

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CHESTERFIELD COUNTY, VIRGINIA

COUNTY OF CHESTERFIELD, VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared by
Accounting Department, Finance and Administration



Everyday excellence

Goal: Demonstrate excellence in public service with a commitment to fiscal stewardship and efficient use of resources

Objectives

- 1.1 Promote trust and transparency that strengthens community engagement
- 1.2 Continuously improve our service-centric culture
- 1.3 Model financial integrity, considering regional and private partnerships as appropriate
- 1.4 Invest in employee engagement



Safe and secure community

Goal: Partner with the community to provide safe and secure surroundings through prevention, readiness and professional response

Objectives

- 2.1 Increase safety and preparedness through prevention
- 2.2 Foster positive and respectful community relationships
- 2.3 Address repetitive incidents that negatively impact resources
- 2.4 Respond promptly, professionally and efficiently to service calls



Robust economy

Goal: Foster a vibrant economy that provides quality jobs, enhances economic opportunities and ensures business diversity

Objectives

- 3.1 Attract and retain a variety of business sectors to match the talents of existing and future citizens
- 3.2 Expand available jobs so more residents can work in the county
- 3.3 Provide services and venues that encourage residents to stay and visitors to return



Healthy living and well-being

Goal: Promote healthy, active lifestyles while fostering self-sufficiency and quality of life

Objectives

- 4.1 Provide critical and easily accessible resources to help individuals flourish
- 4.2 Inspire neighbor-to-neighbor relationships
- 4.3 Encourage healthy lifestyles
- 4.4 Demonstrate readiness for shifting demographics



Thriving communities

Goal: Enrich quality of life, enhance community attractiveness and preserve natural resources

Objectives

- 5.1 Foster long-lasting communities with unique identities
- 5.2 Enhance, restore and maintain neighborhoods and communities using public and private efforts
- 5.3 Continuously improve public infrastructure and facilities
- 5.4 Responsibly attend to the environment



Learning for a lifetime

Goal: Support a range of learning opportunities that sustains quality of life, employment and well-being

Objectives

- 6.1 Collaborate with Chesterfield County Public Schools to position students for lifelong success
- 6.2 Provide access to learning and enrichment opportunities for citizens of all demographics
- 6.3 Equip the workforce with skills to meet changing business needs

VISION

To be an extraordinary and innovative community in which to live, learn, work and play.

VALUES

RESULTS

We focus on outcomes that add value

- We align our goals to positive and intentional achievements
- We, as employees, are positively contributing
- We use appropriate resources, knowledge and skills to achieve our goals
- We do what we say we're going to do

- We curiously explore ways to turn ideas into solutions
- We work collaboratively
- We constantly think about the customer experience by assessing what we do, why we do it and the way we deliver products/services

INNOVATION

We look for new ways to solve problems and new approaches to service delivery

SERVICE

We seek to understand and respond appropriately to customers' key needs

- We know county services, so we can respond to customer needs
- We anticipate, rather than react to, customer needs
- We view customer interactions as transformational, not transactional
- We improve the customer experience, within legal, ethical and moral boundaries

- We efficiently manage the resources entrusted to us
- We respectfully interact with others, even if we disagree
- We use good judgement and ask for advice, if in doubt
- We are responsible and accountable for our decisions
- We live the county's Code of Ethics

ETHICS

We are honest, transparent and contribute to the county's reputation

The contributions of our employees and engaged citizens make this blueprint possible.

INTRODUCTORY SECTION (unaudited)

| | <u>Page</u> |
|---------------------------------|-------------|
| Letter of Transmittal..... | 1 |
| Certificate of Achievement..... | 13 |
| Organizational Chart..... | 14 |
| Directory of Officials | 15 |

FINANCIAL SECTION

| | |
|---|----|
| Report of the Independent Auditor | 18 |
| Management's Discussion and Analysis (unaudited)..... | 21 |

Basic Financial Statements

Exhibit

Government-wide Financial Statements

| | | |
|----|---------------------------------|----|
| I | Statement of Net Position | 36 |
| II | Statement of Activities | 37 |

Fund Financial Statements

Governmental Funds' Financial Statements

| | | |
|-----|---|----|
| III | Balance Sheet with Reconciliation to Government-wide Statement of Net Position | 38 |
| IV | Statement of Revenues, Expenditures and Changes in Fund Balances with Reconciliation to Government-wide Statement of Activities | 39 |
| V | Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 41 |

Proprietary Funds' Financial Statements

| | | |
|------|--|----|
| VI | Statement of Net Position | 43 |
| VII | Statement of Revenues, Expenses and Changes in Net Position..... | 45 |
| VIII | Statement of Cash Flows..... | 46 |

Fiduciary Funds' Financial Statements

| | | |
|----|--|----|
| IX | Statement of Fiduciary Net Position | 48 |
| X | Statement of Changes in Fiduciary Net Position | 49 |

Discretely Presented Component Units' Financial Statements

| | | |
|-----|---------------------------------|----|
| XI | Statement of Net Position | 50 |
| XII | Statement of Activities | 51 |

Notes to Financial Statements

| | | |
|-----|--|-----|
| 1. | Summary of Significant Accounting Policies | 52 |
| 2. | Stewardship, Compliance, and Accountability..... | 61 |
| 3. | Significant Transactions of the County and Component Units | 66 |
| 4. | Deposits and Investments | 68 |
| 5. | Receivables | 81 |
| 6. | Payables | 83 |
| 7. | Reporting Entity - Internal Transactions..... | 84 |
| 8. | Capital and Intangible Assets | 87 |
| 9. | Long-term Obligations | 92 |
| 10. | Commitments and Contingent Liabilities..... | 106 |
| 11. | Risk Management - Claims Liability | 106 |
| 12. | Retirement Plans | 108 |

| Notes to Financial Statements (continued) | Page |
|--|-------------|
| 13. Other Postemployment Benefit Plans | 128 |
| 14. Tax Abatements | 159 |
| 15. Joint Ventures..... | 161 |
| 16. Related Organizations and Jointly Governed Organizations | 163 |

Required Supplementary Information

| | |
|--|-----|
| Schedule of Changes in Net Pension Liability and Related Ratios - Virginia Retirement System - Local Plan - Primary Government..... | 168 |
| Schedule of Changes in Net Pension Liability and Related Ratios - Virginia Retirement System - Local Plan - School Board Component Unit | 169 |
| Schedule of Schools Board's Proportionate Share of the Net Pension Liability - Virginia Retirement System - Teachers' Pool..... | 170 |
| Schedule of Employer Contributions - Virginia Retirement System | 171 |
| Notes to Virginia Retirement System Required Supplemental Information | 172 |
| Schedule of Changes in Net Pension Liability and Related Ratios - Supplemental Retirement Plan - Primary Government | 173 |
| Schedule of Changes in Net Pension Liability and Related Ratios - Supplemental Retirement Plan - School Board Component Unit | 174 |
| Schedule of Employer Contributions - Supplemental Retirement Plan | 175 |
| Notes to Supplemental Retirement Plan - Required Supplemental Information..... | 176 |
| Schedule of Changes in Net OPEB Liability and Related Ratios - Other Postemployment Benefits Plan - Retiree Healthcare - Primary Government | 177 |
| Schedule of Changes in Net OPEB Liability and Related Ratios - Other Postemployment Benefits Plan - Line of Duty - Primary Government | 178 |
| Schedule of Changes in Net OPEB Liability and Related Ratios - Other Postemployment Benefits Plan - Retiree Healthcare - School Board Component Unit..... | 179 |
| Schedule of Employer Contributions - Other Postemployment Benefits Plan - Retiree Healthcare and Line of Duty and Notes to Required Supplemental Information..... | 180 |
| Schedule of Employers' Proportionate Share of the Net OPEB Liability - Virginia Retirement System - Group Life Insurance Program | 181 |
| Schedule of Employer Contributions - Other Postemployment Benefits Plan - Virginia Retirement System - Group Life Insurance Program..... | 182 |
| Notes to Other Postemployment Benefits Required Supplemental Information - Virginia Retirement System - Group Life Insurance Program..... | 183 |
| Schedule of School Board's Proportionate Share of the Net OPEB Liability - Virginia Retirement System Teacher Health Insurance Credit Plan | 184 |
| Schedule of Employer Contributions - Other Postemployment Benefits Plan - Virginia Retirement System Teacher Health Insurance Credit Plan | 185 |
| Notes to Other Postemployment Benefits Required Supplemental Information - Virginia Retirement System Teacher Health Insurance Credit Plan | 186 |

Supplementary Information

| Schedule | Primary Government Combining Statements and Schedules | |
|-----------------|--|-----|
| A-1 | Combining Balance Sheet - Non-major Governmental Funds | 190 |
| A-2 | Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds | 191 |
| A-3 | Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | 194 |
| A-4 | Combining Statement of Net Position - Non-major Enterprise Funds..... | 200 |
| A-5 | Combining Statement of Revenues, Expenses and Changes in Net Position - Non-major Enterprise Funds..... | 201 |
| A-6 | Combining Statement of Cash Flows - Non-major Enterprise Funds | 202 |

| | | |
|------|---|-----|
| A-7 | Combining Statement of Net Position - Internal Service Funds | 204 |
| A-8 | Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds | 205 |
| A-9 | Combining Statement of Cash Flows - Internal Service Funds | 206 |
| A-10 | Combining Statement of Fiduciary Net Position - Trust Funds | 208 |
| A-11 | Combining Statement of Changes in Fiduciary Net Position - Trust Funds | 209 |
| A-12 | Combining Statement of Fiduciary Net Position - Custodial Funds | 210 |
| A-13 | Combining Statement of Changes in Fiduciary Net Position - Custodial Funds | 211 |
| A-14 | Combining Statement of Net Position - Non-major Discretely Presented Component Unit | 214 |
| A-15 | Combining Statement of Activities - Non-major Discretely Presented Component Unit | 215 |

Capital Assets Used in the Operation of Governmental Funds

| | | |
|-----|--|-----|
| B-1 | Schedule of Capital Assets by Function and Activity | 218 |
| B-2 | Schedule of Changes in Capital Assets by Function and Activity | 220 |
| B-3 | Schedule of Capital Assets by Source | 222 |

School Board Component Unit Fund Statements and Schedules

| | | |
|-----|---|-----|
| C-1 | Balance Sheet with Reconciliation to Government-wide Statement of Net Position - Governmental Fund | 224 |
| C-2 | Statement of Revenues, Expenditures and Changes in Fund Balance with Reconciliation to Government-wide Statement of Activities - Governmental Fund | 225 |
| C-3 | Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - School Operating Fund | 227 |
| C-4 | Statement of Fiduciary Net Position | 229 |
| C-5 | Statement of Changes in Fiduciary Net Position | 230 |

STATISTICAL SECTION (UNAUDITED)

| | | |
|------|--|-----|
| I | Net Position by Component - Last Ten Fiscal Years | 233 |
| II | Changes in Net Position - Last Ten Fiscal Years | 234 |
| III | Fund Balances, Governmental Funds - Last Ten Fiscal Years | 236 |
| IV | Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years | 237 |
| V | General Governmental Tax Revenue by Source - Last Ten Fiscal Years | 238 |
| VI | Assessed and Estimated Market Values of Taxable Property - Last Ten Fiscal Years | 239 |
| VII | Property Tax Rates - Last Ten Fiscal Years | 240 |
| VIII | Principal Property Taxpayers - Current Year and Nine Years Ago | 241 |
| IX | Property Tax Levies and Collections - Last Ten Fiscal Years | 242 |
| X | Ratios of Outstanding Debt by Type - Last Ten Fiscal Years | 243 |
| XI | Ratios of General Obligation Bonded Debt Outstanding - Last Ten Fiscal Years | 244 |
| XII | Pledged Revenue Coverage - Last Ten Fiscal Years | 245 |
| XIII | Demographic Statistics - Last Ten Years | 246 |
| XIV | Principal Private Employers - Current Year and Nine Years Ago | 247 |
| XV | Full-time County Employees by Function - Last Ten Fiscal Years | 248 |
| XVI | Operating Indicators by Function - Last Ten Fiscal Years | 249 |
| XVII | Capital Asset Statistics by Function - Last Ten Fiscal Years | 250 |

COMPLIANCE SECTION

| | | |
|--|---|-------------|
| | | Page |
| | Report of Independent Auditor on Internal Control Over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 252 |



INTRODUCTORY SECTION





Chesterfield County, Virginia

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BOARD OF SUPERVISORS

JAMES M. “Jim” HOLLAND, CHAIR

Dale District

CHRISTOPHER M. WINSLOW, VICE CHAIR

Clover Hill District

JIM A. INGLE

Bermuda District

KEVIN P. CARROLL

Matoaca District

LESLIE A. T. HALEY

Midlothian District

November 4, 2021

The Honorable Members of the Board of Supervisors
County of Chesterfield, Virginia

Honorable Members of the Board of Supervisors:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Chesterfield County, Virginia (the County), as of and for the fiscal year ended June 30, 2021. State law requires that local governments have all their accounts and records, including accounts and records of their constitutional officers, that comprise the financial statements be audited annually as of June 30 by an independent certified public accountant and that they submit an audited financial report on or before December 15 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). The County's Accounting Department has prepared this report in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board and the APA.

The ACFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and the reliability of the content rests with County management. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile reliable information for the preparation of the County's financial statements in conformity with United States (U.S.) generally accepted accounting principles (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 reliable in all material respects.

Cherry Bekaert LLP, a firm of licensed certified public accountants, audited the County's financial statements as of and for the fiscal year ended June 30, 2021. The independent auditors planned and performed the audit to obtain reasonable assurance that the financial statements of the County, as of and for the fiscal year ended June 30, 2021, are free from material misstatement. The independent audit involved 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 on the evidence obtained while following all applicable auditing standards, that there was a reasonable basis for forming and expressing unmodified opinions, that the County's financial statements as of and for the year ended June 30, 2021, are fairly presented, in all material respects, in conformity with GAAP. The report of the independent auditor on the financial statements is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the Schedule of Expenditures of Federal Awards in relation to the audited financial statements, but also on the audited government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control over compliance in accordance with the U.S. Office of Management and Budget's Uniform Guidance. The independent auditors' report related specifically to Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' report on internal control over financial reporting and on compliance and other matters, is required to be submitted within the shorter of thirty (30) days after testing completion or nine (9) months after fiscal year end, which would be no later than March 31, 2022 for the County. Said testing and results, when issued, will be included in a separate compliance reporting package.

GAAP requires 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 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.

Profile of the County

The County is in the mid-Atlantic region of the U.S. in east-central Virginia and is part of the Richmond Metropolitan Statistical Area (MSA). Residents enjoy a location that is within a two-hour drive of the Virginia beaches, the Blue Ridge Parkway, and Washington D.C. With 50% of the nation's population and 65% of the nation's manufacturing operations within a one-day commute, in 2015 the Boyd Company ranked Chesterfield County as the top location on the East Coast, and one of the best locations in the nation for logistics-related businesses. The County's major transportation routes include the I-95 and I-295 corridors with Route 288, Route 76 (Powhite Parkway), and Route 150 (Chippendale Parkway) as connecting routes providing quick access to I-64 to the north and I-85 to the south. This strategic location has been a catalyst for residential, commercial and industrial growth. The land area of the County totals 446 square miles. A large portion of land in the County, especially in the southwestern area, remains rural. The County's population is estimated at approximately 365,000.

The County's early history includes the second successful English settlement in the New World, the City of Henricus, founded in 1611. The development of the first hospital, the chartering of the first college, and the introduction of a commercially successful tobacco strain were some of the important events that occurred at Henricus which influenced the course of American history. The County was founded in 1749 and emerged as an important industrial hub as the first place in the nation where coal was commercially mined. The commercialization of the Midlothian mines resulted in Midlothian Turnpike, known as the Manchester or Buckingham Road, which became the first paved road in Virginia. The first railroad in the area was built in 1831 from the mines to the James River so coal could be loaded on ships and sent to New York, Philadelphia, and other northern cities. Coal mining operations continued through the Civil War.

The County operates pursuant to a County Charter approved by the citizens of the County in a referendum election and subsequently enacted by the Virginia General Assembly in 1988 with the most recent charter amendments occurring in fiscal year 2017. The governing body of the County is the Board of Supervisors (Board) which is composed of five members, one member elected from each of five magisterial districts. Members must reside in the district that he or she serves and are elected for four-year terms. The term of the current Board began January 2020 and will continue through December 2023. The Board establishes policies governing the administration of the County and appoints a County Administrator who serves at the pleasure of the Board to execute the policies.

The County provides a full range of municipal services and continues to be the lowest cost, full-service locality among localities of similar size located in the Commonwealth of Virginia (Commonwealth). Major programs include police, fire and emergency medical services, court services, libraries, parks and recreation, community development, social services, and mental health services. Additionally, the County operates a general aviation airport and water and wastewater utility systems (Utilities). The citizens elect a separate School Board to oversee education through the Chesterfield County Public School system (CCPS). The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The financial reporting entity includes all funds of the County, the primary government, and its component units. Three discretely presented component units (i.e., School Board, Watkins Centre Community Development Authority, and Chippendale Place Community Development Authority) and one blended component unit (Economic Development Authority) are included in the reporting entity because of the County's financial accountability for these organizations. The discretely presented component units are reported separately within the County's basic financial statements while the blended component unit is presented as though it were a fund of the County. The Watkins

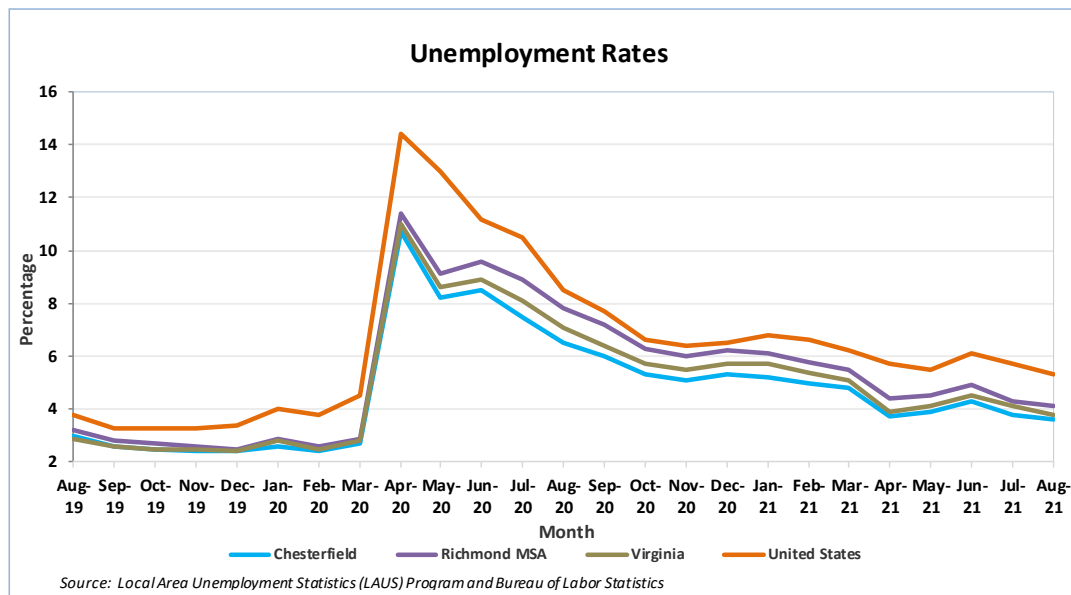
Centre Community Development Authority completed its organizational purpose and was dissolved during fiscal year 2021 (FY2021). Additional information concerning these legally separate organizations can be found in Note 1 to the financial statements.

The annual General Fund budget serves as the foundation for the County's financial planning and control. The Board is required to hold a public hearing on the proposed budget and to adopt a final budget by May 1st of each year. The appropriated budget is adopted at the function level for the General Fund. The County Administrator is authorized to amend appropriations by transferring any unencumbered balance, or portion thereof, from one classification of expenditure to another within the same department or appropriation category and may transfer up to \$50,000 from the unencumbered appropriated balance of one appropriation category to another appropriation category. No more than one transfer may be made for the same item causing the need for a transfer, except when the total amount to be transferred for the item does not exceed \$50,000. The Board must approve most other amendments that increase the total appropriation of any function level.

Local Economy

The Richmond MSA enjoys employment that is broadly distributed among the region's industry sectors, with retail, logistics, utilities and healthcare sectors showing the most strength. Positive economic trends continue in the areas of economic development and retail sales. Comparisons of the County's trends to the Richmond MSA and the Commonwealth continue to be favorable.

