.3
2019	32,488,641	18,045,117	14,443,524	1,776,831	443,218	6.5	2,220,049	-	5.7
2020	34,121,439	18,450,454	15,670,985	1,211,830	400,060	9.7	1,611,890	-	8.5
2021	35,095,971	19,839,941	15,256,030	1,261,830	350,094	9.5	1,611,924	-	8.2
2022	35,874,313	18,804,855	17,069,458	1,316,830	290,872	10.6	1,607,702	-	9.2
% Change			11.9%	4.4%	-16.9%	12.2%	-0.3%	0.0%	12.2%
% Ch. Since 2013			57.6%	-34.4%	-80.7%	244.5%	-52.0%	-100.0%	242.4%

Airport Revenue Bond 2007

							Airport - Debt Covenant Coverage Ratio (1,6)			
Fiscal Year	Rent received from Airport Fixed Base Operator	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements Principal	Interest	Available Revenues Coverage (6)	Rent Received	Restricted cash - (used during current FY or available at FYE for debt service)	Lessee irrevocable letter of credit pledged for satisfaction of debt covenant ratio	Debt Covenant Coverage Test
2013	$ 166,912	-	$ 166,912	$ 67,001	$ 75,274	1.2	$ 166,912	-	$ 36,000	1.4
2014	171,919	-	171,919	70,448	71,740	1.2	171,919	-	36,000	1.5
2015	177,077	-	177,077	74,072	68,024	1.2	177,077	-	36,000	1.5
2016	182,388	-	182,388	77,883	64,116	1.3	182,388	-	36,000	1.5
2017	187,848	-	187,848	81,889	60,008	1.3	187,848	-	36,000	1.6
2018	193,483	-	193,483	86,102	55,688	1.4	193,483	-	36,000	1.6
2019	199,288	-	199,288	90,532	51,146	1.4	199,288	-	36,000	1.7
2020	205,267	-	205,267	95,189	46,370	1.5	205,267	-	36,000	1.7
2021	211,425	-	211,425	100,086	16,380	1.8	211,425	-	36,000	2.1
2022	228,695	-	228,695	117,012	9,182	1.8	228,695	-	36,000	2.1
% Change			8.2%	16.9%	-43.9%	-0.2%	8.2%	0.0%	0.0%	-1.3%
% Ch. Since 2013			26.7%	49.4%	-78.2%	54.7%	26.7%	0.0%	0.0%	49.0%

Airport Revenue Bond 2019

							Airport - Debt Covenant Coverage Ratio (1,8)			
Fiscal Year	Rent received from Airpoer Lessee	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements Principal	Interest	Available Revenues Coverage (8)	Rent Received	Restricted cash - (used during current FY or available at FYE for debt service)	Lessee irrevocable letter of credit pledged for satisfaction of debt covenant ratio	Debt Covenant Coverage Test
2020	$ 29,257	-	29,257	-	1,490	19.6	29,257	-	162,278	128.5
2021	175,630	-	175,630	43,002	77,176	1.5	175,630	-	162,278	2.8
2022	176,140	-	176,140	88,134	72,864	1.1	176,140		162,278	2.1
% Change			0.3%	100.0%	5079.6%	-92.6%	500.3%	0.0%	0.0%	-97.8%
% Ch. Since 2020			502.0%	100.0%	4790.2%	-94.4%	502.0%	0.0%	0.0%	-98.4%

Notes: (1) Further information on the County's revenue bonds can be found in Note IV-E to the accompanying basic financial statements.

(2) Utility revenues exclude donated capital assets.

(3) Utility operating expenses exclude depreciation.

(4) The net available revenues coverage equals net available revenues divided by total debt service requirements.

(5) The utility debt covenant coverage ratios assist users to assess the County's legal compliance with its utility debt service covenant requirements. The County's water and sewer revenue bonds debt covenant requires the ratio of utilities net available revenues divided by the sum of 115% of senior debt service and 100% of subordinate debt service to exceed 1.0.