The County's ability to attract a highly skilled labor force to quality jobs in the region creates prosperity during healthy economic times and allows for weathering the downside in a slower economy. The County's annual unemployment rate of 5.7% in calendar year 2020 (CY2020) includes the peak unemployment rate of 10.7% in April 2020 during the height of unemployment that occurred during the COVID-19 pandemic lockdown. The County's annual unemployment rate compared favorably to the Richmond MSA and the Commonwealth's rates of 6.7% and 6.2%, respectively. While the impact of the COVID-19 pandemic and the Governor's Emergency Declaration had an unprecedented impact on the County's unemployment rate during CY2020, the chart below indicates steady improvement that continues to move closer to pre-pandemic rates. The County responded to the unemployment crisis with programs targeted to assist our small business owners in weathering the economic aspects of the pandemic.



The County is committed to cultivating a vibrant economy that enhances economic opportunities by attracting new business capital investment and encouraging reinvestment by established businesses, with both creating new jobs. The County's Department of Economic Development (Economic Development) works to attract significant new business and assists existing County businesses in expanding their operations. During FY2021, new and expanding industrial and commercial businesses announced investments of \$110 million with the creation of approximately 300 new jobs and adding 1.5 million square footage expansions. Bon Secours is investing \$30 million in a freestanding emergency center along the U.S. Route 1 corridor in Chester, an area identified as a medically underserved community. Construction began in May 2021 on this 24,000 square foot facility that includes an 11-bed emergency department and imaging center that will provide 24-hour hospital-level care and services. In March 2021, Red Rock Developments announced it began construction of a manufacturing and logistics facility, its first project in the Greater Richmond Region, in the Meadowville Technology Park. With an investment of \$20 million,

the 353,044 square foot building is currently marketed to manufacturing and logistics users. Digital Fortress, a multi-tenant and wholesale data center provider with 10 facilities throughout the U.S., announced availability of hyperscale-ready space in its new location in the County. Digital Fortress invested \$17.8 million in the 200,000+ square foot, Tier III data center facility. Aldora, a glass and aluminum systems fabricator, announced it will invest \$11.5 million in a new 81,000 square foot fabrication facility located near the Walthall interchange area. The full-service glass fabrication and distribution facility will serve a 150-mile geographical radius and is anticipated to be fully operational by Spring 2022. Other noteworthy announcements in FY2020 - FY2021 included the expansions of Super Radiator Coils, Bissell and Sonoco Trident and new investments including Devon USA, Icon Fitness/Nordic Track and various other logistics facilities.

The County continues to invest in its Meadowville Technology Park (MTP). MTP's master plan allows a variety of uses including technology/R&D, corporate/general office, data centers, life sciences, micro-electronics, manufacturing and assembly, and biotech/pharmaceutical operations. Design guidelines and architectural standards have been put in place to ensure a first-class development. Completed in December 2011, the Interstate 295/Meadowville interchange has helped position MTP as one of the County's premier employment centers, attracting substantial investment and bringing hundreds of jobs to the County. Six years ago, the Boyd Company, a New Jersey based corporate site-selection consulting firm, said the County had the lowest annual operating costs for distribution warehouses among the top 25 areas in the nation for logistics businesses. This cost advantage has resulted in a significant increase in the number of transportation and warehouse operations in the County. From the first quarter of 2017 to the first quarter of 2021, the number of these types of establishments grew from 189 to 229, a 21.8% increase. The market influences created by the response to the COVID-19 pandemic suggest this trend will continue. Demand for at-home fitness equipment resulted in Icon Fitness investing \$2.5 million while leasing 405,000 square feet of space for its Nordic Track products in the Willis Commerce Center in 2021. The property is next door to the \$23 million, 220,825 square foot, PepsiCo distribution center that opened in late 2018. Potential demand also drove Red Rock Developments & Westport Capital Partners LLC to announce the commencement of construction of an industrial/distribution facility on Digital Drive in MTP. This facility is the first speculative development within MTP. Michigan-based vacuum cleaner maker, Bissell Inc., completed a second phase of its facility in the James River Industrial Park in 2021. The \$8.2 million expansion created nearly 204,000 square feet of additional distribution space while adding to its original 450,000 square foot building. The pandemic accelerated the shop-from-home trend and the need for logistics operations to meet demand. In June 2020, Amazon leased a brand new 321,000-square-foot building in James River Logistics Center. Amazon operates the facility as a Delivery Station, where packages are sorted and loaded into vehicles for "last mile" delivery directly to the homes of its customers. The pandemic also created an opportunity for a new mask-making manufacturing and distribution operation in the County. A new firm, Blackbriar Regulatory Services is providing contract manufacturing, laboratory services and FDA compliance consulting from a Southlake Boulevard location in Midlothian. Blackbriar is currently in a joint venture project with Olivian to produce medical face masks at the facility. While the pandemic will end, we do not see the demand for logistics operations in a well located, competitive cost location like our County diminishing anytime soon. More than 4.8 million square feet of manufacturing/logistics development in various stages of development, all located in our County, will come online over the next few years.

Taxable Retail Sales
(\$ in 000's)

| Calendar Year | Chesterfield County | % Change | Richmond MSA | % Change | Commonwealth of Virginia | % Change |
|---------------|---------------------|----------|--------------|----------|--------------------------|----------|
| 2011 | 3,502,240 | 4.1 % | 14,210,036 | 3.6 % | 89,070,341 | 3.1 % |
| 2012 | 3,712,873 | 6.0 | 14,937,724 | 5.1 | 93,335,660 | 4.8 |
| 2013 | 3,750,484 | 1.0 | 15,129,668 | 1.3 | 94,597,894 | 1.4 |
| 2014 | 3,943,519 | 5.1 | 15,698,529 | 3.8 | 96,243,827 | 1.7 |
| 2015 | 4,073,926 | 3.3 | 16,440,786 | 4.7 | 100,219,957 | 4.1 |
| 2016 | 4,179,659 | 2.6 | 16,641,946 | 1.2 | 101,678,812 | 1.5 |
| 2017 | 4,394,824 | 5.1 | 17,266,789 | 3.8 | 103,741,107 | 2.0 |
| 2018 | 4,533,449 | 3.2 | 18,138,765 | 5.1 | 106,075,147 | 2.2 |
| 2019 | 4,495,031 | (0.8) | 17,941,752 | (1.1) | 107,779,678 | 1.6 |
| 2020 | 4,594,965 | 2.2 | 18,125,259 | 1.0 | 104,359,825 | (3.2) |

Source: Weldon Cooper Center for Public Service/University of Virginia

Trends in taxable retail sales in the County continue to compare favorably to the Richmond MSA and the Commonwealth. The average annual percentage increase in the County's taxable retail sales was 3.2% for the period 2011 to 2020 and compared favorably to increases of 2.9% and 1.9% for the Richmond MSA and the Commonwealth, respectively, during the same period. At the onset of the COVID-19 pandemic and the Governor's Emergency Declaration, the County cautiously anticipated a significant overall decline in taxable retail sales for the remainder of FY2020 and for FY2021. Actual local sales and use taxes received in FY2022 as of October 2021

reflect a 10.1% increase over receipts for the same time period in FY2020. County citizens, once tending to work in surrounding jurisdictions, have shifted to working from home, many perhaps permanently, and are spending their hard earned dollars locally. This trend has benefited local businesses that were expected to be hit the hardest by economic stress from the pandemic and has shored up a revenue base that was expected to be significantly pressured by the pandemic.

The County continues to expand its revenue base by attracting a diversified pool of taxpayers and employers. During the year ended June 30, 2021, the top ten taxpayers accounted for 4.4% of the County's total assessed value tax base. The County's taxpayer and employment bases contain a broad range of industries including healthcare, retail sales, utilities and manufacturing. Detailed information regarding the top ten taxpayer statistics and employer diversity can be found on pages 241 and 247, respectively.

The County's real estate market continues to remain strong with the value of real property, including changes in the values of existing properties and gains from new construction, increasing 7.3% as of June 30, 2021, exceeding the gains experienced during the prior year of 6.1%. The aggregate value of existing residential properties rose 4.4% compared to 3.8% over the prior year. The growth in existing commercial property valuations increased to 2.6% compared to the prior year's gain of 5.8%. Revaluation of existing residential property is expected to grow a conservative 3.0% annually, in line with the historical average. Revaluation of existing commercial and industrial property is mixed with strong growth in industrial and flex space offset by softer market demand for office and retail space.

Throughout the pandemic, the County has remained committed to the sport-tourism industry and has welcomed a healthy variety of world-class events to our communities. In a single weekend this past May, the County hosted four very different major events in four unique locations. The first event, the USA Swimming Eastern Zone Long Course Super-Sections, comprised of nearly 500 swimmers from 12 states, was held at the Collegiate School Aquatic Center. The Richmond Volleyball Club's Stonebridge location was the site of the Atlantic Coast Power League Grand Prix that included 40 teams from five states. Twenty-five teams were represented at the May Mayhem hosted by Legendary Softball at the Bird Athletic Complex. Turf Wars, an adult kickball tournament, brought 41 teams with players from as far away as Texas to the River City Sportsplex, the County's world-class, 115-acre complex that offers twelve synthetic turf fields. Recently completed improvements at the River City Sportsplex totaled \$4.5 million and included a 3,800-square-foot building with restrooms, concessions, parking and a storage area. As part of our FY2021 budget amendments, an additional \$3.0 million was appropriated for River City Sportsplex to fund stadium seating and turf replacements. Included in the FY2022-2023 capital plan is an additional \$5.2 million for construction of two new fields at the facility and turf replacement for seven existing fields. By investing over \$8.2 million in just three years, we are committed to ensuring the complex is recognized as a premier venue, not just in the region, but on the Eastern Seaboard. The County doubled down on its River City Sportsplex investment as part of a long-range plan to revitalize a stretch of Genito Road by purchasing the 47-acre property known as the Southside Speedway. The additional land could potentially allow the Parks and Recreation Department to expand the footprint of the existing River City Sportsplex, thus accommodating increased daily use by residents and make the facility more attractive to operators of youth sports tournaments. Redevelopment of the Southside Speedway property is currently in a master planning process that includes citizen input as decisions are made as to the best way to leverage this valuable acquisition to achieve the greatest use and economic benefit possible for that area.

Although early in the re-zoning phase, the County has generated excitement in the region as we announced a plan to construct and lease a 100,000-square foot ice rink and sports entertainment venue on the site of a recently acquired redevelopment property, known as Spring Rock Green. Spring Rock Green is located just off Chippenham Parkway, a beltway that connects I95/SR895 to Parham Road at River Road in Henrico County providing convenient access for those traveling to the Greater Richmond Region. The proposed complex would be the largest ice facility in the Richmond region and would feature two National Hockey League-size ice rinks, a first in the area. Having two ice rinks located in the same facility would allow the County to attract youth hockey tournaments and league play while allowing for use for classes and figure skating activities. If this project moves forward as expected, construction is slated to begin in the summer of 2022 and would be ready in the fall of 2023. Adding a youth hockey venue at the County's Spring Rock Green redevelopment site complements the state and regional volleyball venue located nearby at the Richmond Volleyball Club and to the lacrosse, soccer and field hockey venue at River City Sportsplex.

Long-term Financial Planning

The County provides a high quality of life, unparalleled public safety and a school system nationally recognized for its quality of education. The County's strategic plan, Blueprint Chesterfield, was updated as of July 1, 2019 and

demonstrates the County's vision to deliver services that make it an extraordinary and innovative community in which to live, learn, work, and play. The current strategic goals are:

- Everyday Excellence
- Safe and Secure Community
- Robust Economy
- Healthy Living and Well-being
- Thriving Communities
- Learning for a Lifetime

Blueprint Chesterfield is a roadmap that guides decision making during times of prosperity or challenge and provides a means to link both departmental and individual performance to the County's strategic goals using a measurement system to indicate progress toward goals. The annual financial plan links to Blueprint Chesterfield and includes a detailed budget for the upcoming year and projections for the next four years (five-year plan) to capture commitments aligned with priorities identified by the community and the Board. The multi-year projections serve as a roadmap to allocate funding to priorities for future years using preliminary revenue projections. Over the course of each budget cycle, staff meets with the community multiple times and in various settings through public meetings and other citizen engagement sessions, both in person and virtually. Social media campaigns reach those who cannot attend meetings or prefer to provide input electronically. Input from these sessions and all other feedback received throughout the year defines the community's priorities. Blueprint Chesterfield serves to align resources to initiatives during the annual budget process.

Fiscal integrity is a top priority for the County. In promoting fiscal integrity and improving our citizens access to the County, we recently launched a Public Portal for Concerns and Assistance on our website. County residents and businesses can access a variety of topic areas in one convenient location, making it easier to report potential abuse of County resources and to submit concerns, complaints and feedback.

The County's financial policies establish the framework for financial planning and management, facilitate evaluating future funding and spending proposals, and provide guidelines to measure budgetary performance. These financial policies further ensure that the County continues to achieve everyday excellence in government by providing direction in the areas of revenues, operating expenditures, capital expenditures, and debt management. The Board reviews all County financial policies at least every five years, with the last full review occurring with the fiscal year 2018 adopted budget. The most recent updates occurred during the development of the FY2022 budget. The revenue policies related to the County Airport were expanded to include thresholds for major maintenance efforts. Also, an operating policy was put in place to ensure the viability of the new Public Safety Compensation Plan that was implemented in FY2021.

The County prepares a Capital Improvement Program (CIP) each year, which serves as a planning tool for the efficient, effective and equitable distribution of public improvements throughout the County. The development of the CIP is guided by the County's Public Facilities Plan, which comprehensively assesses County public facility needs in relation to existing and future growth patterns through the consideration of population growth, projected density, economic development and service levels. County departments are asked to submit requests for Capital Improvement Programs (CIP) for a five-year horizon which are reviewed by staff, the Citizen's Budget and Advisory Committee, and executive leadership prior to being presented to the Board. The adopted CIP is a component of the annual financial plan.

Within 48 hours of delivering the proposed FY2021 budget in March 2020, we were faced with the world-wide crisis of the COVID-19 pandemic. While the ongoing pandemic has had an unprecedented impact on our everyday lives and the economy, we have seen the solid and durable foundations of our workforce and community. Many different stakeholders came together to play a critical role in re-tooling a budget where, although the revenue outlook may have changed, we remained steadfast in our priorities. In just six weeks, the County reduced projected spending by \$51.5 million, a reduction unparalleled in our history. Ever mindful of the changing economic and related events before us, not only did we begin to formulate a plan of when to amend the FY2021 adopted budget, but we also challenged ourselves to answer the more fundamental question of how the pandemic changed priorities and expectations of those we serve, our citizens and businesses. The amended FY2021 budget, passed in December 2020, began to answer that question. We projected a revenue increase of \$31.6 million for a total projected revenue of \$753.4 million. Staying true to the traditions of the County's fiscal tenets, our amended budget did not exhaust projected capacity but constrained the use of that capacity for expenditures to \$14.6 million. This careful strategy provided the bandwidth to absorb unpredictable economic anomalies for the remainder of the year and served as a down payment on initiatives for the FY2022 budget. The FY2022 budget revolves around recognizing the workforce; investing in our children's future; diversifying and bolstering our economic base; enhancing quality of life; strengthening investment in infrastructure; and continuing our commitment to public safety through the implementation of the Public Safety and Teacher Pay Plans, increased tax relief, and enhanced operational funding towards services that were curtailed due to pandemic restrictions.

Real and personal property tax revenues are the County's principal funding source, representing 62.3% of the budget for General Fund revenues in FY2022. Total real property revenues are budgeted at \$417.4 million, an increase of \$35.7 million, or 9.3%, from the FY2021 adopted budget. The aggregate value of existing homes in the County increased by 4.4% during CY2020, considerable growth from the prior year mark of 3.8%. Evidenced by the increase, the average assessed value of a single-family home in the County has mostly returned to its pre-2008 recession level. Personal property taxes are another major source of local revenues for the County and were budgeted in FY2022 at \$85.2 million, an increase of \$9.8 million, or 13.0%, from the FY2021 budget. Personal property is consistently one of the County's most variable revenue sources given its sensitivity to unpredictable variables such as gas prices, manufacturer incentives, natural disasters, as well as the due date which is late in the fiscal year. Unlike homes, cars and trucks are more liquid assets that can be easily substituted in-and-out to respond to changing market conditions. Forecasting personal property revenue is challenging and, therefore, typically requires a very conservative course when projecting vehicle-related revenues, and this is especially true for FY2022.

The FY2022 budget also includes targeted business tax relief, not only to attract business investment and diversify our business base, but also to recognize that many of our smaller local businesses face ongoing challenges in their economic recovery. This budget expands tax relief so that two-thirds of our local businesses will now be fully exempt from paying business license taxes. Specifically, this budget assumes an increase in the minimum level at which companies must pay Business, Professional and Occupational License (BPOL) tax from \$300,000 to \$400,000 effective July 1, 2021. Not only will this make 6,400 of our small and medium-sized businesses fully exempt from BPOL taxes, but it also benefits 3,200 of our larger business partners by reducing their annual BPOL tax calculation by \$100,000.

General fund expenditures for FY2022 were budgeted to increase \$53.6 million, or 7.1%, over the prior year's budget. The budget, first and foremost, recognized that FY2022 is the year of the workforce for our County. Over the last several years the County took deliberate actions to address employee compensation by implementing career development programs, increasing funding for tuition reimbursement and providing annual merit increases for staff; however, even with these deliberate investments, pay compression remained an unaddressed matter, ultimately impacting our ongoing ability to attract and retain an engaged, qualified workforce. The FY2022 budget fully funds the entire public safety sworn personnel plan that addresses compression across the three public safety agencies, investing \$13.8 million in year one and impacting 1,300 employees. We worked collaboratively with the School Board, Superintendent, and staff, in a partnership to address CCPS's number one priority for FY2022, teachers' salary decompression. Over the course of 2020, CCPS, working alongside the county's Human Resources Department, retained the services of an outside consultant to study teacher pay and compression. As part of the FY2021 budget amendments, the County proposed funding an additional \$18.0 million of our local dollars to support CCPS in implementing that salary study. CCPS's plan impacts over 4,700 teachers and other staff and totaled more than \$23.2 million, with raises for the most compressed teachers ranging between 8% and 11%, with salaries for teachers increasing an average of 5.5% overall. Even with funding compression pay adjustments for our two largest employee bases, the County is not done with its work on salary compression and is moving forward with a pay study for our last, and equally important employee group, our remaining County and CCPS employees. We anticipate presenting recommendations of that study during the FY2023 budget process. In the meantime, our general government employees will receive a 2% merit increase effective January 2022.

Relevant Financial Policies

The County's financial policies adopt a prudent approach toward financial and debt management. As of June 30, 2021, the portion of the County's operating expenditures dedicated to the repayment of debt, capped by policy at 10% of general government expenditures, was 7.0%. The financial policy adopted in more recent years that targets funding major maintenance at 2.5% of facility replacement value was achieved with the FY2022 budget. Each year, the County targets 8% of total General Fund expenditures to unassigned fund balance to provide the ability to cope with unexpected financial emergencies and eliminate the need for short-term borrowing, ensure that current obligations including debt payments can be met, and provide a cushion against the potential impact of significant unexpected changes in revenues. The actual ratio for the year ended June 30, 2021, was 9.2%. The County strives to repay new debt issues using a level principal repayment structure over the life of the issue to help maintain accelerated payout ratio goals.

The County's fiscally responsible financial policies, solid financial results and sound management were reaffirmed as the County issued taxable general obligation refunding bonds in August 2020 with Standard and Poor's, Moody's, and Fitch Ratings rating the bonds as "AAA", the highest attainable bond ratings. The County has held a triple-AAA bond rating for the past twenty-four years due to its robust and diverse economy, record of fiscal conservatism, and strong financial management. Fitch Ratings referenced a well-educated workforce, an employment base with steady growth, and unemployment below the state and nation. The triple-AAA rating ensures the County can borrow funds for the community's capital and infrastructure needs at the lowest available interest rates. The rating agency reviews provide residents and businesses with thorough, independent assessments of the

County's financial and management practices. The County, along with Chesterfield Utilities, is in the one percent class of localities nationwide that hold the distinct honor of having a "AAA" bond rating from all three rating agencies. As investors increasingly focus on environmental, social and governance (ESG) factors, credit rating agencies are systemically and transparently working to incorporate material ESG issues into their ratings of municipal debt. Their methods include assessing issuers' risks related to environmental factors such as climate change, carbon transition, water management, waste and pollution and natural capital; social factors such as access to basic services, demographics, education, health and safety, housing and labor and income; and governance factors such as institutional structure, policy creditability and effectiveness, budget management and transparency and disclosure. As rating agencies expand their ratings methodology to include ESG factors, we anticipate the County will achieve the highest possible ratings assigned to local governments.

Chesterfield Utilities is one of only a handful of water and wastewater utilities in the nation to have achieved a AAA rating on its revenue bonds from the three top rating services. These ratings were reaffirmed when refunding bonds were issued in June 2016. Fitch Ratings reaffirmed their AAA rating in January 2021 referencing the Department of Utilities' stability, modest operating costs, rate-establishing practices and rate flexibility and recognized Chesterfield Utilities for its strong financial profile and ability to remain stable, especially in these unprecedented times.

Major Initiatives

It is deep-rooted in our culture to continuously seek opportunities to enhance the quality of life for our residents while attracting others here by laying the groundwork that makes our communities destinations to live, learn, work and play. These initiatives demonstrate the breadth and quality of our services, innovation of our staff and our commitment to collaborating with our residents and regional partners, all of which are key to our success in providing a first choice community through excellence in public service. The final sections of this transmittal letter highlight a small subset of these initiatives and just a few of the numerous awards received from organizations that focus on recognizing operational excellence in government.

Since the outbreak of the COVID-19 virus, the County responded to the changing needs of our residents and businesses, demonstrating everyday excellence in ways we could never have anticipated in the pre-pandemic "normal". In February 2021, the County and the Commonwealth broke down bureaucratic barriers to partner in administering the vaccine rollout for residents of the Chesterfield Health District that includes the Counties of Chesterfield and Powhatan and the City of Colonial Heights. While the Virginia Department of Health (VDH) maintained authority over distributing and administering the vaccine, the County provided planning and logistical support that included technology and database management to mitigate confusion many of our citizens experienced with the VDH's online portal. To ensure that lack of transportation was not a barrier to our citizens who chose to be vaccinated, the County, in partnership with the Greater Richmond Transit Company (GRTC), met this need by offering free ride service to go to a vaccine appointment anywhere in the Access on Demand program's service area, including the Virginia State University and the Richmond International Raceway Community Vaccination Centers. Additionally, the Fire and EMS Department's Mobile Integrated Healthcare Unit assisted individuals who were homebound in receiving the vaccine. In March 2021, County staff, in partnership with the VDH, unveiled a new, robust COVID-19 vaccination dashboard specific to the County and the Chesterfield Health District to provide open and transparent data. The goal of the dashboard is to provide an interactive snapshot of the progress of vaccine distribution in our community.

Over the last year, we have promoted a variety of economic development opportunities that have supported a changing workforce, retained workers within the County, and promoted local businesses. These opportunities have included the launch of the Back in Business Grant Program which provided \$3.3 million of aid to local businesses and \$2.6 million in aid to support daycare facilities, invested \$24.0 million in land purchases to promote future economic development to maximize workforce opportunities for citizens and partnered with local agencies to develop and employ workforce development programs. In FY2022, our Planning Department started the process of a comprehensive zoning ordinance rewrite, the first of its kind since the 1970's. This rewrite will implement the Comprehensive Plan and has a direct correlation to the types of business coming to our communities and the jobs they will create. Having a clear and intentional zoning structure in place that represents the modern era and the businesses the County is looking to attract will provide a foundation for further diversifying and strengthening our business base over the coming decades.

In September 2021, Forbes magazine recognized the County as one of America's Best-In-State employers for 2021. In a survey of 80,000 U.S. employees across 25 different industry sectors, Forbes collected direct recommendations from workers in the industry. The survey considered every aspect of an employee's experience, such as working conditions, salary, potential growth and diversity. Of the thousands of companies eligible for this recognition, only a select few are awarded in each state. This recognition reinforces the County's reputation, at the local and national level, as an organization that provides excellent employment opportunities. Also in September, Money Magazine included the County in its "Top 50 Best Places to Live in 2021". In making its determination of the top 50, the magazine looked at nine categories including the cost of living, economic opportunity, diversity,

education, amenities, health and safety, the housing market, income and personal finances and the quality of life the community has to offer and considered communities with populations ranging from 25,000 up to 500,000. One of approximately 1,300 locations reviewed, our County was cited for its top-notch public schools, for attracting new residents faster than Virginia overall, for a 10% increase in jobs from 2015 to 2020, for remaining an affordable community to live and for planning a historic \$25 million investment in our public parks to improve outdoor spaces available to our residents. In October, TopWorkplaces.com announced the County was chosen as one of the Top Workplaces for Diversity, Equity and Inclusion (DE&I) Practices. Ranked fourth for companies and organizations with a workforce greater than 2,500, the County was recognized for the commitment, shared throughout all levels of our organization, to prioritizing a welcoming and inclusive culture, no matter one's background.

In recognition of the extraordinary work of our libraries staff, the Virginia Library Association awarded the 2021 Virginia Library of the Year Award to the Chesterfield County Public Library system. The award recognizes a Virginia library, library system or library network for distinguished achievement in service. Our library system was chosen because of exceptional efforts to refocus services and connect with community partners during a global crisis. Our staff reinvented what library services looked like during the pandemic. By prioritizing community needs and streamlining processes, our library system successfully sustained its commitment to deliver patron-focused services by providing curbside services for check-out materials, setting up call centers for questions and home-schooling, opening learning pods to support virtual learning efforts, assisting community partners with blood drives, Narcan training and early voting efforts, and breaking down barriers, connecting the community and supporting colleagues in a time of great uncertainty. To continue delivering services that meet nationally recognized standards and the needs of increased demand from a growing population, we plan to invest \$52.0 million to replace two libraries and renovate two additional libraries over the next seven years.

Chesterfield's parks and recreation system, long the lifeblood of the community, has become an epicenter of activity within the County throughout the pandemic. Recognizing the physical and mental health benefits of access to a robust parks system, the FY2022 budget already included the largest increase in our parks staffing in more than a decade and a significant investment in parks infrastructure. By prioritizing parks maintenance and infrastructure enhancements with American Rescue Plan Act (ARPA) funds, we have the opportunity to build on existing investments to fast-track our long-term vision of a parks system that serves the community today and into the future. A primary focus is to increase availability of recreational activities in underserved areas of the County. Our parkland development plan aims to increase available field times in our parks for local use by youth and adult leagues and individual play; provide additional open space park facilities for safe use during pandemic restrictions; and encourage physical and mental health benefits from exercise, team sport participation, and being outdoors.

We continue our work in improving the voter experience for our citizens. Since the last presidential election, significant investments have provided more equipment and poll workers for elections. Additional improvements were implemented for the November 2020 election to offer enhanced absentee voting processes and to meet the demands of early voting. In response to the higher expected voter turnout for the presidential election and public health concerns related to the COVID-19 pandemic, the Board also approved four satellite absentee voting locations to serve as both in-person absentee voting and ballot drop off locations. For the upcoming November election, the County opened five early voting satellite locations for registered voters to supplement the General Registrar's office early voting site. Curbside voting options are available for voters 65 years old and over or for those with a disability.

While the Commonwealth is responsible for building and maintaining primary and secondary roads in the County, transportation needs in our community continue to be a priority. In FY2021, the County started receiving a dedicated funding source restricted for transportation from the Central Virginia Transportation Authority (CVTA). The Authority, composed of counties and cities located in Planning District 15, administer receipts generated through the imposition of an additional regional sales and use tax and fuels tax. In December, the Board approved a \$117.2 million, seven-year spending plan for the County's anticipated share of revenues generated by the CVTA. This plan includes \$27.7 million, approximately half the cost of the initial phase of the long-awaited Powhite Parkway project that widens the last existing section of roadway from two to four lanes, extending it from Little Tomahawk Creek to Woolridge Road, creating a grade separation at its intersection with Carter Colony Parkway and constructing an overpass on Brandermill Parkway. In addition, the CVTA is providing 15% of regional sales and use tax and fuels tax it collects as a dedicated funding source to the GRTC, supporting the GRTC in its objective of providing public transportation to residents in our region. Connectivity of our communities remains a priority with strategic transportation projects planned to connect neighborhoods with each other, businesses, and local assets, such as parks, schools and libraries, via roads, trails and sidewalks.

The list of projects proposed in the upcoming 2022 bond referendum includes four new police stations. If approved, these stations will be strategically placed to improve accessibility for citizens and will provide a greater police presence in our communities. This initiative would also generate fiscal savings from current long-term leases, enabling reinvestment into police operations. Work has already begun on this initiative with the recent acquisition of land that could provide a location for a new Midlothian police station. With a proposed location in the Spring Rock Green redevelopment zone, we anticipate improving quality of life for those who live and work in that

area. In addition, the creation of a Real Time Crime Center will contribute to quality of life in our communities by identifying crime incident trends in real time as incidents happen with a goal of deploying public safety resources efficiently and effectively.

Community Development Block Grant (CDBG) funding, administered by the Community Enhancement Department, plays an important role in the enhancement of our commitment to provide affordable housing options. In the FY2022 budget, 94% of CDBG funding focuses on housing-related projects. The budget includes \$450,000 to partner with the Better Housing Coalition to support the development of 160 new family apartment units along the Route 1 Corridor. An additional \$270,000 in CDBG funding is dedicated to the Maggie Walker Community Land Trust to acquire, rehabilitate, and sell five previously vacant homes to income-eligible homebuyers using the community land trust ownership model. To complement CDBG funded support for affordable housing in our communities, in February the County was one of only two counties in the Commonwealth that opted to directly administer its allocation of funding made available by the federal government. Electing that option ensured this critical funding would reach those in need in our County as quickly and efficiently as possible. The Emergency Rental Assistance program (ERA) made \$25 billion available nationally to assist households that were unable to pay rent and utilities during the COVID-19 pandemic. To date, the County's allocation of more than \$10 million from the initial ERA program has served 1,546 unique households encompassing 7,401 individuals including 3,416 children and 228 seniors through payments to landlords who operate the residences where these families live.

The County is fortunate to have three sources of drinking water and is proceeding with a plan to permit and design an additional, fourth water source. This level of diversity enhances the reliability of supply during periods of sustained drought conditions or natural disaster events, such as floods, that impact the availability of drinking water. In August 2020, heavy rains dumped roughly ten inches of water in some parts of the County over a period of less than 24 hours resulting in roughly 16 feet of floodwater closing the Addison-Evans Water Treatment Plant for eight months. After a similar experience in 2018, Utilities staff had already identified the need for a floodwall, a vertical barrier designed to temporarily contain water from waterways during extreme weather events. To pay for the floodwall, the County applied for a pre-disaster mitigation grant from FEMA and worked closely with the Virginia Department of Emergency Management for a period of three years to see the application through to the award process. Just this October, VDEM awarded Utilities a \$8.6 million grant to construct the floodwall with the County picking up the remaining \$2.9 million of the project costs. Upon approval by the Board, next steps for the floodwall project include moving ahead with the floodwall design process which will take about a year, followed by two years of permitting and construction with completion slated in 2025. These heavy rain events also impact our roads with flooding impacting travel for many of our citizens who live and work in the areas more prone to flooding. In September 2021, the Board committed to providing relief for our residents living in these areas by approving the issuance and appropriation of \$30 million in bond funding for drainage projects for sections of Otterdale, Indian Springs and Belmont Roads that have a history of flooding during unusually heavy rainfall events.

Students in the County's public schools (CCPS) enjoy a high-quality educational experience with 100% of schools fully accredited for the 2019-2020 school year including one newly opened school with conditional accreditation. The Virginia Department of Education waived accreditation ratings for the 2020-2021 and 2021-2022 accreditation years under emergency authority granted by the Virginia General Assembly. CCPS educated 61,000+ students at 64 schools and achieved a 92% on-time graduation rate and a 96% daily attendance rate. CCPS includes seven National Blue Ribbon Schools and seven National Title I Distinguished Schools. County citizens approved a \$304 million general obligation bond referendum in November 2013 that called for the renovation or replacement of 10 of the County's oldest school facilities, all of which are on track for completion by early FY2022. In September, the County and Schools jointly announced plans to accelerate funding and construction for a replacement Falling Creek Middle School and a brand new middle school to be located along the western Hull Street Road corridor with completion planned in time to welcome students for the 2024-2025 school year. With an estimated cost of \$65 million per school, the County plans to fund the construction of these two schools with newly issued bonds.

The County is committed to improving public safety, quality of life projects in Parks, Recreation and Libraries, community revitalization, major maintenance, transportation and school projects that address major maintenance needs, enrollment growth, additional learning space needs and aging infrastructure. The County intends to pursue additional general obligation bond financing if authorized by public referendum in November 2022. General obligation bonds are the most efficient and effective means to finance infrastructure needs. The County's financial advisor recently completed a debt affordability study that outlined referendum capacity (as governed by our financial policies) and affordability (based on revenue projections and other operating needs). The planned referendum total of approximately \$450 million would be split between County and CCPS with \$150 million allocated to County projects and \$300 million allocated to CCPS construction. Projects selected for inclusion in the referendum will be evaluated based on whether the project addresses a critical or time sensitive need, maximizes existing resources, reduces or eliminates the use of leased space, is necessary in accommodating growth in service level demands or population, maintains existing assets and/or aligns with the County's Comprehensive Plan. Specifically, the County proposes replacing aging facilities that no longer meet service demands, such as the Chester and Ettrick fire

stations, the Enon and Hull Street libraries and four additional police precincts in the Eastern Midlothian, Hull Street Road, Chester and Western Midlothian corridors. Other potential projects include renovations to the existing Clover Hill and Dutch Gap fire stations, Ettrick and Laprade library renovations, Cogbill Park, upgrades to the River City Sportsplex and general road improvements. At present, the CCPS referendum plan proposes three new build schools and three renovation/rebuild school projects.

Awards and Acknowledgements

The County continued to be recognized for excellence in operational and financial management during fiscal year 2021. The County's focus on its vision statement, "Providing a FIRST CHOICE community through excellence in public service", is illustrated through the awards received for services and programs described in this section.

For the 12th consecutive year, the County continued to set an example for the innovative use of technology in local government, earning a second place spot in the 2021 Digital Counties Survey among counties nationwide with populations between 250,000 and 499,000. The County has placed in the top ten of that survey each year since 2010, including ten times in the top five. Survey judges identified a wide range of efforts across several areas in determining Chesterfield's ranking. The survey notes that "one of Chesterfield's top priorities is to ensure that county government is easy to access so citizens can get what they need. In the past year that has meant the rollout of a popular electronic permit and plan submission process; modernization of an outdated appraisal system; kiosks for tax payments and other financial collections; a new, custom-built Vaccine Administration and Reporting System allowing residents to register online for the COVID-19 vaccines, submit consent forms and schedule appointments."

The County received 20 National Association of Counties (NACo) 2021 Achievement Awards, recognizing the ways the County provides better, more innovative services to residents and strengthens its communities. Departments receiving Achievement Awards include Budget and Management, Communications and Media, Community Corrections, County Administration, Fire and EMS, Internal Audit, IST, Learning and Performance, Parks and Recreation, Procurement and the Utilities. From an operational and financial management perspective, two award winning programs stand out. Budget and Management developed a tool in house that provides more advanced, accurate financial projections in real time. This tool allows the department to quickly use transactional level data from FY2009 to present day to identify trends in revenue and expenditure patterns, monitor department budgets and project future spending and budgetary needs. In the second project, the County started work in FY2016 on a robust data program to curate a vast selection of datasets from internal and external sources. Through the Strategic Information Sharing program (StratIS) platform, data is managed to support accurate reporting, offering a single source of truth and prevents duplication of efforts throughout the organization. StratIS leverages cloud-based technology that helps deliver dynamic tools for trending, predictive analysis, modeling, and reporting. By first identifying problems to solve, StratIS then begins to identify and connect with appropriate data sources, working to build data intelligence and then offer data modeling and insights.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its ACFR for the fiscal year ended June 30, 2020. This was the 40th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe this comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented an award for Distinguished Budget Presentation to the County for the annual budget for the fiscal year beginning July 1, 2020. This program recognizes that the budget document meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The fiscal year 2021 budget represents the 35th consecutive year that Chesterfield County has received this award. The County received overall ratings as proficient or outstanding in all review categories. We believe the fiscal year 2022 budget conforms to program requirements and submitted it to GFOA to determine its eligibility for another award. This is the highest form of recognition for excellence in government budgeting.

CCPS was awarded the Association of School Business Officials (ASB) International's Meritorious Budget Award for excellence in budget presentation for FY2021. The Meritorious Budget Awards program promotes and recognizes excellence in school budget presentation and enhances school business officials' skills in developing, analyzing and presenting a school system budget. The GFOA presented the Distinguished Budget Presentation Award to CCPS for the FY2021 budget. The GFOA award recognizes individual government and school systems that succeed in achieving the GFOA's best practices on budgeting. CCPS intends to submit the FY2022 budget for both the ASBO and GFOA awards.

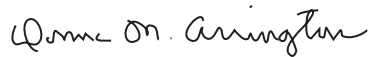
The National Institute of Governmental Purchasing (NIGP) of the United States, Canada, Ireland, and England established an agency accreditation program that recognizes excellence in public purchasing, by establishing a body of standards that should be in place for a quality purchasing operation. Chesterfield was the eighth agency to obtain the Outstanding Agency Accreditation Achievement Award (OA4) for demonstrating excellence in public purchasing. This designation is now referred to as the Quality Public Procurement Departments (QPPD) accreditation. Chesterfield reaccredited under the QPPD program in 2021 and is one of only forty-nine out of over 3,000 NIGP governmental agency members to currently hold this distinction.

We thank the members of the Board for your interest and support in planning and overseeing the financial operations of the County in a responsible and prudent manner. We express our appreciation to all staff who contributed to this report, especially the accounting financial reporting staff who prepared and compiled the report. We commend them for their professionalism, dedication, and continuous efforts to improve the annual financial report.