(6) During fiscal 2007, the County issued an airport revenue bond, secured by rent from the airport's fixed base operator. The airport bond had no debt service requirement or debt covenant requirement for fiscal 2007. Beginning in fiscal year 2008, the County's airport debt covenant required the ratio of the sum of rent received from the airport's fixed base operator, restricted cash used during the fiscal year (FY) or available at fiscal year-end (FYE) for airport bond debt service, and the amount of any lessee irrevocable letter of credit, divided by the airport bond principal and interest paid during the fiscal year to equal or exceed 1.25. The lease agreement with the airport's fixed base operator contains scheduled rent increases consistent with the availability of the property to the lessee, designed to meet the debt covenant coverage requirement during the lease term.

(7) Utility revenues do not include exercise of oversize credits, which are reported as capital contributions on Exhibit 8 of the financial statements.

(8) During fiscal 2020, the County issued an airport revenue bond, secured by rent from the airport's lessee. The County's airport debt covenant requires the ratio of the sum received from the airport's lessee, restricted cash used during the fiscal year or available at fiscal year-end for airport bond debt service, and the amount of any lessee irrevocable letter of credit, divided by the airport bond principal and interest paid during the fiscal year to equal or exceed 1.25. The lease agreement with the airport's lessee contains scheduled rent increases consistent with the availability of the property to the lessee, designed to meet the debt covenant coverage requirement during the lease term.

COUNTY OF HANOVER, VIRGINIA **Table 11**

Demographic Statistics (Unaudited)

Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (1) *(000's)*	Per Capita Personal Income (1)	Median Age (2)	Unemployment Rate (3)	School Enrollment (4)	School Instructional Positions (5)	School Enrollment to Instructional Positions Ratio
2013	101,702	4,961,925	48,789	41.5	4.9%	17,942	1,426	12.6
2014	102,714	5,303,083	51,630	41.8	4.5%	17,952	1,410	12.7
2015	104,013	5,698,253	54,784	41.9	3.8%	17,734	1,445	12.3
2016	105,210	5,954,461	56,596	42.4	3.4%	17,776	1,442	12.3
2017	106,375	6,197,972	58,265	42.6	3.3%	17,751	1,463	12.1
2018	107,357	6,433,347	59,925	42.9	2.6%	17,671	1,472	12.0
2019	107,928	6,663,431	61,740	42.7	2.3%	17,462	1,481	11.8
2020	109,229	6,743,754	61,740	42.7	4.8%	17,273	1,521	11.4
2021	115,428	7,126,478	61,740	42.7	3.6%	16,636	1,514	11.0
2022	114,173	7,048,995	61,740	42.7	2.6%	16,415	1,514	10.8
% Change	-1.1%	-1.1%	0.0%	0.0%	-27.8%	-1.3%	0.0%	-1.3%
% Ch. Since 2013	12.3%	42.1%	26.5%	2.9%	-46.9%	-8.5%	6.2%	-13.9%

Notes: (1) Population estimates at June 30th for 2012-2020 from Welden Cooper. In 2021, populations were restated for 2012 - 2020 based on new source. Populations estimates at June 30th for 2022 from Hanover County Planning Department. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year. Personal income data for 2013 through 2020 (the last year available) is obtained from the U. S. Department of Commerce, Bureau of Economic Analysis. Per Capita Personal Income for 2021 and 2022 is assumed to be equal to 2019, the last year for which Personal Income data is available from the U.S. Department of Commerce, Bureau of Economic Analysis. Personal Income amounts for 2020 and 2021 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.

(2) U. S. Department of Commerce, Census Bureau

(3) Virginia Employment Commission

(4) Hanover County School Board (30th day enrollment for school fiscal year). The school enrollment for 2021 was adjusted from the 6/30/21 ACFR.

(5) Hanover County School Board (instructional positions include teachers, guidance counselors, librarians and other instructional-related positions).