Respectfully submitted,



Dr. Joseph P. Casey
County Administrator



Donna M. Arrington, CPA
Director of Accounting



Government Finance Officers Association

**Certificate of
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for Excellence
in Financial
Reporting**

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Financial Report
For the Fiscal Year Ended

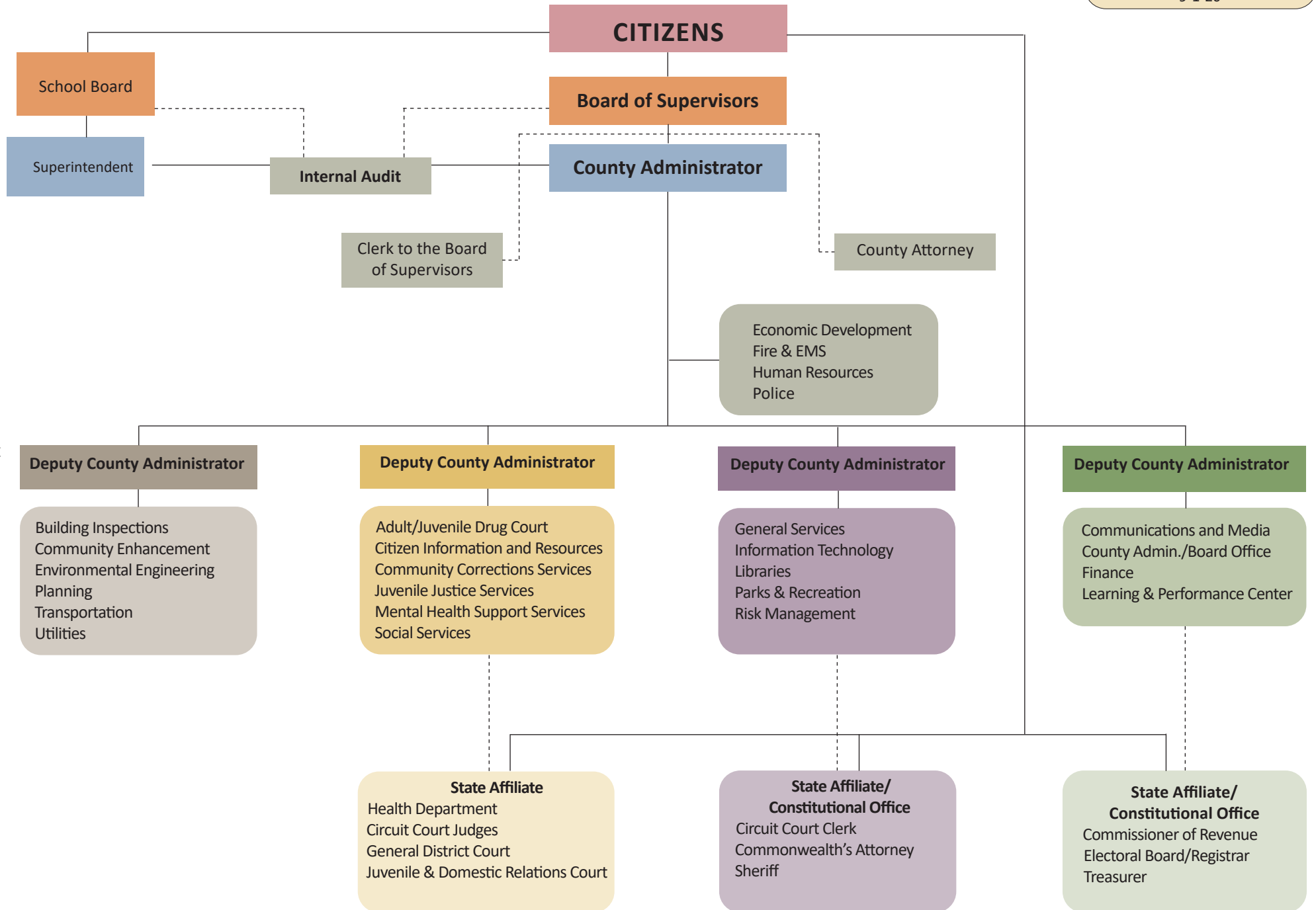
June 30, 2020

Christopher P. Morill

Executive Director/CEO

CHESTERFIELD COUNTY ORGANIZATIONAL STRUCTURE

Approved Structure
9-1-20



County of Chesterfield, Virginia
Directory of Officials
June 30, 2021

Primary Government Officials

BOARD OF SUPERVISORS

James “Jim” Holland, Chair Dale District
Christopher Winslow, Vice-chair..... Clover Hill District
Jim Ingle Bermuda District
Kevin Carroll Matoaca District
Leslie Haley Midlothian District

CONSTITUTIONAL OFFICERS

Wendy S. Hughes Circuit Court Clerk
Stacey T. Davenport Commonwealth's Attorney
Jenefer S. Hughes Commissioner of the Revenue
Karl S. Leonard Sheriff
Rebecca R. Longnaker Treasurer

ADMINISTRATIVE OFFICERS

Dr. Joseph P. Casey County Administrator
Jesse W. Smith Deputy County Administrator, Community Development
Scott W. Zaremba..... Deputy County Administrator, Community Operations
Christopher “Matt” Harris Deputy County Administrator,
Finance and Administration
James D. Worsley, Ph.D. Deputy County Administrator, Human Services
Jeffrey L. Mincks County Attorney

School Board Component Unit Officials

SCHOOL BOARD

Ryan M. Harter, Chair..... Matoaca District
Ann C. Coker, Vice-chair Bermuda District
Dorothy “Dot” Heffron Clover Hill District
Debbie G. Bailey Dale District
Kathryn S. Haines Midlothian District

ADMINISTRATIVE OFFICERS

Dr. Mervin B. Daugherty Superintendent
Dr. Thomas Taylor Deputy Superintendent
Dr. Lisa High Chief of Schools
Dr. Sharon Pope Chief Academic Officer
Robert Meister Chief Financial Officer
Josh Davis Chief Operations Officer
Shawn Smith Chief Communications & Community Engagement Officer
Wendell Roberts School Board Attorney



FINANCIAL SECTION

Report of Independent Auditor

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statement balances of the Central Virginia Transportation Authority (the "CVTA") as reflected on Schedules A-12 and A-13, which represent 8.7%, 10.1%, and 24.1%, respectively, of the total assets, fund balance/net position, and revenues of the aggregate remaining fund information of the County. Those balances were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CVTA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters***Required Supplementary Information***

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Supplementary Information (Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Financial Statements and Schedules), and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

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

A handwritten signature in blue ink that reads "Cheryl Behrnt CP". The signature is written in a cursive, flowing style.

Richmond, Virginia
November 4, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS **(unaudited)**

As management of the County of Chesterfield, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

FINANCIAL HIGHLIGHTS

- ◆ The County's total net position increased approximately \$244.5 million (10.0%). Net position of the governmental-type activities increased \$150.2 million (13.4%) and net position of the business-type activities increased \$94.3 million (7.1%).
- ◆ The County's unrestricted net position increased approximately \$106.1 million (15.9%). Unrestricted net position of the governmental-type activities increased \$64.2 million (29.0%) and unrestricted net position of the business-type activities increased \$41.9 million (9.4%).
- ◆ The County's program and general revenues (including taxes) of \$1,123.8 million for governmental-type activities exceeded expenses of \$953.3 million by \$170.5 million.
- ◆ In the County's business-type activities, revenues decreased 5.9% to \$175.6 million while expenses increased 9.2% to \$101.6 million.
- ◆ The total cost of the primary government's programs increased approximately \$74.1 million (7.6%) to \$1,054.9 million.
- ◆ The General Fund reported an ending fund balance amount of \$548.2 million, an increase of \$108.9 million (24.8%) in comparison with the prior year. Of the ending fund balance amount, \$64.8 million was unassigned.
- ◆ The County's outstanding debt increased by \$96.4 million (13.7%). The County reported \$221.6 million in proceeds from new debt issued during the year and retired debt of \$125.2 million, including debt service and amortization of premiums.

OVERVIEW OF THE FINANCIAL STATEMENTS

The County's Annual Comprehensive Financial Report (ACFR) consists of four sections: introductory, financial, statistical, and compliance. The financial section consists of five components - the report of the independent auditor, management's discussion and analysis (this component), the financial statements, required supplementary information, and supplementary information. The financial statements include three categories of statements that present different views of the County:

- ◆ Exhibits I and II are government-wide financial statements that provide a broad overview of both long-term and short-term information regarding the County's overall financial status.
- ◆ Exhibits III through X are fund financial statements that focus on individual areas of the County government and report the County's operations in more detail than that provided by the government-wide financial statements.
 - Governmental fund financial statements provide information on how government services, such as the public safety function, are financed in the short-term and on the resources available at year end for future spending.
 - Proprietary fund financial statements offer both short-term and long-term financial information about activities the government operates similar to private-sector businesses, such as the airport and the water and wastewater systems.
 - Fiduciary fund financial statements provide information about the financial relationships, such as the supplemental retirement and other postemployment benefits (OPEB) plans for certain qualified

MANAGEMENT'S DISCUSSION AND ANALYSIS **(unaudited)**

employees and custodial funds, in which the County acts solely as custodian of resources belonging to others.

- ◆ The remaining financial statements, Exhibits XI and XII, provide a broad overview of both long-term and short-term information on the County's discretely presented component units.

The notes to the financial statements provide additional details for understanding the information presented in the ACFR. The notes are followed by a section of required supplementary information that further explains and supports the pension and OPEB plans information reported in the financial statements. The ACFR also includes a supplementary section containing combining schedules for the non-major governmental funds, budget and actual schedules for the General Fund, combining schedules for the non-major enterprise funds, internal service funds, fiduciary funds and non-major component units, capital assets schedules, School Board component unit fund financial statements and schedules, and the schedule of expenditures of federal awards and the notes thereto.

Government-wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting principles like those used by private-sector businesses. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities (both current and long-term) and deferred inflows of resources. The Statement of Activities reports all of the current year's revenues and expenses as soon as the underlying event for recognition occurs, regardless of the timing of the related cash flows. The government-wide financial statements report the three categories of the County's net position and how total net position changed during the fiscal year. Net position, the difference between the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, is a measure of the County's financial position. Over time, increases or decreases in net position can be an indicator of whether financial position is improving or deteriorating. To assess the overall financial condition of the County, ACFR users should consider additional non-financial factors such as changes in the County's property tax base or in the condition of the County's infrastructure.

The government-wide financial statements of the County are divided into three categories:

- ◆ Governmental activities - Most of the County's basic services, such as police, fire, social services, parks and recreation, and general administration, are included in governmental activities. Property taxes and state and federal funding finance the majority of expenses for governmental activities.
- ◆ Business-type activities - Activities that are intended to recover all or a significant portion of their costs through user fee charges to parties external to the County for goods or services are included in the business-type activities. The Economic Development Authority of Chesterfield County (EDA) is included as a blended component unit in the business-type activities.
- ◆ Component units - The County includes three other entities in its report as discretely presented component units: Chesterfield County Public School System (School Board), Watkins Centre Community Development Authority (Watkins Centre CDA), and Chippenham Place Community Development Authority (Chippenham Place CDA). Although legally separate, the County demonstrates financial accountability for these entities by providing operating, capital or tax increment financing. The School Board is included in this management's discussion and analysis because it does not issue separately audited financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's major funds as opposed to the County as a whole. Funds are accounting devices that the County uses to track resources that are segregated for specific activities or objectives. Some funds are required by state code or by bond covenants. Other funds are established to control and manage resources for specific purposes or to show that the County is using revenue sources such as taxes or grants for their intended purposes.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The County reports three types of funds:

- ◆ Governmental funds - Most of the County's basic services are included in governmental funds which focus on (1) how cash and other financial assets readily convertible to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the financial statements for governmental funds provide a detailed short-term view that assists the ACFR reader in determining the status of financial resources available for financing the County's programs in the near future. Because this information does not encompass the additional long-term focus of the government-wide financial statements, the County provides additional information following governmental funds statements that explain the differences between the short-term and long-term focus.
- ◆ Proprietary funds - Services that are intended to recover all or a significant portion of their costs through user fees are reported in proprietary funds. Proprietary fund financial statements, like the government-wide financial statements, provide both long-term and short-term financial information and they also provide additional details and information, such as the Statement of Cash Flows. The County's enterprise funds are reported in the business-type activities of the government-wide financial statements because these funds generally provide services to customers external to the County. The internal service funds are reported in the governmental activities of the government-wide financial statements because those funds provide supplies and services internally to the County's other programs and activities.
- ◆ Fiduciary funds - The County is responsible, as trustee, for the assets of various trust and custodial funds that can be used only for the fiduciary beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All County trust and custodial fund activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Trust and custodial fund activities are excluded from the County's government-wide financial statements because the County cannot use fiduciary assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The Primary Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.7 billion at the close of the most recent fiscal year, representing an 10.0% increase over the prior year.

At the end of both the current and prior fiscal years, the County reported positive balances in all three categories of net position for the primary government including governmental and business-type activities. The largest portion of the County's net position (67.5%) at June 30, 2021, is its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangible assets) less accumulated depreciation and debt used to acquire those assets that remains outstanding at year-end. The County uses its capital assets to provide services to residents. Consequently, these assets are not available to fund spending in current or future budgets. Although the County's investment in capital assets is reported net of related debt, it should be noted that resources required to repay the debt must be provided from other sources, as capital assets generally are not liquidated for that purpose. An additional portion of the County's net position (3.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is referred to as unrestricted net position (28.8%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

Liabilities and deferred inflows of resources for the School Board component unit exceeded assets and deferred outflows of resources by \$615.4 million at the end of the current fiscal year, a decrease in the deficit of \$34.2 million (5.3%) compared to the prior year. Net investment in capital assets increased \$24.8 million primarily due to capital outlay for machinery and equipment. These investments included the purchase of chromebooks for elementary school students, 56 new school buses, upgrades to HVAC systems and air purifiers for school buildings to improve air quality in schools and outfitting four newly constructed school buildings with food service equipment, furniture, and other mechanical equipment. The School Board component unit's deficit unrestricted net position is primarily due to reporting net pension liabilities of \$585.6 million and net other postemployment benefits liabilities of \$220.2 million at year end, a net increase of \$22.7 million (2.9%) compared to those liabilities estimated in the prior year. The largest portion of net pension and other postemployment benefits liabilities is related to the VRS teachers' cost-sharing pension and other postemployment benefits programs where benefits and funding decisions are made by the Commonwealth of Virginia (Commonwealth). As such, local governments and school boards, as participants, have no ability to take actions to improve the funding position for their proportionate shares of the cost-sharing pool. Notes 12

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

and 13 of the notes to the financial statements provide additional information regarding the School Board component unit's pension and other postemployment benefit plans.

TABLE 1
Chesterfield County's Net Position
June 30, 2021 and 2020⁽¹⁾
(in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | School Board Component Unit | |
|---|--------------------------------|-------------------|---------------------------------|-------------------|---------------------------------|-------------------|------------------------------------|-------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Assets | | | | | | | | |
| Current and other assets | \$ 1,354.8 | \$ 1,163.7 | \$ 535.8 | \$ 488.8 | \$ 1,890.6 | \$ 1,652.5 | \$ 122.9 | \$ 128.5 |
| Capital assets | <u>1,360.5</u> | <u>1,286.0</u> | <u>945.3</u> | <u>902.4</u> | <u>2,305.8</u> | <u>2,188.4</u> | <u>73.0</u> | <u>52.5</u> |
| Total assets | <u>2,715.3</u> | <u>2,449.7</u> | <u>1,481.1</u> | <u>1,391.2</u> | <u>4,196.4</u> | <u>3,840.9</u> | <u>195.9</u> | <u>181.0</u> |
| Deferred outflows of resources | | | | | | | | |
| Deferred charge on refunding | 4.6 | 3.9 | 0.9 | 1.2 | 5.5 | 5.1 | - | - |
| Pensions | 93.7 | 53.7 | 3.6 | 2.1 | 97.3 | 55.8 | 156.8 | 125.0 |
| Other postemployment benefits | <u>8.2</u> | <u>8.0</u> | <u>0.4</u> | <u>0.4</u> | <u>8.6</u> | <u>8.4</u> | <u>16.9</u> | <u>18.2</u> |
| Total deferred outflows of resources | <u>106.5</u> | <u>65.6</u> | <u>4.9</u> | <u>3.7</u> | <u>111.4</u> | <u>69.3</u> | <u>173.7</u> | <u>143.2</u> |
| Liabilities | | | | | | | | |
| Long-term liabilities | 1,125.7 | 963.8 | 52.6 | 57.0 | 1,178.3 | 1,020.8 | 833.6 | 816.7 |
| Other liabilities | <u>185.3</u> | <u>197.3</u> | <u>15.5</u> | <u>14.0</u> | <u>200.8</u> | <u>211.3</u> | <u>62.9</u> | <u>63.4</u> |
| Total liabilities | <u>1,311.0</u> | <u>1,161.1</u> | <u>68.1</u> | <u>71.0</u> | <u>1,379.1</u> | <u>1,232.1</u> | <u>896.5</u> | <u>880.1</u> |
| Deferred inflows of resources | | | | | | | | |
| Deferred revenues | 204.3 | 193.6 | - | - | 204.3 | 193.6 | - | - |
| Pensions | 7.7 | 15.4 | 0.1 | 0.6 | 7.8 | 16.0 | 52.5 | 58.9 |
| Other postemployment benefits | <u>27.8</u> | <u>24.4</u> | <u>2.0</u> | <u>1.8</u> | <u>29.8</u> | <u>26.2</u> | <u>36.0</u> | <u>34.8</u> |
| Total deferred inflows of resources | <u>239.8</u> | <u>233.4</u> | <u>2.1</u> | <u>2.4</u> | <u>241.9</u> | <u>235.8</u> | <u>88.5</u> | <u>93.7</u> |
| Net position | | | | | | | | |
| Net investment in capital assets | 901.2 | 850.4 | 913.0 | 863.7 | 1,814.2 | 1,714.1 | 71.0 | 46.2 |
| Restricted | 84.5 | 49.3 | 13.5 | 10.4 | 98.0 | 59.7 | 9.5 | 10.9 |
| Unrestricted (deficit) | <u>285.3</u> | <u>221.1</u> | <u>489.3</u> | <u>447.4</u> | <u>774.6</u> | <u>668.5</u> | <u>(695.9)</u> | <u>(706.7)</u> |
| Total net position (deficit) | <u>\$ 1,271.0</u> | <u>\$ 1,120.8</u> | <u>\$ 1,415.8</u> | <u>\$ 1,321.5</u> | <u>\$ 2,686.8</u> | <u>\$ 2,442.3</u> | <u>\$ (615.4)</u> | <u>\$ (649.6)</u> |

⁽¹⁾ FY2020 balances were restated to reflect the implementation of GASB Statement Number 84 (See Note 1.E.).

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Changes in net position. The Primary Government's total revenues increased over the prior year by \$121.1 million (10.3%) to \$1,299.4 million. The total cost of all programs increased over the prior year by \$74.1 million (7.6%) to \$1,054.9 million.

TABLE 2
Changes in Chesterfield County's Net Position
For the Years Ended June 30, 2021 and 2020⁽¹⁾
(in millions of dollars)

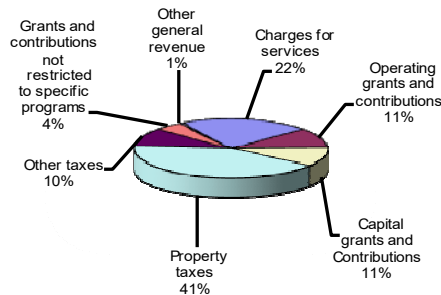
| | Governmental Activities | | Business-type Activities | | Total Primary Government | | School Board Component Unit | |
|--|------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|--|--------------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Revenues: | | | | | | | | |
| Program revenues: | | | | | | | | |
| Charges for services | \$ 173.7 | \$ 171.7 | \$ 113.2 | \$ 110.4 | \$ 286.9 | \$ 282.1 | \$ 2.3 | \$ 23.6 |
| Operating grants and contributions | 139.7 | 72.6 | 1.1 | - | 140.8 | 72.6 | 171.7 | 152.7 |
| Capital grants and contributions | 80.6 | 59.7 | 56.4 | 60.8 | 137.0 | 120.5 | 28.7 | 7.0 |
| General revenues: | | | | | | | | |
| Property taxes | 534.4 | 488.2 | - | - | 534.4 | 488.2 | - | - |
| Other taxes | 129.8 | 119.4 | - | - | 129.8 | 119.4 | - | - |
| Payment from County | - | - | - | - | - | - | 242.8 | 237.7 |
| Grants and contributions not restricted to specific programs | 62.7 | 64.2 | - | - | 62.7 | 64.2 | 268.4 | 252.4 |
| Other | <u>2.9</u> | <u>15.9</u> | <u>4.9</u> | <u>15.4</u> | <u>7.8</u> | <u>31.3</u> | <u>3.3</u> | <u>2.7</u> |
| Total revenues | <u>1,123.8</u> | <u>991.7</u> | <u>175.6</u> | <u>186.6</u> | <u>1,299.4</u> | <u>1,178.3</u> | <u>717.2</u> | <u>676.1</u> |
| Expenses: | | | | | | | | |
| General government | 155.3 | 144.8 | - | - | 155.3 | 144.8 | - | - |
| Administration of justice | 13.9 | 12.3 | - | - | 13.9 | 12.3 | - | - |
| Public safety | 222.3 | 198.0 | - | - | 222.3 | 198.0 | - | - |
| Public works | 80.2 | 85.5 | - | - | 80.2 | 85.5 | - | - |
| Health and welfare | 96.8 | 94.4 | - | - | 96.8 | 94.4 | - | - |
| Parks, recreation and cultural | 27.9 | 26.5 | - | - | 27.9 | 26.5 | - | - |
| Education - School Board | 301.5 | 284.4 | - | - | 301.5 | 284.4 | 683.0 | 655.1 |
| Community development | 35.2 | 23.1 | - | - | 35.2 | 23.1 | - | - |
| Interest on long-term debt | 20.2 | 18.8 | - | - | 20.2 | 18.8 | - | - |
| Water | - | - | 48.0 | 46.8 | 48.0 | 46.8 | - | - |
| Wastewater | - | - | 44.0 | 42.1 | 44.0 | 42.1 | - | - |
| Non-major business activities | - | - | 9.6 | 4.1 | 9.6 | 4.1 | - | - |
| Total expenses | <u>953.3</u> | <u>887.8</u> | <u>101.6</u> | <u>93.0</u> | <u>1,054.9</u> | <u>980.8</u> | <u>683.0</u> | <u>655.1</u> |
| Increase in net position before transfers | 170.5 | 103.9 | 74.0 | 93.6 | 244.5 | 197.5 | 34.2 | 21.0 |
| Transfers | <u>(20.3)</u> | <u>(1.5)</u> | <u>20.3</u> | <u>1.5</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Increase in net position after transfers | 150.2 | 102.4 | 94.3 | 95.1 | 244.5 | 197.5 | 34.2 | 21.0 |
| Net position (deficit) - beginning of year, restated | <u>1,120.8</u> | <u>1,018.4</u> | <u>1,321.5</u> | <u>1,226.4</u> | <u>2,442.3</u> | <u>2,244.8</u> | <u>(649.6)</u> | <u>(670.6)</u> |
| Net position (deficit) - end of year | <u>\$ 1,271.0</u> | <u>\$ 1,120.8</u> | <u>\$ 1,415.8</u> | <u>\$ 1,321.5</u> | <u>\$ 2,686.8</u> | <u>\$ 2,442.3</u> | <u>\$ (615.4)</u> | <u>\$ (649.6)</u> |

⁽¹⁾ FY2020 balances were restated to reflect the implementation of GASB Statement Number 84 (See Note 1.E.).