Principal Employers (1) (Unaudited)
Current Year and Nine Years Ago

		2021			2012		
Employer	Type of Business	Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Hanover County Schools	Educational Services	2,511	1	4.4%	2,532	1	4.6%
Amazon Fulfillment Services Inc.	Administrative and Support Services	1,000 and over	2	3.5%		n/a	
Bon Secours Richmond Health System	Hospitals	1,000 and over	3	3.5%	1,000 and over	2	3.6%
County of Hanover	Executive, Legislative and Other General Government Support	1,232	4	2.2%	1,090	3	2.0%
Regional Marketing Concep Inc	Management of Companies Enterprises	500-999	5	1.3%		n/a	1.4%
Tyson Farms	Food Manufacturing	500-999	6	1.3%	500-999	5	0.7%
Wal-Mart Stores	General Merchandise Stores	500-999	7	1.3%	250-499	8	
Owens & Minor Medical Inc	Management of Companies Enterprises	500-999	8	0.7%	500-999	n/a	1.4%
FedEx Ground	Couriers and Messengers	500-999	9	0.7%		n/a	
Supervalu Distribution Center (2021)/Richfood(2012)	Merchant Wholesalers, Nondurable Goods	250-499	10	0.7%	500-999	6	
Randolph-Macon College	Educational Services		n/a		500-999	4	1.4%
Kings Dominion (Paramount Parks Inc)	Amusement, Gambling and Recreation Industries		n/a		500-999	7	1.4%
Crossmark Inc	Wholesale Electronic Markets and Agents and Brokers		n/a		250-499	9	1.4%
Morris Alper LLC	Wholesale Electronic Markets and Agents and Brokers		n/a		250-499	10	0.7%
Totals				**19.5%**			**18.4%**
Total County Employment (3)		**56,895**			**55,076**		

Notes:

(1) Sources: County and Schools employment levels provided by the Hanover County Department of Finance and Management Services, Budget Division. Other data provided by the Virginia Employment Commission (VEC). Employment levels represent full-time equivalents. The most recent year for which this data is available is 2021.

(2) Employment ranges for the private sector are as published by the VEC to ensure confidentiality. Percentages are based on the midpoint of the employment range.

(3) VEC Annual not Seasonally Adjusted Labor Force

(4) Due to the conversion over to a new human resource system and additional corrections by the schools, FTEs restated for FY17 for Schools Operating Fund and Food Services Fund will not match the totals listed in prior years.

(5) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.

COUNTY OF HANOVER, VIRGINIA **Table 13**

Full-time Equivalent Government Employees by Function (1) (Unaudited)

Last Ten Fiscal Years

Function/Program	Full-time Equivalent Employees as of June 30									
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**
Primary government:										
General governmental administration	123	130	132	133	135	137	139	145	145	148
Judicial administration	55	57	59	64	68	70	72	74	74	77
Public safety (3)	449	449	464	489	501	525	539	568	568	575
Public works (2)	83	83	83	86	86	88	88	89	89	88
Human services (3)	183	181	182	185	188	194	199	205	205	212
Parks, recreation and cultural	33	32	32	31	31	31	31	31	32	32
Community development	25	24	24	24	24	25	25	25	25	25
Public utilities	93	91	91	93	94	94	94	95	95	95
Self insurance fund	1	1	1	1	1	1	1	1	1	1
Totals - Primary government	1,045	1,048	1,068	1,106	1,128	1,165	1,188	1,233	1,232	1,253
Component Unit:										
School Board (4)	2,462	2,438	2,456	2,466	2,482	2,491	2,503	2,523	2,511	2,520
Total:	3,507	3,486	3,524	3,572	3,610	3,656	3,691	3,756	3,744	3,773

Notes:

(1) Source: Hanover County Department of Finance and Management Services, Budget Division.

(2) Includes Airport Fund.

(3) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.

(4) Due to a human resource system conversion and additional corrections identified by the schools, the FY17 School FTE amount has been revised from the 6/30/17 ACFR reporting.

(5) Due to the Amended FTE being used instead of the Adopted FTE, the FY18 Primary Government amount has been revised from the 6/30/18 ACFR reporting. In mid-FY18, the Board added 9 Public Safety (SAFER) and 4 Human Services.