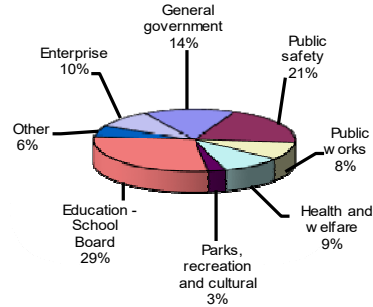
Approximately 41% of the County's revenues came from property taxes and approximately 10% came from other taxes. Another 22% of the total revenues came from charges for services. The remaining 27% of revenues are operating and capital grants and contributions, investment earnings and miscellaneous revenues. The County's expenses cover a range of services with approximately 59% related to public safety, health and welfare and education. Program revenues of the County's governmental activities covered 41% of its expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

**Figure A-1
Chesterfield County
Sources of Revenue for Fiscal Year 2021**



**Figure A-2
Chesterfield County
Expenses by Function for Fiscal Year 2021**



Compared to the prior year, the School Board's total revenues increased \$41.1 million (6.1%) to \$717.2 million. Total expenses for all School programs and services increased over the prior year by \$27.9 million (4.3%) to \$683.0 million. Program revenues of School Board activities covered 30% of its expenses.

Governmental Activities

Governmental activities increased the net position by \$150.2 million and accounted for 61.4% of the total growth in the total net position of the County. Revenues for governmental activities increased \$132.1 million (13.3%) and total expenses increased \$65.5 million (7.4%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Operating grants and contributions increased \$67.1 million (92.4%). Approximately \$56.7 million of the increase was due to receiving funding from the Coronavirus Relief Fund (CRF) that was established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) through the Federal government. The CRF funding, passed through the Commonwealth, was granted with the requirement that funding be used only for necessary expenditures incurred due to the public health emergency with respect to COVID-19 that were not accounted for in the budget most recently approved as of March 27, 2020, and where costs were incurred during the period beginning March 1, 2020 and ending December 31, 2021. A substantial portion of the CRF funding, \$31.9 million, funded payroll costs for public health and public safety staff presumed substantially dedicated to mitigating and responding to the COVID-19 public health emergency, as allowed by terms of the grant award. Additional CRF expenditures included \$5.4 million in grants and support to local businesses (Back in Business Grants, employment assistance and other business assistance); \$17.8 million was used to cover costs associated with safely providing distance learning (virtual) and in-person learning costs for the school system during the pandemic; and \$1.6 million provided support in the community for food, housing, and other economic support. In addition, the County received a direct Federal award (\$10.6 million) from the Emergency Relief Assistance grant. At year end, \$10.3 million of the award had been paid out to beneficiaries and recognized as revenue.
- ◆ Capital grants and contributions increased \$20.9 million (35.0%) reflective of new sales and fuels taxes received from the Central Virginia Transportation Authority (CVTA). CVTA was created pursuant to Chapter 37, Title 33.2, Code of Virginia which also levied regional taxes to fund transportation needs in the central Virginia region, specifically Planning District 15. Effective July 1, 2020, wholesale fuels tax of 7.6 cents per gallon of gasoline and 7.7 cents per gallon of diesel fuel and effective, October 1, 2020, additional sales and use tax of 0.7% were assessed with 50% of the total revenue distributed monthly on a pro rata basis to the county of origin. Use of these funds is restricted to addressing local and regional transportation needs. The County serves as fiscal agent in a fiduciary capacity for the CVTA and is responsible for receiving the taxes, disbursing allocations to participating entities and investing the regional allocation held by the CVTA. Those activities are accounted for separately in a custodial fund with the County's pro rata allocation from its participation in the CVTA accounted for in a separate special revenue fund.
- ◆ Property tax revenues increased \$46.2 million (9.5%) primarily due to a 7.3% increase in the total assessed valuation of taxable property over the prior year. The assessed valuation for real property

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

increased 6.1% with residential real property assessed values increasing by 6.8% and commercial and industrial real property assessed valuations increasing by 3.5%. Commercial and industrial property comprised 20.7% of the assessed value of taxable real property. The real estate tax rate was \$0.95 per \$100 of assessed value for FY2021. Calendar year 2021 (CY2021) assessments were developed using sales data through December 2020. State Code mandates that "annual assessments shall be made at 100% of fair market value." Personal property assessed valuations increased by 16.4% over the prior year reflecting the sharp increase in the value of used-vehicles that was spurred by a combination of low inventory and high demand. To provide economic relief to taxpayers who may have been adversely impacted by the economic fallout of the pandemic, in FY2020 the Board acted to waive the accrual of interest and penalties on unpaid personal property taxes normally due on June 5th until August 31st. This delay resulted in an increase in penalties on personal property taxes of \$1.2 million (139.5%) over the prior year as a similar delay was not enacted for the June 2021 due date.

- ◆ Other taxes increased \$10.4 million (8.7%) primarily due to receiving an additional \$7.8 million (14.4%) in the local portion of sales and use tax and an increase in recordation taxes of \$3.3 million (42.8%). Both of these local sources of revenue have remained strong throughout the pandemic. Retail sales in the County have increased as many of our residents worked remotely from their homes spending more locally on goods. The recordation tax is reflective of the increase in demand for housing in the County. These increases were offset by a decrease of \$1.1 million (9.1%) in the telecommunications tax. Starting in FY2007, previous state and local taxes associated with the telecommunications industry were replaced with a uniform 5% tax on telecommunications services, a standard 911 land line tax, and a wireless 911 fee of \$0.75 per line per month. Satellite television, radio, and voice over internet telephone service are also subject to the 5% tax. Despite efforts to modernize and streamline this revenue source, continuing advances in technology that are not included under the telecommunications tax umbrella, such as streaming media services, have begun to take a toll on the strength of this revenue source. Households are continually and increasingly choosing to forego traditional cable subscription services subject to the tax in favor of more flexible and portable substitutes, such as Netflix and YouTube TV, which are not subject to the tax.
- ◆ Other general revenues decreased \$13.0 million (81.8%) primarily due to a decrease in interest earned and unrealized gains/losses recognized on investments.

Overall, expenses of governmental activities increased \$65.5 million (7.4%). Due to the anticipated economic impact of the Governor of Virginia's Executive Order Number 51, Declaration of State Emergency Due to Novel Coronavirus (Governor's Emergency Declaration) issued on March 12, 2020, appropriations available for spending in FY2021 were expeditiously reduced to hedge anticipated revenue losses while minimizing reductions in the two areas deemed to be most critical, public safety and education. The budget was amended to include expenditure of CRF funding, and, in December 2020, the expenditure budget was increased by \$14.6 million utilizing greater than anticipated local revenues. The amended budget included a mid-year, 2% merit increase for general, non-public safety employees that was effective in January. Key elements of other changes in governmental activity expenses are as follows:

- ◆ Public safety expenses increased \$24.3 million (12.3%). Approximately \$9.4 million of the increase is due to the implementation of the public safety pay study across the County's three public safety departments that includes Police, Fire and EMS and the Sheriff's Department. During the pandemic, a trend of staff being unable to use accrued leave time has developed. As an exception to policy for calendar year 2020, the County responded to that trend by allowing staff to carry over amounts greater than the maximum limit. Higher accrued balances in conjunction with increased salaries from the pay plan resulted in an approximate \$1.9 million dollar increase in the compensated absences liability. Also, an additional \$9.5 million in pension costs for the Virginia Retirement System pension plan were allocated to public safety departments in the current year.
- ◆ Education expenses increased \$17.1 million (6.0%) reflecting the County's commitment to supporting education for the children living in our communities. In the current year, the County allocated \$17.1 million of its share of CRF funding to the school system. Federal regulations allowed an administrative allocation of up to \$500 per student to cover costs associated with safely providing distance learning (and in-person learning costs) for the school system during the pandemic. While the Commonwealth provided \$175 per student directly to the School Board from its share of funding, the County provided the remaining \$325 per student.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- ◆ Community development expenses increased \$12.1 million (52.4%). The County was one of only two counties in the Commonwealth that opted to directly administer its allocation of Federal Emergency Relief Assistance (ERA) aid. Electing that option ensured this critical funding would reach those in need in Chesterfield as quickly and efficiently as possible. Through the end of the current year, the County had expended \$10.3 million of the award serving 1,546 unique households encompassing 7,401 individuals, that includes 3,416 children and 228 seniors, through payments to landlords who operate the residences where these families live.

Business-type Activities

Business-type activities increased the County's total net position by \$94.3 million, accounting for 38.6% of the overall growth. Revenues for business-type activities decreased \$11.0 million (5.9%) and expenses increased \$8.6 million (9.2%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Charges for services increased \$2.8 million (2.5%) primarily in the Utilities funds mostly attributable to a 2.2% increase in the number of customers billed. Due to the uncertainty surrounding the economic impacts of COVID-19, Utilities did not increase rates charged to customers in the current year.
- ◆ Operating grants and contributions increased \$1.1 million (100%) due to receiving an allocation from the Commonwealth's federal CRF funds. Utilities administered these funds to over 3,500 utility bills for qualifying customers who experienced economic hardship due to the COVID-19 pandemic and who, as a result, were unable to keep up with their utilities payments.
- ◆ Capital grants and contributions decreased \$4.4 million (7.2%) primarily due to increases of \$2.6 million and \$2.7 million in water and wastewater connection fees, respectively, and an overall decrease of \$8.1 million in water and wastewater assets contributed by developers.
- ◆ Other revenue decreased \$10.5 million (68.2%). In the prior year, as a participant in a direct-action case on claims of a multi-year conspiracy by some vendors to restrain competition in the sale of aluminum sulfate, Utilities received settlements of \$1.8 million. Due to COVID-19's economic impact, the ability to invest and earn interest was severely impacted resulting in Utilities recognizing \$6.5 million less in interest and unrealized gains during the current year. In addition, the Economic Development Authority sold land for economic development in the Meadowville Technology Park resulting in a gain of \$5.7 million in the prior year.
- ◆ Expenses for business-type activities increased \$8.6 million (9.2%). Addison-Evans Water Treatment Plant experienced flooding on August 15, 2020 resulting in extensive damage. The plant was offline for the majority of FY2021 increasing the amount of water purchased from other sources by \$1.4 million to meet customer demand. An additional increase in expenses of \$1.1 million is attributable to awards to beneficiaries from the Commonwealth's Municipal Utilities' Relief Fund. The Board also allocated \$5.2 million of the County's CRF award to Economic Development to administer support for local small businesses through the Back in Business grant program and other initiatives.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows and outflows and the balance of resources available for spending. Such information is useful in assessing the County's financing requirements. Specifically, unassigned fund balance serves as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2021, the County's governmental funds reported a combined fund balance of \$871.6 million, an increase of \$186.2 million (27.2%) from the previous year. Of this combined fund balance amount, \$324.3 million (37.2%) constitutes restricted fund balance; \$2.0 million (0.2%) represents committed fund balance; \$480.5 million (55.1%) represents assigned fund balance; and \$64.8 million (7.4%) is unassigned

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

fund balance. Assigned fund balance includes funding set aside by the County Board through formal action that includes funding needs such as capital projects, use of fund balance in the FY2022 budget, and potential revenue shortfalls in future fiscal years' budgets, which serves as an informal revenue stabilization, or "rainy day", fund. See Note 2 of the notes to the financial statements provides details about fund balance details and a discussion of the criteria used by the County to classify categories of fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the combined assigned and unassigned fund balance of the General Fund was \$521.0 million and total fund balance was \$548.2 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balance to total fund expenditures. Combined assigned and unassigned fund balance represents 74.2% of total General Fund expenditures. Unassigned fund balance of \$64.8 million represents 9.2% of total General Fund expenditures. Maintaining a ratio that exceeds the target ratio of 8.0% is an indicator of the County's ability to cope with unexpected or unusual financial scenarios including fluctuations in revenue cycles. Total fund balance of the General Fund represents 78.1% of General Fund expenditures.

Fund balance of the General Fund increased by \$108.9 million (24.8%) during the current fiscal year. Revenue categories not already discussed that factor into this increase are as follows:

- ◆ Permits for residential and commercial construction increased \$1.0 million (12.3%) as new construction and home improvements requiring permitting remained strong during the pandemic.
- ◆ Fines and forfeitures increased \$1.0 million (55.6%) due to an increase in court fines and the receipt of asset forfeiture funds.

Overall, functional expenditures in the General Fund increased \$36.5 million (5.5%). Expenditure categories not already discussed that also factored into this increase are as follows:

- ◆ General government expenditures increased \$8.1 million (14.2%). Expenditures in the Information Systems Technology department increased \$7.0 million (49.1%) as the County made significant investments in equipment including laptops, tablets, telework kits, and the software and hardware necessary to facilitate the County's ability to provide a high level of customer service while much of the general workforce worked remotely. Employee benefits increased \$2.1 million (27.0%) due additional investments in the County's supplemental retirement and Other Postemployment Benefits - Retiree Healthcare programs to improve funded ratios. In addition, the County continued its focus on improving our citizens' voting experiences by investing in four additional sites for early voting.
- ◆ As previously discussed, the public safety function saw the largest increase, \$18.6 million (10.1%) over the prior year. In addition to the increase in investment in workforce compensation, Police expended an additional \$3.9 million for longer-lived assets including 148 vehicles, audio visual systems and a mobile command center. Fire and EMS also increased expenditures by \$4.3 million for longer-lived assets including 35 room decontamination systems, audio visual systems, three pumper trucks and nine ambulances.
- ◆ Expenditures in the health and welfare function increased \$1.3 million (3.6%) primarily due to the \$1.6 million (17.3%) increase in property tax relief for the elderly and the disabled program (Tax Relief Program). The Board increased its allocation to this program to limit the real estate tax burden on qualifying individuals who satisfy certain income and net worth criteria. Participation in the program has steadily increased in recent years due to shifting demographics and the state's decision to grant 100% relief to all fully (service) disabled veterans.
- ◆ Debt services expenditures increased approximately \$3.9 million (5.0%) due to the substantial increase in new debt issued by the County early in the current year.

At fiscal year-end, the County's Capital Projects Fund had fund balance of \$158.8 million that consisted primarily of unspent bond proceeds and cash proffers, both of which are restricted for use on specific County projects and functions. The School Capital Projects Fund had fund balance of \$105.6 million that consisted primarily of unspent bond proceeds restricted for use on School projects. Fund balance of Other

MANAGEMENT'S DISCUSSION AND ANALYSIS **(unaudited)**

Governmental Funds increased \$24.8 million (72.7%) primarily due to the receipt of the County's allocated share of the regional sales and vehicle fuels tax in the CVTA Local Special Revenue Fund.

General Fund Budgetary Highlights

The overall difference between the original budget and the amended budget for revenues and other financing sources reflected an increase of \$80.4 million (11.4%). The final amended budget for expenditures and other financing uses was greater than the original budget by \$234.1 million (32.3%). Some of the key budget adjustments are summarized as follows:

The original budget for revenues was increased by \$76.5 million (10.8%). The most significant budget amendments included the appropriation of \$56.6 million in CRF funding. Also, the County follows a conservative practice of not appropriating the use of restricted funds until those funds are received, and of taking a generally conservative approach when estimating year-over-year increases in revenues. As such, the original budget was amended for additional funding received during the year as follows: real property taxes, \$12.2 million; personal property taxes, \$2.2 million; permit and fees such as building, electrical and plumbing permits, \$2.0 million; transient occupancy taxes, \$0.9 million; asset forfeitures, \$0.7 million; miscellaneous revenue, \$0.5 million; landfill fees, \$0.4 million and state payments of jail per diems, \$0.2 million.

The original budget for expenditures was increased by \$88.9 million (23.2%). \$56.6 million was appropriated for costs related to responding to the COVID-19 public health emergency that were funded by the County's CRF award. Of the \$39.5 million allocation, the Economic Development department received \$5.4 million to administer the Back in Business grant program to assist local businesses that experienced a negative economic impact from the pandemic and related changes in consumer behavior. Economic Development also received \$24.0 million in additional appropriations to purchase targeted sites where the County can best influence redevelopment. Public safety appropriations increased \$19.7 million, primarily to fund the public safety pay plan and to invest in equipment and vehicles. Increases to compensation and benefits were seen across all functions due to the 2% pay increase which was awarded mid-FY2021. An additional \$2.7 million was appropriated for debt service expenditures to allow the County to take advantage of favorable rates by refinancing higher rate and variable rate debt with more favorable fixed rate. Health and Welfare appropriations increased \$3.9 million, primarily due to a \$3.3 million increase in the Tax Relief Program to accommodate the greater than expected participation in the expanded Tax Relief Program.

The original budget for other financing uses increased by \$145.1 million (42.4%). Transfers out to the Capital Projects, Stormwater and Airport Funds increased \$87.3 million, \$7.0 million and \$0.2 million, respectively due to the re-appropriation, in accordance with the appropriation resolution, of appropriated transfers that were not spent on capital projects in the prior year due to timing and the long-term aspect of capital projects. An additional \$21.0 million in transfers to the County Capital Projects fund was appropriated for future land acquisitions, the construction of a new animal control facility, improvements at the River City Sportsplex and the centralized customer service project. The transfer to the School Board component unit increased \$25.2 million with the appropriation of \$17.1 million to provide \$325 per student funding for the safely providing distance learning and in-person learning costs for the school system during the pandemic and \$8.2 million for a one-time 2% bonus to recognize staff for their work during the pandemic.

Actual revenues and other financing sources were \$96.7 million (12.3%) greater than the amended budget. A summary of some key variances includes the following:

- ◆ The collection of general property taxes was \$39.0 million higher than the amended budget primarily due to conservatively projecting estimates for the increase in assessed value of real and personal property for both the adopted and amended budget.
- ◆ Other local taxes were \$32.6 million greater than expected primarily due to the County's methodology for budgeting business and professional license (BPOL) taxes and greater than expected collections of local sales and use taxes, recordation taxes and transient occupancy taxes.
- ◆ Refunding bonds issued were \$20.7 million greater than the budget due to an opportunity taken by the County to refinance higher interest rate debt with lower interest rate debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

(unaudited)

Actual expenditures and other financing uses were \$184.0 million (19.2%) less than the amended budget amount. At the onset of the COVID-19 pandemic and the issuance of the Governor's Emergency Declaration, discretionary spending was suspended across all departments and some staff, mostly part-time and seasonal workers serving in non-essential functions requiring in-person contact and that could not be adapted to remote interactions, were furloughed. These actions resulted in expenditure savings across all departments and were in place for the first half of FY2021. In addition, the appropriation of CRF funds provided some relief when federal guidelines were modified to allow the allocation of a portion of the funding to public safety salaries where personnel were presumed substantially dedicated to mitigating and responding to the COVID-19 public health emergency.

Transfers to other funds resulted in a \$158.8 million positive variance. Transfers to the County Capital Projects Fund, the Stormwater Fund, the Airport Fund, and the Vehicle and Communications Fund were \$108.3 million, \$3.5 million, \$2.6 million, \$1.7 million, respectively, less than the amended budget due to the timing difference between budgeted and actual expenditures for long-term projects. Unused transfers for these funds were assigned at year-end and re-appropriated as a part of the amended budget for fiscal year 2022. The Schools Operating Fund transfer had a positive variance of \$42.0 million. This amount was assigned at year-end, as directed by the County Board, for use in future years' school budgets and for one-time needs including \$12.0 million for up-coming compensation plans, \$2.0 million in additional contributions to the SRP plan, \$1.0 million additional contribution to the Healthcare fund, \$1.0 million for school bus replacements and \$7.6 million to address future funding gaps.

CAPITAL/INTANGIBLE ASSETS AND DEBT ADMINISTRATION

Overview

Accounting principles generally accepted in the United States of America require the issuing entity to report "on behalf" debt and debt service. The operational relationship between the County and School Board component unit related to capital assets and debt involves several transactions between the two entities that are presented in the financial statements to meet reporting requirements. The School Board component unit can neither levy taxes nor incur debt under Virginia law. The County issues debt "on behalf" of the School Board component unit, which is recorded as a liability of the County's governmental activities. The County's charter states that "title to all real property of the school system shall be vested in the County of Chesterfield." The County provides the School Capital Projects Fund with funding to purchase and/or construct real property (land, buildings, improvements other than buildings, and construction in progress) for use in school operations. Due to the charter, the value associated with the purchase and/or construction of School Board component unit real property is reported as capital assets in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property is reported in the County's governmental activities within the appropriate government-wide financial statements. Generally, the School Board component unit reports operational and maintenance costs. For financial reporting purposes, the School Board component unit directly reports the liability for debt associated with the lease purchase of equipment on its financial statements.

Capital and Intangible Assets

At the end of the fiscal year, the County had an investment of \$2.3 billion in a broad range of capital and intangible assets net of accumulated depreciation, including school and public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net increase of \$117.4 million (5.4%) over the prior year. More detailed information about the County's capital and intangible assets is presented in Note 8 of the notes to the financial statements. The net investment in capital assets of governmental activities includes \$824.3 million for school buildings and real property used by the School Board in its operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

TABLE 3
Chesterfield County's Capital and Intangible Assets
June 30, 2021 and 2020
(net of depreciation, in millions of dollars)

| | Governmental | | Business-type | | Total | | Total Percentage |
|-----------------------------------|-------------------|-------------------|-----------------|-----------------|-------------------|-------------------|---------------------|
| | Activities | | Activities | | Total | | Change |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 - 2020 |
| Non-depreciable assets: | | | | | | | |
| Land | \$ 96.0 | \$ 90.9 | \$ 41.9 | \$ 28.7 | \$ 137.9 | \$ 119.6 | 15.3% |
| Construction in progress | 76.4 | 177.3 | 37.1 | 27.3 | 113.5 | 204.6 | -44.5% |
| Depreciable assets: | | | | | | | |
| Capacity rights | - | - | 67.3 | 69.0 | 67.3 | 69.0 | -2.5% |
| Buildings | 1,020.2 | 877.4 | 131.5 | 125.6 | 1,151.7 | 1,003.0 | 14.8% |
| Improvements other than buildings | 53.7 | 44.3 | 19.9 | 21.5 | 73.6 | 65.8 | 11.9% |
| Machinery and equipment | 84.8 | 67.1 | 642.9 | 625.4 | 727.7 | 692.5 | 5.1% |
| Infrastructure | 29.4 | 29.0 | 4.7 | 4.9 | 34.1 | 33.9 | 0.6% |
| Total | \$ 1,360.5 | \$ 1,286.0 | \$ 945.3 | \$ 902.4 | \$ 2,305.8 | \$ 2,188.4 | 5.4% |

Major projects either completed this year or with significant additions to construction in progress included:

- ◆ Completed major County projects:
 - Chester Arts Center - \$16.4 million
 - Magnolia Green Fire Station - \$7.3 million
 - River City Sportsplex Improvements - \$4.6 million
- ◆ Additions to major County construction in progress projects:
 - 800 MHZ Radio System Replacement - \$10.9 million
 - Midlothian Fire Station - \$2.1 million
 - Harrowgate Park Improvements - \$1.3 million
- ◆ Completed major School Board component unit projects:
 - Manchester Middle School Addition - \$48.4 million
 - Matoaca Elementary School Replacement - \$28.4 million
 - Reams Elementary School Replacement - \$27.1 million
 - Harrowgate Elementary School Replacement - \$26.3 million
 - Crestwood Elementary School Renovation - \$26.5 million
 - Heating and Cooling Systems Replacements - \$9.8 million
- ◆ Additions to major School Board component unit construction in progress projects:
 - Ettrick Elementary School Replacement - \$25.5 million
 - Magnolia Green Elementary School - \$11.3 million
 - Chester Early Childhood Learning Academy - \$1.7 million
 - Middle School Centralized Security CCTV - \$1.5 million
- ◆ Completed major Utilities - Water and Wastewater projects:
 - Proctors Creek Wastewater Treatment Plant Centrifuge - \$9.8 million
 - Johnson Creek Force Main - \$4.4 million
 - Addison Evans Water Treatment Plant Lime Feed System - \$2.4 million
 - Physic Hill Water Tank Repainting - \$1.6 million
 - Bermuda Water Tank Repainting - \$1.5 million
 - Falling Creek Wastewater Treatment Plant Lime Chemical Storage - \$1.7 million
- ◆ Additions to major Utilities - Water and Wastewater construction in progress projects:
 - Johnson Creek Pump Station - \$5.5 million
 - Addison Evans Water Treatment Plant Motor Control Center Replacement - \$2.3 million
 - Huguenot Waterline - \$2.6 million
 - Huguenot Pump Station and Tank - \$2.3 million
 - Falling Creek Wastewater Treatment Plant Digester Mixing System - \$1.6 million

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The County's capital improvement program budget appropriated \$160.4 million in planned funding for capital projects in FY2022, which includes \$145.0 million for the primary government and \$15.4 million for the School Board. The FY2022-FY2026 Capital Improvement Program (CIP) maintains a targeted focus on the care and maintenance of existing infrastructure and the communities these assets support by maintaining adequate replacement cycles. The CIP remains attentive to the need to replace or renovate older facilities to ensure more uniform service delivery across the County, all while controlling the financial impact on the operating budget. It is also important to note that the County's maintenance programs include technology and stormwater areas where it's necessary for these networks to properly function. FY2022 appropriations included funding for general major maintenance, major maintenance projects in existing parks, design and rehabilitation of an existing airport terminal apron, renovations of the old Beulah Elementary School into a Parks and Recreation administration facility, River City Sportsplex improvements, road projects, technology major maintenance, an ERP modernization study, replacement of the Matoaca Fire Station, major maintenance in School buildings, predesign services for new prototype schools, and planned rehabilitations and upgrades at both the Addison-Evans Water Treatment Plant and the Proctors Creek and Falling Creek Wastewater Treatment Plants. The County intends new debt, resources provided by the CVTA and current budgets to partially finance these and other projects as identified in the CIP.

Long-term Debt

TABLE 4
Chesterfield County's Outstanding Debt
June 30, 2021 and 2020
(in millions of dollars)

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|---|------------------------------------|--------------------|-------------------------------------|--------------------|--------------------|--------------------|--|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> | <u>2021 - 2020</u> |
| General obligation bonds, net (backed by the County) | \$ 534.6 | \$ 511.8 | \$ - | \$ - | \$ 534.6 | \$ 511.8 | 4.5% |
| Revenue bonds, net | 192.2 | 101.9 | 31.3 | 37.8 | 223.5 | 139.7 | 60.0% |
| Certificates of participation | 6.4 | 8.9 | 0.3 | 0.4 | 6.7 | 9.3 | -28.0% |
| Support agreements | - | 9.1 | - | - | - | 9.1 | -100.0% |
| Direct borrowing | 33.3 | 31.6 | - | - | 33.3 | 31.6 | 5.4% |
| Other | - | - | 1.6 | 1.8 | 1.6 | 1.8 | -11.1% |
| Total | \$ 766.5 | \$ 663.3 | \$ 33.2 | \$ 40.0 | \$ 799.7 | \$ 703.3 | 13.7% |

At fiscal year-end, the County reported \$799.7 million in bonds and other long-term debt outstanding, an increase of \$96.4 million (13.7%) compared to the prior year. More detailed information about the County's long-term liabilities is presented in Note 9 of the notes to the financial statements. Outstanding debt of the governmental activities includes \$423.6 million in debt outstanding related to School Board activities and \$7.8 million in outstanding debt for the EDA's development of infrastructure in the Meadowville Technology Park.

A key debt policy established by the County Board is the ratio of debt service (principal and interest) costs to governmental fund expenditures. This ratio was 7.0% for the current year comparing favorably to the policy target of 10.0%. Governmental fund expenditures for purposes of this calculation include expenditures for all governmental fund types of both the primary government and the School Board component unit, excluding capital project funds and payments between the primary government and the School Board component unit.

The County's "AAA" general obligation bond rating from all three major rating agencies was affirmed when it went to the municipal bond market in early July 2020 to sell \$59.8 million of general improvement bonds. Approximately 1% of counties nationwide have earned a triple "AAA" credit rating designation. Although the long-term impacts of the COVID-19 pandemic cannot be predicted, all three credit rating agencies responded positively to County management's response to the economic and social pressures triggered in our communities by the pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's annual unemployment rate for calendar year 2020 (CY2020) averaged 5.9%, an increase from the previous calendar year's average rate of 2.7%. The impact of the COVID-19 pandemic and the Governor's Emergency Declaration had an unprecedented impact on the County's unemployment rate which grew to a record high of 10.7% in April 2020 with a recovery to 4.3% by the end of FY2021. This compared favorably to the Commonwealth's rate in April 2020 and June 2021 of 11.0% and 4.5%, respectively.

The County developed a Financial Plan for fiscal year 2022 that was adopted on April 7, 2021. The FY2022 adopted budget (FY2022 budget), totaling \$1.6 billion, represents an increase of \$134.0 million (9.2%) over the FY2021 adopted budget. This budget reflects the County's understanding that community needs are ever changing and demonstrates willingness to adapt. The FY2022 budget, five year plan and CIP revolve around recognizing the workforce, investing in our children's future, diversifying and bolstering the County's economic base, enhancing quality of life, strengthening investment in infrastructure and a continuing commitment to public safety.

Education and public safety remained two of the County's top priorities in the FY2022 Budget. The local transfer for education was increased by \$33.0 million, the majority of which (\$23.2 million) to address teacher salary compression. Appropriations for public safety increased \$10.4 million to continue support of the public safety pay plan introduced in FY2021. Other investments in the workforce factored into the FY2022 budget include funding a pay study for county and schools' employees not covered by one of the FY2021 studies as well as a 2% merit increase targeted for January 2022. Other initiatives included in the FY2022 budget include restoration of funding to complete a comprehensive zoning ordinance rewrite to provide a foundation for diversifying and strengthening the County's business base over the coming decades; support for amendments to the Tax Relief Program to ensure the affordability of County residency for the elderly and disabled; and continuing investments in technology to enhance County's services that are offered remotely and to replace an aging ERP system. The FY2022 budget did not increase the County's property tax rates with growth in the County's primary source of revenue being driven only by the rise in property value assessments.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chesterfield County Accounting Department, 9901 Lori Road Room 203, Chesterfield, Virginia 23832.

FINANCIAL STATEMENTS

County of Chesterfield, Virginia
Statement of Net Position
June 30, 2021

Exhibit I

| | Primary Government | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|
| | Governmental | Business-type | | Component | Total |
| | Activities | Activities | Total | Units | Reporting Entity |
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 275,845,777 | \$ 268,060,065 | \$ 543,905,842 | \$ 27,835,070 | \$ 571,740,912 |
| Investments | 722,098,928 | 257,633,408 | 979,732,336 | 12,712 | 979,745,048 |
| Receivables, net of allowance for uncollectibles | 338,856,895 | 22,614,876 | 361,471,771 | 26,061,287 | 387,533,058 |
| Due from primary government | - | - | - | 70,889,192 | 70,889,192 |
| Internal balances | 13,641,152 | (13,641,152) | - | - | - |
| Inventories | 840,195 | 1,062,855 | 1,903,050 | 170,320 | 2,073,370 |
| Prepays | 3,530,062 | - | 3,530,062 | - | 3,530,062 |
| Capital assets, not being depreciated | 172,419,442 | 79,030,694 | 251,450,136 | 172,763 | 251,622,899 |
| Other capital and intangible assets, net of depreciation | 1,188,099,751 | 866,290,548 | 2,054,390,299 | 72,804,614 | 2,127,194,913 |
| Total assets | 2,715,332,202 | 1,481,051,294 | 4,196,383,496 | 197,945,958 | 4,394,329,454 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | 4,559,743 | 864,779 | 5,424,522 | - | 5,424,522 |
| Deferred outflows related to pensions | 93,728,795 | 3,622,715 | 97,351,510 | 156,842,155 | 254,193,665 |
| Deferred outflows related to other postemployment benefits | 8,194,245 | 398,677 | 8,592,922 | 16,917,169 | 25,510,091 |
| Total deferred outflows of resources | 106,482,783 | 4,886,171 | 111,368,954 | 173,759,324 | 285,128,278 |
| LIABILITIES | | | | | |
| Accounts payable and accrued expenses | 75,805,431 | 14,201,355 | 90,006,786 | 61,405,237 | 151,412,023 |
| Due to component unit | 70,889,192 | - | 70,889,192 | - | 70,889,192 |
| Unearned revenues | 38,539,102 | 362,583 | 38,901,685 | 1,539,191 | 40,440,876 |
| Developers' connection fees refundable | - | 710,350 | 710,350 | - | 710,350 |
| Prepaid connection fees | - | 142,800 | 142,800 | - | 142,800 |
| Non-current liabilities: | | | | | |
| Due within one year | 84,793,027 | 7,469,975 | 92,263,002 | 5,702,519 | 97,965,521 |
| Due in more than one year | 1,040,924,188 | 45,167,504 | 1,086,091,692 | 836,972,686 | 1,923,064,378 |
| Total liabilities | 1,310,950,940 | 68,054,567 | 1,379,005,507 | 905,619,633 | 2,284,625,140 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenues | 204,294,595 | - | 204,294,595 | - | 204,294,595 |
| Deferred inflows related to pensions | 7,749,977 | 106,429 | 7,856,406 | 52,541,480 | 60,397,886 |
| Deferred inflows related to other postemployment benefits | 27,832,188 | 1,951,076 | 29,783,264 | 36,030,254 | 65,813,518 |
| Total deferred inflows of resources | 239,876,760 | 2,057,505 | 241,934,265 | 88,571,734 | 330,505,999 |
| NET POSITION | | | | | |
| Net investment in capital assets | 901,172,315 | 912,962,124 | 1,814,134,439 | 71,037,030 | 1,885,171,469 |
| Restricted for: | | | | | |
| Capital projects | 16,490,639 | - | 16,490,639 | - | 16,490,639 |
| Contractual agreement | - | 2,567,058 | 2,567,058 | - | 2,567,058.00 |
| Debt covenants | - | 10,958,650 | 10,958,650 | - | 10,958,650 |
| Grantor programs | 8,270,563 | - | 8,270,563 | 9,510,139 | 17,780,702 |
| Legislated programs | 56,917,835 | - | 56,917,835 | - | 56,917,835 |
| Public safety programs | 2,848,116 | - | 2,848,116 | - | 2,848,116 |
| Total restricted | 84,527,153 | 13,525,708 | 98,052,861 | 9,510,139 | 107,563,000 |
| Unrestricted (deficit) | 285,287,817 | 489,337,561 | 774,625,378 | (703,033,254) | 71,592,124 |
| Total net position | \$ 1,270,987,285 | \$ 1,415,825,393 | \$ 2,686,812,678 | \$ (622,486,085) | \$ 2,064,326,593 |

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

County of Chesterfield, Virginia
Statement of Activities
For the Year Ended June 30, 2021

Exhibit II

| Functions/Programs | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position | | | | |
|--|------------------|----------------------|--------------------------|--------------------------|---|--------------------------|------------------|------------------|------------------------|
| | | Charges for Services | Operating | Capital | Primary Government | | | Component Units | Total Reporting Entity |
| | | | Grants and Contributions | Grants and Contributions | Governmental Activities | Business-type Activities | Total | | |
| Primary government | | | | | | | | | |
| Governmental activities | | | | | | | | | |
| General government | \$ 155,326,544 | \$ 103,439,746 | \$ 1,601,352 | \$ - | \$ (50,285,446) | \$ - | \$ (50,285,446) | \$ - | \$ (50,285,446) |
| Administration of justice | 13,895,646 | 1,557,508 | 5,388,185 | - | (6,949,953) | - | (6,949,953) | - | (6,949,953) |
| Public safety | 222,267,096 | 23,263,146 | 47,001,236 | 1,630,359 | (150,372,355) | - | (150,372,355) | - | (150,372,355) |
| Public works | 80,214,637 | 12,240,468 | 1,336,243 | 64,981,920 | (1,656,006) | - | (1,656,006) | - | (1,656,006) |
| Health and welfare | 96,786,251 | 22,854,304 | 42,589,435 | 185,906 | (31,156,606) | - | (31,156,606) | - | (31,156,606) |
| Parks, recreation and cultural | 27,953,929 | 1,486,162 | 310,948 | 1,329,342 | (24,827,477) | - | (24,827,477) | - | (24,827,477) |
| Education - School Board | 301,488,394 | 220 | 23,126,733 | 12,306,599 | (266,054,842) | - | (266,054,842) | - | (266,054,842) |
| Community development | 35,259,749 | 8,811,338 | 18,375,945 | 196,449 | (7,876,017) | - | (7,876,017) | - | (7,876,017) |
| Interest on long-term debt | 20,193,563 | 54,021 | - | - | (20,139,542) | - | (20,139,542) | - | (20,139,542) |
| Total governmental activities | 953,385,809 | 173,706,913 | 139,730,077 | 80,630,575 | (559,318,244) | - | (559,318,244) | - | (559,318,244) |
| Business-type activities | | | | | | | | | |
| Water | 48,016,333 | 57,308,263 | 1,080,885 | 30,785,106 | - | 41,157,921 | 41,157,921 | - | 41,157,921 |
| Wastewater | 44,008,120 | 54,323,838 | - | 25,607,210 | - | 35,922,928 | 35,922,928 | - | 35,922,928 |
| Non-major business activities | 9,555,258 | 1,560,256 | - | 44,221 | - | (7,950,781) | (7,950,781) | - | (7,950,781) |
| Total business-type activities | 101,579,711 | 113,192,357 | 1,080,885 | 56,436,537 | - | 69,130,068 | 69,130,068 | - | 69,130,068 |
| Total primary government | \$ 1,054,965,520 | \$ 286,899,270 | \$ 140,810,962 | \$ 137,067,112 | (559,318,244) | 69,130,068 | (490,188,176) | - | (490,188,176) |
| Component units | \$ 683,584,403 | \$ 2,339,761 | \$ 171,687,604 | \$ 28,714,000 | - | - | - | (480,843,038) | (480,843,038) |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| Property taxes, levied for general purposes | | | | | 534,368,072 | - | 534,368,072 | - | 534,368,072 |
| Utility taxes | | | | | 8,498,528 | - | 8,498,528 | - | 8,498,528 |
| Sales taxes | | | | | 62,333,768 | - | 62,333,768 | - | 62,333,768 |
| Motor vehicle licenses | | | | | 15,882,533 | - | 15,882,533 | - | 15,882,533 |
| Business license taxes | | | | | 24,184,161 | - | 24,184,161 | - | 24,184,161 |
| Other | | | | | 18,929,955 | - | 18,929,955 | - | 18,929,955 |
| Payment from primary government | | | | | - | - | - | 244,147,266 | 244,147,266 |
| Grants and contributions not restricted to specific programs | | | | | 62,731,149 | - | 62,731,149 | 268,380,947 | 331,112,096 |
| Investment earnings | | | | | 1,866,005 | 880,812 | 2,746,817 | 16,855 | 2,763,672 |
| Miscellaneous | | | | | 1,030,756 | 3,974,923 | 5,005,679 | 3,321,628 | 8,327,307 |
| Transfers | | | | | (20,305,612) | 20,305,612 | - | - | - |
| Total general revenues and transfers | | | | | 709,519,315 | 25,161,347 | 734,680,662 | 515,866,696 | 1,250,547,358 |
| Change in net position | | | | | 150,201,071 | 94,291,415 | 244,492,486 | 35,023,658 | 279,516,144 |
| Total net position (deficit) July 1, 2020, restated | | | | | 1,120,786,214 | 1,321,533,978 | 2,442,320,192 | (657,509,743) | 1,784,810,449 |
| Total net position (deficit) June 30, 2021 | | | | | \$ 1,270,987,285 | \$ 1,415,825,393 | \$ 2,686,812,678 | \$ (622,486,085) | \$ 2,064,326,593 |