COUNTY OF HANOVER, VIRGINIA
Operating Indicators by Function (1,2) (Unaudited)
Last Ten Fiscal Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Primary government:										
General governmental administration										
Number of registered voters	71,010	71,828	72,268	75,126	76,303	78,089	79,426	81,643	84,645	84,636
Number of real estate transfers	3,065	3,256	3,606	4,003	4,079	3,881	4,016	4,691	5,796	4,631
State income tax returns processed	7,514	7,854	7,600	6,268	6,717	6,157	7,140	4,893	5,006	4,156
Judicial administration										
Judgments docketed	3,543	3,114	2,975	2,958	2,863	3,588	3,627	3,367	3,232	3,256
Public safety										
Sheriff incidents	37,125	37,891	34,474	38,046	36,726	37,779	39,137	40,270	41,466	41,799
Number of sworn officers	201	207	211	207	215	221	226	233	233	240
Fire/EMS incidents	13,620	15,740	15,854	13,256	13,882	14,667	14,624	17,803	16,795	17,991
Animal control incidents	6,009	6,233	5,877	5,815	4,944	4,774	5,171	5,562	4,590	4,692
Commercial building plan reviews	412	412	506	490	494	556	462	388	492	585
Residential building plan reviews	1,278	1,381	1,462	1,549	1,536	1,437	1,468	1,946	2,378	2,163
Public works										
Tons of solid waste received	32,571	32,198	44,651	48,336	60,483	66,456	72,624	51,851	50,303	46,928
Tons of solid waste recycled	21,418	15,141	11,970	14,217	10,563	6,646	1,522	2,988	9,239	8,678
Human services										
Communicable disease visits/investigations (6)	370	268	555	679	929	891	331	973	7,746	17,861
Immunization visits (3)	636	471	311	391	265	284	484	526	63,473	8,412
Restaurant inspection visits (5)	911	815	939	974	1,262	1,049	900	729	593	847
Social services lobby visits	19,018	17,681	15,541	14,700	16,934	16,731	16,112	12,280	5,527	8,169
Social services Medicaid Cases (4)	8,392	8,542	8,913	10,016	10,318	10,243	11,053	13,987	15,050	17,147
Number of Hanover Youth Service Council (HYSC) projects	44	43	37	36	34	41	37	37	44	40
HYSC Volunteer hours reported	1,353	1,576	1,080	1,183	1,116	961	692	994	1,008	635
Parks, recreation and cultural										
Active Library borrowers	80,553	80,642	82,096	83,785	84,865	65,405	66,418	61,577	60,482	53,341
Internet sessions	134,980	142,545	141,492	130,315	121,065	106,354	92,385	55,886	33,008	38,360
Library reference questions answered	330,062	375,526	384,223	388,748	381,262	397,956	388,567	328,913	237,997	409,452
Community development										
Economic development services to existing/prospective businesses (7)	253	212	479	405	444	476	461	712	1,130	568
Public utilities										
Water customers	19,198	19,647	19,995	20,488	20,905	21,328	21,585	21,995	22,470	22,933
Wastewater customers	18,640	19,098	19,428	19,929	20,343	20,761	21,019	21,436	21,918	22,366
Daily average water distributed (million gallons/day)	8.60	8.56	8.90	8.90	9.15	8.21	8.80	8.41	8.30	8.60
Maximum daily water capacity (million gallons/day)	19.95	19.95	19.95	19.95	25.00	25.00	25.00	25.00	25.00	25.00
Daily average wastewater treatment (million gallons/day)	5.99	6.79	5.80	7.07	6.66	6.30	7.70	6.31	8.34	6.68
Maximum daily capacity of wastewater treatment plant (mg/d)	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50	15.50
General services										
School buses serviced	303	297	301	313	313	313	314	313	309	291
Public safety vehicles serviced	470	476	470	519	519	519	511	527	527	543
Fleet availability	95.2%	96.9%	96.6%	96.6%	96.1%	96.1%	95.7%	95.5%	94.7%	93.7%

Notes:
(1) Source: County Departments as identified above.
(2) Information not available prior to first year reported. Operating indicators for the School Component Unit are presented on the Demographic Information schedule.
(3) Variability in number of immunization visits from year to year due to various factors. COVID 19 immunizations makeup 62,955 of 63,473 visits in 2021.
(4) In FY22, Social Services began reporting number of Medicaid cases instead of New Benefit Program Customers count.
(5) Information estimated as a new data system was impletemented in June 2019.
(6) COVID 19 is primary factor for volume of visits in 2021 and 2022.
(7) Includes 46 services regarding Retention and Expansions in 2021.
(8) In FY22, Social Services began reporting Number of Medicaid Cases instead of New Benefit Program Customers count.

COUNTY OF HANOVER, VIRGINIA
Capital Asset Statistics by Function (1) (Unaudited)
Last Ten Fiscal Years

Table 15

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Primary government:										
General governmental administration										
Estimated square feet- all general administrative office space (3) (4)	47,571	47,762	47,762	47,762	106,222	106,222	107,767	107,767	107,767	107,767
Judicial administration										
Estimated square feet - all judicial buildings	58,460	58,460	58,460	58,460	69,933	69,933	68,951	68,951	68,951	68,951
Public safety										
Estimated square feet - all public safety buildings	214,604	214,604	214,604	214,604	214,604	214,604	214,604	214,604	214,604	214,604
Number of sheriff's stations	1	1	1	1	1	1	1	1	1	1
Correctional facility inmate capacity	437	469	469	495	519	519	519	519	519	519
Number of fire/EMS stations	16	16	16	16	16	16	16	16	16	16
Public works										
Estimated square feet - all public works	17,665	17,665	17,665	17,665	17,665	17,665	17,665	17,665	17,665	17,665
Number of solid waste convenience centers	6	6	6	6	6	6	6	6	6	6
County Airport - acres in facility	260	260	260	257	260	257	257	257	257	265
Aircraft T-Hanger spaces - County Airport	54	54	54	54	54	54	54	54	54	55
Aircraft tie-down spaces	56	56	56	56	56	56	56	91	91	91
Length of runway (ft)	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402	5,402
Human services										
Estimated square feet of facilities	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939	62,939
Parks, recreation and cultural										
Number of County parks/boat launch (5)	14	14	14	14	14	14	14	15	15	15
Park acreage (2)	1,282	1,282	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,230
Public utilities										
Miles of water mains	419	425	429	434	431	436	441	448	457	461
Number of fire hydrants	2,475	2,523	2,564	2,599	2,670	2,718	2,766	2,842	2,937	2,991
Miles of sanitary sewers	383	389	394	399	396	398	403	407	413	415
Number of wastewater treatment plants	4	4	4	4	4	4	4	4	4	4
General services										
Number of vehicles maintained	1,198	1,206	1,210	1,189	1,189	1,189	1,189	1,317	1,324	1,302
School Board Component Unit:										
Number of elementary schools	15	15	15	15	15	15	15	15	15	15
Number of secondary schools	8	8	8	8	8	8	8	8	8	8
Number of specialty schools (6)	2	2	2	2	2	2	2	2	2	3

Notes:
(1) Source: County Departments as identified above.
(2) 2012 - North Anna Battlefield Park increased in acreage due to donation by Martin Marietta.
(3) 2017 - New Courthouse Building
(4) 2019 - Remodeled former Circuit Court for General Government Administration
(5) 2020 - Lake Hanover Nature Trail
(6) Reclassified the AlternativeEducation facility and Technology Center to specialty schools in 2022. In FY22, the Hanover Online School opened.

HANOVER COUNTY DEPARTMENT OF FINANCE AND MANAGEMENT SERVICES

Amanda L. Six,
Director of Finance and Management Services

ACCOUNTING DIVISION

Lauren K. Null, CPA, Finance Division Director
Jacqueline A. Manzer, CPA, Senior Accountant
Teresa J. Cetin, Payroll Analyst
Leah E. Daniel, Payroll Analyst
Kelli M. Hoffner, Financial Technician
Cheri L. Hudson, Payroll Manager
Nancy M. Mancuso, Financial Technician
Connie L. Mills, Financial Technician
Sarah J. Moss, Accountant
Donna B. Neely, Systems Administrator
Megan H. Slater, Payroll Analyst
Amy L. Sylvia, Accountant