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

County of Chesterfield, Virginia
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit III

| | General | County Capital Projects | School Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|-----------------------|--|--|---|---|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 121,969,296 | \$ 22,618,879 | \$ 1,164,109 | 58,938,084 | \$ 204,690,368 |
| Cash, cash equivalents and investments with fiscal agents | - | 93,547,151 | - | - | 93,547,151 |
| Investments | 488,189,268 | 23,804,209 | 116,558,300 | - | 628,551,777 |
| Receivables, net of allowances for uncollectibles of \$18,282,230 | 254,975,338 | 41,358 | - | 7,295,003 | 262,311,699 |
| Due from other funds | - | 13,982,201 | - | - | 13,982,201 |
| Due from other governments | 44,687,064 | 22,908,996 | - | 8,881,921 | 76,477,981 |
| Total assets | <u>\$ 909,820,966</u> | <u>\$ 176,902,794</u> | <u>\$ 117,722,409</u> | <u>75,115,008</u> | <u>\$ 1,279,561,177</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 7,910,023 | \$ 13,881,923 | \$ 8,545,153 | 5,737,021 | \$ 36,074,120 |
| Due to other funds | 341,049 | - | - | - | 341,049 |
| Due to other governments | - | - | - | 80,168 | 80,168 |
| Due to component unit - School Board | 70,889,192 | - | - | - | 70,889,192 |
| Accrued liabilities | 16,704,325 | 23,944 | - | 2,377,768 | 19,106,037 |
| Retainages payable | - | 616,790 | 3,621,317 | 193,131 | 4,431,238 |
| Unavailable revenues: | | | | | |
| Unearned revenues | 34,367,059 | - | - | 4,172,043 | 38,539,102 |
| Deposits payable | 523,446 | 2,270,989 | - | - | 2,794,435 |
| Total liabilities | <u>130,735,094</u> | <u>16,793,646</u> | <u>12,166,470</u> | <u>12,560,131</u> | <u>172,255,341</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred revenues | 201,965,178 | - | - | 2,329,417 | 204,294,595 |
| Unavailable revenues | 28,879,679 | 1,282,587 | - | 1,291,339 | 31,453,605 |
| Total deferred inflows of resources | <u>230,844,857</u> | <u>1,282,587</u> | <u>-</u> | <u>3,620,756</u> | <u>235,748,200</u> |
| FUND BALANCES | | | | | |
| Restricted | 25,281,349 | 158,826,561 | 105,555,939 | 34,641,862 | 324,305,711 |
| Committed | 1,933,701 | - | - | - | 1,933,701 |
| Assigned | 456,225,565 | - | - | 24,292,259 | 480,517,824 |
| Unassigned | 64,800,400 | - | - | - | 64,800,400 |
| Total fund balances | <u>548,241,015</u> | <u>158,826,561</u> | <u>105,555,939</u> | <u>58,934,121</u> | <u>871,557,636</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 909,820,966</u> | <u>\$ 176,902,794</u> | <u>\$ 117,722,409</u> | <u>75,115,008</u> | <u>1,279,561,177</u> |

Reconciliation of total fund balances for governmental funds to total net position of governmental activities:

Total fund balances for governmental funds \$ 871,557,636

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are not reported in the funds. 1,353,107,444

Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:

| | | |
|--|------------------|------------|
| Uncollected taxes receivable | 21,942,413 | |
| Uncollected receivables from other governments | 6,208,702 | |
| Uncollected miscellaneous receivables | <u>3,302,490</u> | 31,453,605 |

Prepaid and deferred items:

| | | |
|--|---------------------|------------|
| Prepaid capital asset | 3,530,062 | |
| Deferred charge on refunding | 4,559,743 | |
| Deferred outflows related to pensions | 92,111,001 | |
| Deferred outflows related to other postemployment benefits | 8,066,141 | |
| Deferred inflows related to pensions | (7,702,447) | |
| Deferred inflows related to other postemployment benefits | <u>(27,322,960)</u> | 73,241,540 |

Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicles and communications, and capital projects management to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position. 61,995,990

Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds:

| | | |
|--|---------------------|------------------------|
| Net bonds, certificates of participation, public facility lease, taxable redevelopment facility note, support agreements and capital lease obligations | (766,451,999) | |
| Judgments and claims | (5,993,054) | |
| Landfill | (627,751) | |
| Net pension liabilities | (241,737,792) | |
| Net other postemployment benefits liabilities | (59,456,961) | |
| Compensated absences | (34,790,126) | |
| Interest payable | <u>(11,311,247)</u> | <u>(1,120,368,930)</u> |

Total net position of governmental activities \$ 1,270,987,285

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

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

| | <u>General</u> | <u>County Capital Projects</u> | <u>School Capital Projects</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-----------------------|--|--|---|---|
| Revenues | | | | | |
| From local sources: | | | | | |
| General property taxes | \$ 536,016,017 | \$ - | \$ - | \$ - | \$ 536,016,017 |
| Other local taxes | 130,365,537 | - | - | 20,139,071 | 150,504,608 |
| Permits, privilege fees and regulatory licenses | 10,005,208 | - | - | - | 10,005,208 |
| Fines and forfeitures | 2,932,862 | - | - | - | 2,932,862 |
| Use of money and property | 2,342,874 | 244,213 | 246,122 | 258 | 2,833,467 |
| Contributions from developers | - | 5,674,308 | - | - | 5,674,308 |
| Charges for services | 15,057,467 | 44,853 | 220 | 35,120,874 | 50,223,414 |
| Miscellaneous | 3,013,109 | 720,567 | - | 422,018 | 4,155,694 |
| Recovered costs | 4,717,634 | - | - | 773,587 | 5,491,221 |
| Donations and contributions | 58,349 | 838,405 | 4,400 | 90,924 | 992,078 |
| From component unit: School Board | - | - | 16,884,248 | 4,843,200 | 21,727,448 |
| From other governments | 155,526,057 | 38,647,316 | - | 37,676,295 | 231,849,668 |
| Total revenues | <u>860,035,114</u> | <u>46,169,662</u> | <u>17,134,990</u> | <u>99,066,227</u> | <u>1,022,405,993</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| General government | 65,183,959 | - | - | - | 65,183,959 |
| Administration of justice | 10,658,794 | - | - | 1,189,243 | 11,848,037 |
| Public safety | 202,586,977 | - | - | 10,907,507 | 213,494,484 |
| Public works | 21,580,264 | - | - | 3,395,474 | 24,975,738 |
| Health and welfare | 36,005,316 | - | - | 58,038,451 | 94,043,767 |
| Parks, recreation and cultural | 21,016,034 | - | - | 39,535 | 21,055,569 |
| Education - School Board | 241,883,753 | - | 926,828 | - | 242,810,581 |
| Community development | 20,823,546 | - | - | 13,227,824 | 34,051,370 |
| Debt service: | | | | | |
| Retirement of principal | 55,494,864 | - | - | - | 55,494,864 |
| Interest | 25,919,362 | - | - | - | 25,919,362 |
| Other | 1,121,953 | - | - | - | 1,121,953 |
| Capital outlay | - | 93,434,989 | 99,220,119 | - | 192,655,108 |
| Total expenditures | <u>702,274,822</u> | <u>93,434,989</u> | <u>100,146,947</u> | <u>86,798,034</u> | <u>982,654,792</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>157,760,292</u> | <u>(47,265,327)</u> | <u>(83,011,957)</u> | <u>12,268,193</u> | <u>39,751,201</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 3,629,856 | 17,201,241 | 1,038,282 | 16,869,298 | 38,738,677 |
| Transfers out | (53,497,674) | - | - | (4,326,770) | (57,824,444) |
| Bonds issued | - | 35,000,000 | 109,755,000 | - | 144,755,000 |
| Premium on bonds issued | 1,033,245 | 5,172,871 | 14,590,283 | - | 20,796,399 |
| Refunding bonds issued | 56,001,000 | - | - | - | 56,001,000 |
| Premium on refunding bonds issued | 45,879 | - | - | - | 45,879 |
| Payment to refunded bonds escrow agent | (56,075,309) | - | - | - | (56,075,309) |
| Total other financing sources (uses), net | <u>(48,863,003)</u> | <u>57,374,112</u> | <u>125,383,565</u> | <u>12,542,528</u> | <u>146,437,202</u> |
| Net change in fund balances | 108,897,289 | 10,108,785 | 42,371,608 | 24,810,721 | 186,188,403 |
| Total fund balances, July 1, 2020, restated | <u>439,343,726</u> | <u>148,717,776</u> | <u>63,184,331</u> | <u>34,123,400</u> | <u>685,369,233</u> |
| Total fund balances, June 30, 2021 | <u>\$ 548,241,015</u> | <u>\$ 158,826,561</u> | <u>105,555,939</u> | <u>\$ 58,934,121</u> | <u>\$ 871,557,636</u> |

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities:

| | | |
|---|----|-------------|
| Net change in fund balances - total governmental funds. | \$ | 186,188,403 |
|---|----|-------------|

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

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 as depreciation expense:

| | | | |
|--------------------|----|--------------|------------|
| Capitalized assets | \$ | 134,514,820 | |
| Depreciation | | (49,798,130) | 84,716,690 |

| | | | |
|--|--|--|--------------|
| In the Statement of Activities, only the gain on the sale of surplus assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the surplus assets sold. | | | (14,967,183) |
|--|--|--|--------------|

| | | | |
|--|--|--|-----------|
| Donations of capital assets increase revenues in the Statement of Changes in Net Position, but do not appear in the governmental funds because they are not financial resources. | | | 6,092,841 |
|--|--|--|-----------|

| | | | |
|--|--|--|-----------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | | (254,548) |
|--|--|--|-----------|

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | | | |
|----------|-------------|---------------|---------------|
| Payments | 111,570,173 | | |
| Proceeds | | (221,598,278) | (110,028,105) |

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the net changes (exclusive of internal service fund changes) of the following balances:

| | | | |
|---------------------------------------|--------------|-------------|-------------|
| Compensated absences | (7,660,664) | | |
| Judgment and claims | 150,402 | | |
| Pension expense | (16,793,274) | | |
| Other postemployment benefits expense | 9,368,524 | | |
| Arbitrage | 9,429 | | |
| Landfill | (33,128) | | |
| Interest payable | (621,968) | | |
| Amortization of debt premiums | 10,502,929 | | |
| Debt refunding expenses | | (2,982,766) | (8,060,516) |

Internal service funds are used by management to charge the costs of insurance, vehicles and communications and capital projects management to individual funds.

| | | | |
|---|--|--|-----------|
| The net revenue of the internal service funds is reported with governmental activities. | | | 6,513,489 |
|---|--|--|-----------|

| | | | |
|--|----|--|-------------|
| Change in net position of governmental activities. | \$ | | 150,201,071 |
|--|----|--|-------------|

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

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| Revenues | | | | |
| From local sources: | | | | |
| General property taxes | \$ 482,639,100 | \$ 497,018,600 | \$ 536,016,017 | \$ 38,997,417 |
| Other local taxes | 107,726,900 | 108,652,100 | 141,286,501 | 32,634,401 |
| Permits, privilege fees and regulatory licenses | 7,312,174 | 9,372,174 | 10,005,208 | 633,034 |
| Fines and forfeitures | 1,309,900 | 2,024,643 | 2,932,862 | 908,219 |
| Use of money and property | 3,140,800 | 3,140,800 | 2,342,868 | (797,932) |
| Charges for services | 15,584,225 | 16,134,225 | 15,057,473 | (1,076,752) |
| Miscellaneous | 468,867 | 949,737 | 3,013,109 | 2,063,372 |
| Recovered costs | 3,680,000 | 3,764,066 | 4,771,655 | 1,007,589 |
| Donations and contributions | 47,100 | 49,962 | 58,349 | 8,387 |
| From other governments | 82,940,200 | 140,196,292 | 144,605,093 | 4,408,801 |
| Total revenues | <u>704,849,266</u> | <u>781,302,599</u> | <u>860,089,135</u> | <u>78,786,536</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 59,896,013 | 84,958,888 | 65,086,959 | 19,871,929 |
| Administration of justice | 10,386,619 | 11,324,921 | 10,674,748 | 650,173 |
| Public safety | 190,002,590 | 209,736,040 | 203,477,412 | 6,258,628 |
| Public works | 20,674,816 | 22,381,169 | 21,580,264 | 800,905 |
| Health and welfare | 35,902,135 | 39,820,535 | 36,011,364 | 3,809,171 |
| Parks, recreation and cultural | 20,659,644 | 22,436,368 | 21,016,034 | 1,420,334 |
| Community development | 17,212,479 | 49,966,079 | 39,192,283 | 10,773,796 |
| Non-departmental | 500,000 | 862,716 | 597,000 | 265,716 |
| Debt service: | | | | |
| Retirement of principal | 18,641,800 | 18,641,800 | 19,493,846 | (852,046) |
| Interest | 8,787,500 | 8,787,500 | 8,739,666 | 47,834 |
| Other | 899,800 | 3,572,700 | 468,272 | 3,104,428 |
| Total expenditures | <u>383,563,396</u> | <u>472,488,716</u> | <u>426,337,848</u> | <u>46,150,868</u> |
| Excess of revenues over expenditures | <u>321,285,870</u> | <u>308,813,883</u> | <u>433,751,287</u> | <u>124,937,404</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 2,685,800 | 3,982,628 | 3,629,856 | (352,772) |
| Transfers out | (342,197,800) | (487,336,931) | (328,538,913) | 158,798,018 |
| Premium on refunding bonds issued | - | - | 16,112 | 16,112 |
| Premium on bonds issued | - | 2,672,900 | 277,941 | (2,394,959) |
| Refunding bonds issued | - | - | 20,692,633 | 20,692,633 |
| Payment to refunded bonds escrow agent | - | - | (20,931,627) | (20,931,627) |
| Total other financing uses, net | <u>(339,512,000)</u> | <u>(480,681,403)</u> | <u>(324,853,998)</u> | <u>155,827,405</u> |
| Net change in fund balance | (18,226,130) | (171,867,520) | 108,897,289 | 280,764,809 |
| Fund balance, July 1, 2020 | <u>439,343,726</u> | <u>439,343,726</u> | <u>439,343,726</u> | <u>-</u> |
| Fund balance, June 30, 2021 | <u>\$ 421,117,596</u> | <u>\$ 267,476,206</u> | <u>\$ 548,241,015</u> | <u>\$ 280,764,809</u> |

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

Explanation of differences between actual amounts on the budgetary basis and GAAP basis.

Revenues

| | |
|---|-----------------------|
| Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | \$ 860,089,135 |
| Receipt of refunding bond proceeds from the blended component unit are considered other financing sources for financial reporting purposes. | (54,021) |
| Total revenues of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 860,035,114</u> |

Expenditures

| | |
|---|-----------------------|
| Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | \$ 426,337,848 |
| Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes. | (912,436) |
| Budgetary transfers to component unit, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes. | 241,883,753 |
| Budgetary expenditures to blended component unit are transfers for financial reporting purposes. | (18,868,738) |
| Issuance costs paid on behalf of the blended component unit are expenditures for financial reporting purposes. | 5,845 |
| Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes. | 53,828,550 |
| Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 702,274,822</u> |

Other financing sources (uses), net

| | |
|---|------------------------|
| Total other financing uses, net, on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund | \$ (324,853,998) |
| Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes. | (912,436) |
| Budgetary transfers to component units are expenditures for financial reporting purposes. | 294,822,413 |
| Budgetary expenditures to blended component unit are transfers for financial reporting purposes. | (18,868,738) |
| Net proceeds from debt issued "on behalf" of the School Board and EDA component units are considered other financing sources and/or uses for the primary government for financial reporting purposes. | 949,756 |
| Total other financing uses, net, of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ (48,863,003)</u> |

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

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit VI

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|--|----------------|--|----------------|--|
| | Water | Wastewater | Total Non-major Enterprise Funds | Total | |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 116,404,450 | \$ 116,888,700 | \$ 7,226,818 | \$ 240,519,968 | \$ 71,155,409 |
| Investments | 104,193,397 | 153,440,011 | - | 257,633,408 | - |
| Restricted cash equivalents with trustees | - | - | 16,581,447 | 16,581,447 | - |
| Receivables, net of allowances for uncollectibles of \$707,524 | | | | | |
| Accounts | 11,035,152 | 9,917,979 | 49,171 | 21,002,302 | 60,591 |
| Special assessments | 9,362 | 29,200 | - | 38,562 | - |
| Total net receivables | 11,044,514 | 9,947,179 | 49,171 | 21,040,864 | 60,591 |
| Accrued interest | 401,658 | 698,311 | - | 1,099,969 | - |
| Due from other governments | - | - | 62,820 | 62,820 | 6,624 |
| Due from other funds | - | - | 341,049 | 341,049 | - |
| Inventories | 1,062,855 | - | - | 1,062,855 | 840,194 |
| Total current assets | 233,106,874 | 280,974,201 | 24,261,305 | 538,342,380 | 72,062,818 |
| Non-current assets: | | | | | |
| Accrued interest receivable | - | 161,148 | - | 161,148 | - |
| Special assessments receivable | 36,489 | 213,586 | - | 250,075 | - |
| Restricted cash and cash equivalents | 6,343,250 | 4,615,400 | - | 10,958,650 | - |
| Capital and intangible assets: | | | | | |
| Capacity rights, net | 65,531,721 | 1,783,152 | - | 67,314,873 | - |
| Land and land improvements | 10,522,516 | 4,254,645 | 27,097,283 | 41,874,444 | - |
| Buildings | 72,538,248 | 151,555,270 | 9,023,372 | 233,116,890 | 2,197,288 |
| Improvements other than buildings | 9,162,569 | 19,336,319 | 28,967,163 | 57,466,051 | 311,805 |
| Infrastructure | - | - | 6,159,269 | 6,159,269 | - |
| Machinery and equipment | 534,646,144 | 593,558,677 | 4,107,806 | 1,132,312,627 | 18,136,385 |
| Construction in progress | 16,497,614 | 17,303,067 | 3,355,569 | 37,156,250 | 601,055 |
| Total capital and intangible assets | 708,898,812 | 787,791,130 | 78,710,462 | 1,575,400,404 | 21,246,533 |
| Less accumulated depreciation | (243,959,731) | (358,730,978) | (27,388,453) | (630,079,162) | (13,834,784) |
| Total capital and intangible assets, net of accumulated depreciation | 464,939,081 | 429,060,152 | 51,322,009 | 945,321,242 | 7,411,749 |
| Total non-current assets | 471,318,820 | 434,050,286 | 51,322,009 | 956,691,115 | 7,411,749 |
| Total assets | 704,425,694 | 715,024,487 | 75,583,314 | 1,495,033,495 | 79,474,567 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred charge on refunding | 268,477 | 591,741 | 4,561 | 864,779 | - |
| Deferred outflows related to pensions | 1,818,811 | 1,737,785 | 66,119 | 3,622,715 | 1,617,794 |
| Deferred outflows related to other postemployment benefits | 172,960 | 218,714 | 7,003 | 398,677 | 128,104 |
| Total deferred outflows of resources | 2,260,248 | 2,548,240 | 77,683 | 4,886,171 | 1,745,898 |

(Continued)