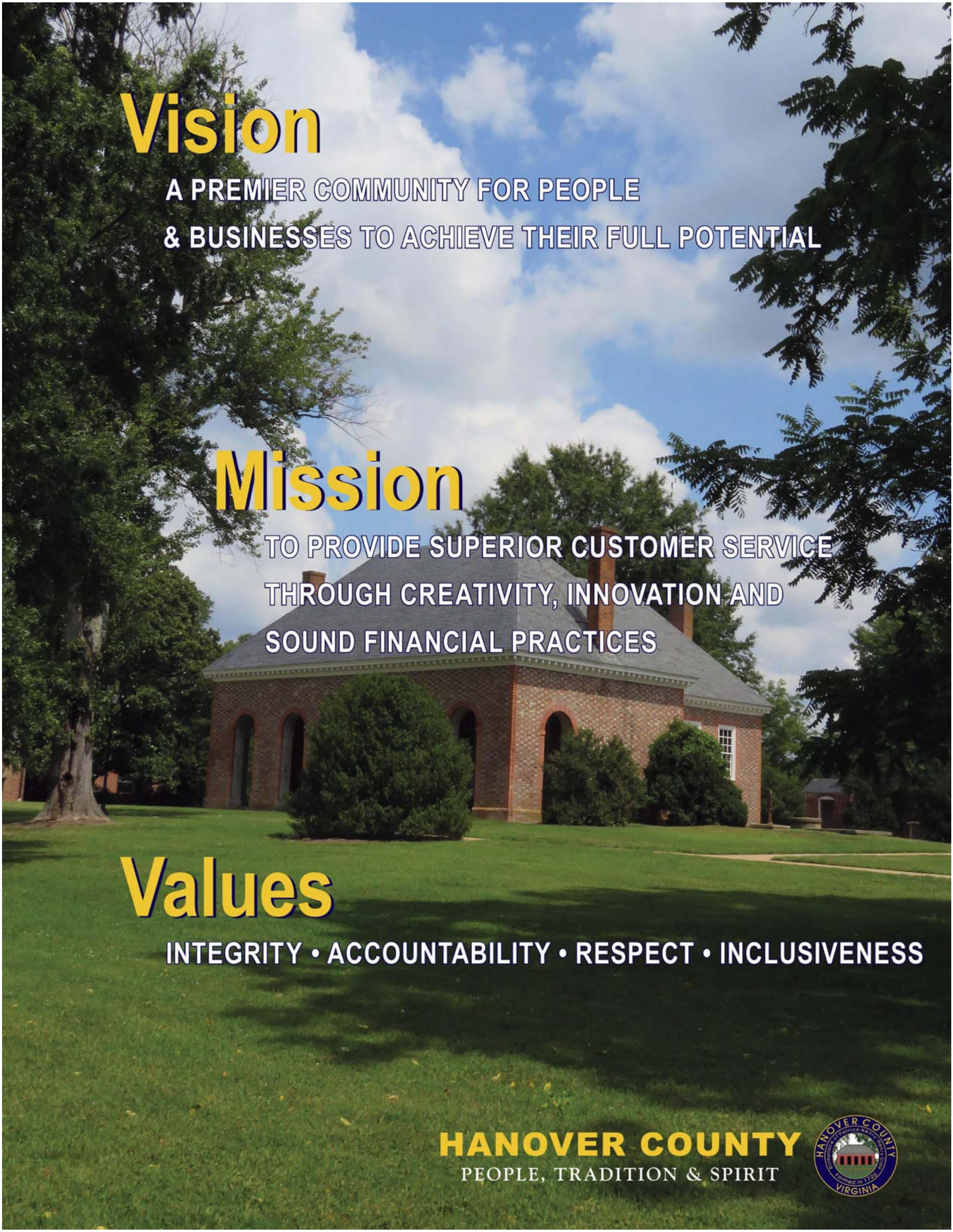
BUDGET DIVISION

Shelly H. Wright, Budget Division Director
Mark A. Highfield, Budget Manager

PURCHASING DIVISION

Steven K. Rusch, Purchasing Division Director
Kristin St. Germain, Financial Technician
Sandra S. Humerickhouse, Purchasing Officer
Angela P. Melton, Contract Manager
Trena A. Ponton, Senior Purchasing Officer

Hanover: People, Tradition and Spirit


Vision
A PREMIER COMMUNITY FOR PEOPLE
& BUSINESSES TO ACHIEVE THEIR FULL POTENTIAL
Mission
TO PROVIDE SUPERIOR CUSTOMER SERVICE
THROUGH CREATIVITY, INNOVATION AND
SOUND FINANCIAL PRACTICES
Values
INTEGRITY • ACCOUNTABILITY • RESPECT • INCLUSIVENESS
HANOVER COUNTY
PEOPLE, TRADITION & SPIRIT