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2021

Exhibit VI

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|---|--|----------------|--|------------------|--|
| | Water | Wastewater | Total Non-major Enterprise Funds | Total | |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 5,421,436 | \$ 3,119,967 | \$ 320,345 | \$ 8,861,748 | \$ 1,517,395 |
| Due to other funds | - | - | 13,982,201 | 13,982,201 | - |
| Accrued liabilities: | | | | | |
| Wages and benefits | 758,451 | 647,751 | 16,075 | 1,422,277 | 490,790 |
| Interest | 98,042 | 140,958 | 25,585 | 264,585 | - |
| Other | 1,798,970 | 31,661 | 573,248 | 2,403,879 | - |
| Total accrued liabilities | 2,655,463 | 820,370 | 614,908 | 4,090,741 | 490,790 |
| Compensated absences | 168,905 | 148,998 | 5,807 | 323,710 | 101,892 |
| Unearned revenues | 112,583 | - | 250,000 | 362,583 | - |
| Judgments and claims | 215,368 | 91,728 | - | 307,096 | 9,805,366 |
| Certificates of participation, net | - | - | 97,263 | 97,263 | - |
| Airport Revolving Loan Fund | - | - | 92,300 | 92,300 | - |
| Revenue bonds payable, net | 3,395,599 | 3,248,256 | 5,751 | 6,649,606 | - |
| Total current liabilities | 11,969,354 | 7,429,319 | 15,368,575 | 34,404,665 | 11,915,443 |
| Non-current liabilities: | | | | | |
| Developers' connection fees refundable | 254,194 | 456,156 | - | 710,350 | - |
| Retainages payable | 553,007 | 554,548 | 141,311 | 1,248,866 | - |
| Prepaid connection fees | - | 142,800 | - | 142,800 | - |
| Compensated absences | 1,026,479 | 1,002,013 | 28,144 | 2,056,636 | 572,083 |
| Judgments and claims | 311,897 | 132,842 | - | 444,739 | 150,235 |
| Net pension liabilities | 5,519,630 | 5,177,293 | 168,513 | 10,865,436 | 4,512,269 |
| Net other postemployment benefit liabilities | 2,449,793 | 2,882,261 | 83,911 | 5,415,965 | 1,517,687 |
| Certificates of participation, net | - | - | 152,992 | 152,992 | - |
| Airport Revolving Loan Fund | - | - | 1,569,100 | 1,569,100 | - |
| Revenue bonds payable, net | 9,202,489 | 15,435,794 | 24,353 | 24,662,636 | - |
| Total non-current liabilities | 19,317,489 | 25,783,707 | 2,168,324 | 47,269,520 | 6,752,274 |
| Total liabilities | 31,286,843 | 33,213,026 | 17,536,899 | 82,036,768 | 18,667,717 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions | 53,436 | 51,052 | 1,941 | 106,429 | 47,530 |
| Deferred inflows related to other postemployment benefits | 899,404 | 1,023,335 | 28,337 | 1,951,076 | 509,228 |
| Total deferred inflows of resources | 952,840 | 1,074,387 | 30,278 | 2,057,505 | 556,758 |
| NET POSITION | | | | | |
| Net investment in capital assets | 452,609,470 | 410,967,843 | 49,384,811 | 912,962,124 | 7,411,749 |
| Restricted: | | | | | |
| Contractual agreements | - | - | 2,567,058 | 2,567,058 | - |
| Debt covenants | 6,343,250 | 4,615,400 | - | 10,958,650 | - |
| Total restricted | 6,343,250 | 4,615,400 | 2,567,058 | 13,525,708 | - |
| Unrestricted | 215,493,539 | 267,702,071 | 6,141,951 | 489,337,561 | 54,584,241 |
| Total net position | \$ 674,446,259 | \$ 683,285,314 | \$ 58,093,820 | \$ 1,415,825,393 | \$ 61,995,990 |

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

County of Chesterfield, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit VII

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|--|--|-----------------------|--|-------------------------|--|
| | Water | Wastewater | Total Non-major Enterprise Funds | Total | |
| Operating revenues | | | | | |
| Charges for services | \$ 55,700,571 | \$ 53,242,953 | \$ 1,430,021 | \$ 110,373,545 | \$ 154,237,596 |
| Sale of supplies | 1,308,894 | - | - | 1,308,894 | - |
| Rental fees | 105,684 | - | - | 105,684 | - |
| From other governments | 1,198,519 | - | 29,000 | 1,227,519 | - |
| Other | 75,480 | 1,080,885 | 101,235 | 1,257,600 | 473,173 |
| Total operating revenues | <u>58,389,148</u> | <u>54,323,838</u> | <u>1,560,256</u> | <u>114,273,242</u> | <u>154,710,769</u> |
| Operating expenses | | | | | |
| Salaries and wages | 9,540,727 | 8,910,334 | 206,332 | 18,657,393 | 7,723,123 |
| Contractual services | 16,891,079 | 5,432,357 | 592,443 | 22,915,879 | 4,992,362 |
| Capacity rights amortization | 2,396,153 | 118,877 | - | 2,515,030 | - |
| Materials and supplies | 3,266,239 | 5,213,934 | 9,277 | 8,489,450 | 6,262,627 |
| Heat, light and power | 1,518,570 | 2,872,036 | 72,098 | 4,462,704 | 57,486 |
| Rent | 750 | - | - | 750 | - |
| Depreciation | 13,134,673 | 19,032,868 | 1,749,197 | 33,916,738 | 1,727,293 |
| Repairs and maintenance | 900,869 | 1,090,338 | 123,825 | 2,115,032 | 1,367,983 |
| Insurance | - | - | - | - | 3,551,068 |
| Claims | - | - | - | - | 122,913,857 |
| Grant beneficiary payments | 1,132,964 | - | - | 1,132,964 | - |
| Other | 415,656 | 195,512 | 5,647,974 | 6,259,142 | 10,696 |
| Total operating expenses | <u>49,197,680</u> | <u>42,866,256</u> | <u>8,401,146</u> | <u>100,465,082</u> | <u>148,606,495</u> |
| Operating income (loss) | <u>9,191,468</u> | <u>11,457,582</u> | <u>(6,840,890)</u> | <u>13,808,160</u> | <u>6,104,274</u> |
| Non-operating revenues (expenses) | | | | | |
| Investment income | 346,405 | 525,712 | 8,695 | 880,812 | 77,226 |
| Interest expense | (305,389) | (459,564) | (58,424) | (823,377) | - |
| Gain (loss) on disposal of capital assets | 1,543,160 | (422,989) | 3,974,923 | 5,095,094 | 190,417 |
| Other | (56,424) | (259,311) | (1,095,688) | (1,411,423) | - |
| Net non-operating revenues | <u>1,527,752</u> | <u>(616,152)</u> | <u>2,829,506</u> | <u>3,741,106</u> | <u>267,643</u> |
| Income (loss) before contributions and transfers | 10,719,220 | 10,841,430 | (4,011,384) | 17,549,266 | 6,371,917 |
| Capital contributions | 30,792,490 | 25,607,210 | 1,256,682 | 57,656,382 | 141,572 |
| Transfers in | - | - | 19,085,767 | 19,085,767 | - |
| Change in net position | 41,511,710 | 36,448,640 | 16,331,065 | 94,291,415 | 6,513,489 |
| Total net position-July 1, 2020 | <u>632,934,549</u> | <u>646,836,674</u> | <u>41,762,755</u> | <u>1,321,533,978</u> | <u>55,482,501</u> |
| Total net position-June 30, 2021 | <u>\$ 674,446,259</u> | <u>\$ 683,285,314</u> | <u>\$ 58,093,820</u> | <u>\$ 1,415,825,393</u> | <u>\$ 61,995,990</u> |

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

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|--|--|---------------------|---|----------------------|---|
| | Water | Wastewater | Total Non-major Enterprise Funds | Total | |
| Cash flows from operating activities | | | | | |
| Receipts from customers | \$ 58,286,839 | \$ 53,081,289 | \$ 1,413,972 | \$ 112,782,100 | \$ 154,700,233 |
| Payments to suppliers | (24,760,940) | (15,098,511) | (6,192,198) | (46,051,649) | (15,845,027) |
| Payments to employees | (9,101,789) | (8,607,225) | (185,795) | (17,894,809) | (7,382,669) |
| Claims paid | - | - | - | - | (124,663,713) |
| Net cash provided by (used in) operating activities | <u>24,424,110</u> | <u>29,375,553</u> | <u>(4,964,021)</u> | <u>48,835,642</u> | <u>6,808,824</u> |
| Cash flows from non-capital financing activities | | | | | |
| Transfers in | - | - | 5,628,846 | 5,628,846 | - |
| Net cash provided by non-capital financing activities | <u>-</u> | <u>-</u> | <u>5,628,846</u> | <u>5,628,846</u> | <u>-</u> |
| Cash flows from capital and related financing activities | | | | | |
| Purchase of capital assets | (23,482,872) | (19,061,631) | (18,754,585) | (61,299,088) | (2,033,859) |
| Purchase of capacity rights | (843,741) | - | - | (843,741) | - |
| Payments to developers for utility assets | (141,801) | (419,796) | - | (561,597) | - |
| Retainages paid to contractors | (258,986) | (645,344) | (183,760) | (1,088,090) | - |
| Proceeds from sale of capital assets | 1,968,381 | 12,426 | 4,919,116 | 6,899,923 | 315,014 |
| Capital contributions | 20,411,813 | 17,375,523 | 14,781,302 | 52,568,638 | - |
| Interest paid on bonds, certificates of participation and other liabilities | (659,875) | (909,751) | (64,699) | (1,634,325) | - |
| Principal paid on bonds, certificates of participation and other liabilities | (2,865,000) | (2,560,000) | (189,422) | (5,614,422) | - |
| Payment of other debt expenses | (1,265) | (1,485) | - | (2,750) | - |
| Net cash provided by (used in) capital and related financing activities | <u>(5,873,346)</u> | <u>(6,210,058)</u> | <u>507,952</u> | <u>(11,575,452)</u> | <u>(1,718,845)</u> |
| Cash flows from investing activities | | | | | |
| Purchase of investments | (113,994,094) | (139,042,074) | - | (253,036,168) | - |
| Proceeds from sale of investments | 54,671,217 | 37,864,795 | - | 92,536,012 | - |
| Interest received | <u>1,209,782</u> | <u>1,423,827</u> | <u>8,826</u> | <u>2,642,435</u> | <u>77,226</u> |
| Net cash provided by (used in) investing activities | <u>(58,113,095)</u> | <u>(99,753,452)</u> | <u>8,826</u> | <u>(157,857,721)</u> | <u>77,226</u> |
| Net increase (decrease) in cash and cash equivalents | <u>(39,562,331)</u> | <u>(76,587,957)</u> | <u>1,181,603</u> | <u>(114,968,685)</u> | <u>5,167,205</u> |

(Continued)

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

| | Business-type Activities Enterprise Funds | | | | Governmental Activities Internal Service Funds |
|--|--|-----------------------|---|-----------------------|---|
| | <u>Water</u> | <u>Wastewater</u> | <u>Total Non-major Enterprise Funds</u> | <u>Total</u> | |
| Cash and cash equivalents, June 30, 2020: | | | | | |
| Cash and cash equivalents | \$ 156,409,114 | \$ 193,555,424 | \$ 7,490,408 | \$ 357,454,946 | \$ 65,988,204 |
| Investments | 45,904,494 | 53,621,369 | - | 99,525,863 | - |
| Less: Investments with maturities greater than 90 days when purchased | (45,904,494) | (53,621,369) | - | (99,525,863) | - |
| Restricted cash and cash equivalents | 5,900,917 | 4,536,633 | - | 10,437,550 | - |
| Restricted cash and cash equivalents with trustees | - | - | 15,136,254 | 15,136,254 | - |
| Total cash and cash equivalents, June 30, 2020 | <u>162,310,031</u> | <u>198,092,057</u> | <u>22,626,662</u> | <u>383,028,750</u> | <u>65,988,204</u> |
| Cash and cash equivalents, June 30, 2021: | | | | | |
| Cash and cash equivalents | 116,404,450 | 116,888,700 | 7,226,818 | 240,519,968 | 71,155,409 |
| Investments | 104,193,397 | 153,440,011 | - | 257,633,408 | - |
| Less: Investments with maturities greater than 90 days when purchased | (104,193,397) | (153,440,011) | - | (257,633,408) | - |
| Restricted cash and cash equivalents | 6,343,250 | 4,615,400 | - | 10,958,650 | - |
| Restricted cash and cash equivalents with trustees | - | - | 16,581,447 | 16,581,447 | - |
| Total cash and cash equivalents, June 30, 2021 | <u>\$ 122,747,700</u> | <u>\$ 121,504,100</u> | <u>\$ 23,808,265</u> | <u>\$ 268,060,065</u> | <u>\$ 71,155,409</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss) | \$ 9,191,468 | \$ 11,457,582 | \$ (6,840,890) | \$ 13,808,160 | \$ 6,104,274 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation | 13,134,673 | 19,032,868 | 1,749,197 | 33,916,738 | 1,727,293 |
| Amortization | 2,396,153 | 118,877 | - | 2,515,030 | - |
| Changes in assets and liabilities: | | | | | |
| Receivables, net | (1,488,309) | (1,383,743) | (146,284) | (3,018,336) | (10,536) |
| Inventories | (89,922) | - | - | (89,922) | 236,422 |
| Accounts and other payables | 1,167,464 | 149,969 | 273,956 | 1,591,389 | (1,248,629) |
| Unearned revenue | 112,583 | - | - | 112,583 | - |
| Net cash provided by (used in) operating activities | <u>\$ 24,424,110</u> | <u>\$ 29,375,553</u> | <u>\$ (4,964,021)</u> | <u>\$ 48,835,642</u> | <u>\$ 6,808,824</u> |
| Noncash transactions related to financing, capital and investing activities: | | | | | |
| Contributions of capital assets | \$ 10,380,677 | \$ 8,231,687 | \$ 1,212,461 | \$ 19,824,825 | \$ 141,572 |
| Issuance of developer contracts | - | 164,324 | - | 164,324 | - |
| Unrealized loss on investments | (1,033,973) | (1,358,637) | - | (2,392,610) | - |
| Interest receivable | 170,596 | 460,522 | - | 631,118 | - |

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

County of Chesterfield, Virginia
Statement of Fiduciary Net Position
June 30, 2021

| | Pension and Other Postemployment Benefits | |
|---|---|------------------------|
| | <u>Trust Funds</u> | <u>Custodial Funds</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 4,476,635 | \$ 46,899,595 |
| Accounts receivable | 55,232 | 137,812 |
| Due from other governments | - | 1,973,896 |
| Due from broker | 37,040 | - |
| Restricted assets: | | |
| Cash and cash equivalents | - | 15,314,126 |
| Investments | - | 2,000,000 |
| Cash, cash equivalents, and investments with trustee | - | 11,682,474 |
| Due from other governments | - | 2,132,600 |
| Interest receivable | - | 71 |
| Total restricted assets | - | 31,129,271 |
| Investments: | | |
| Mutual funds | 9,286,620 | - |
| Common and preferred stocks | 13,049,046 | - |
| Corporate bonds | 4,722,953 | - |
| Municipal bonds | 40,001 | - |
| U.S. government and agency securities | 4,403,971 | - |
| Exchange traded funds | 5,899,334 | - |
| Collateralized mortgage obligations | 184,641 | - |
| Fund of funds | 6,644,100 | - |
| Pooled funds | 84,454,017 | - |
| Total investments | 128,684,683 | - |
| Total assets | 133,253,590 | \$ 80,140,574 |
| LIABILITIES | | |
| Accounts payable | - | 929,264 |
| Wages and benefits | - | 694,856 |
| Unearned revenue | - | 341,200 |
| Due to broker | 2,707,000 | 2,000,000 |
| Due to Chesterfield County | - | 12,840 |
| Due to other governments | - | 5,561,077 |
| Total liabilities | 2,707,000 | 9,539,237 |
| FIDUCIARY NET POSITION | | |
| Restricted for: | | |
| Pension benefits | 46,092,558 | - |
| Other postemployment benefits | 84,454,032 | - |
| Individuals, other governments and entities | - | 70,601,337 |
| Total fiduciary net position | \$ 130,546,590 | \$ 70,601,337 |

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

County of Chesterfield, Virginia
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021

| | Pension and Other Postemployment Benefits | |
|--|---|------------------------|
| | <u>Trust Funds</u> | <u>Custodial Funds</u> |
| Additions: | | |
| Receipts: | | |
| Contributions - employer | \$ 29,816,550 | \$ - |
| Deposits received on behalf of others | - | 2,109,019 |
| Contributions from participating entities and other governments | - | 135,076,867 |
| Other | - | 519,028 |
| Investment earnings: | | |
| Interest and dividends | 1,548,814 | 123,861 |
| Net increase (decrease) in the fair value of investments | 26,368,816 | (257) |
| Total investment income | 27,917,630 | 123,604 |
| Less investment expenses | (259,826) | (5,745) |
| Net investment income | 27,657,804 | 117,859 |
| Total additions, net | 57,474,354 | 137,822,773 |
| Deductions: | | |
| Payments to beneficiaries and participating entities | 27,806,790 | 102,155,400 |
| General and administrative expenses | 85,900 | 409,808 |
| Other payments | - | 18,152 |
| Total deductions | 27,892,690 | 102,583,360 |
| Net increase in fiduciary net position | 29,581,664 | 35,239,413 |
| Fiduciary net position - July 1, 2020, restated | 100,964,926 | 35,361,924 |
| Fiduciary net position - June 30, 2021 | \$ 130,546,590 | \$ 70,601,337 |

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

County of Chesterfield, Virginia
Statement of Net Position
Discretely Presented Component Units
June 30, 2021

| | School Board | Non-major Component Units | Total Component Units |
|---|-------------------------|--|--------------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 25,822,404 | \$ 2,012,666 | \$ 27,835,070 |
| Investments | 12,712 | - | 12,712 |
| Receivables | 26,061,287 | - | 26,061,287 |
| Due from primary government | 70,889,192 | - | 70,889,192 |
| Inventories | 170,320 | - | 170,320 |
| Capital assets, not being depreciated | 172,763 | - | 172,763 |
| Other capital assets, net of depreciation | 72,804,614 | - | 72,804,614 |
| Total assets | <u>195,933,292</u> | <u>2,012,666</u> | <u>197,945,958</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 156,842,155 | - | 156,842,155 |
| Deferred outflows related to other postemployment benefits | 16,917,169 | - | 16,917,169 |
| Total deferred outflows of resources | <u>173,759,324</u> | <u>-</u> | <u>173,759,324</u> |
| LIABILITIES | | | |
| Accounts payable and other liabilities | 61,338,390 | 66,847 | 61,405,237 |
| Unearned revenues | 1,539,191 | - | 1,539,191 |
| Non-current liabilities: | | | |
| Due within one year | 4,988,991 | 713,528 | 5,702,519 |
| Due in more than one year | 828,598,993 | 8,373,693 | 836,972,686 |
| Total liabilities | <u>896,465,565</u> | <u>9,154,068</u> | <u>905,619,633</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | 52,541,480 | - | 52,541,480 |
| Deferred inflows related to other postemployment benefits | 36,030,254 | - | 36,030,254 |
| Total deferred inflows of resources | <u>88,571,734</u> | <u>-</u> | <u>88,571,734</u> |
| NET POSITION | | | |
| Net investment in capital assets | 71,037,030 | - | 71,037,030 |
| Restricted for grantor programs | 9,510,139 | - | 9,510,139 |
| Unrestricted (deficit) | (695,891,852) | (7,141,402) | (703,033,254) |
| Total net position (deficit) | <u>\$ (615,344,683)</u> | <u>\$ (7,141,402)</u> | <u>\$ (622,486,085)</u> |

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

County of Chesterfield, Virginia
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2021

| Functions/Programs | Program Revenues | | | | Net (Expenses) Revenues and Changes in Net Position | | |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|---|---------------------------|-------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | School Board | Non-major Component Units | Total Component Units |
| School Board | \$ 683,044,617 | \$ 2,339,761 | \$ 171,687,604 | \$ 28,714,000 | \$ (480,303,252) | \$ - | \$ (480,303,252) |
| Non-major Component Units | 539,786 | - | - | - | - | (539,786) | (539,786) |
| Total | <u>\$ 683,584,403</u> | <u>\$ 2,339,761</u> | <u>\$ 171,687,604</u> | <u>\$ 28,714,000</u> | <u>(480,303,252)</u> | <u>(539,786)</u> | <u>(480,843,038)</u> |
| General revenues: | | | | | | | |
| Payment from County of Chesterfield | | | | | 242,810,581 | 1,336,685 | 244,147,266 |
| Grants and contributions not restricted to specific programs | | | | | 268,380,947 | - | 268,380,947 |
| Investment earnings | | | | | 15,666 | 1,189 | 16,855 |
| Miscellaneous | | | | | 3,321,628 | - | 3,321,628 |
| Total general revenues | | | | | <u>514,528,822</u> | <u>1,337,874</u> | <u>515,866,696</u> |
| Change in net position (deficit) | | | | | 34,225,570 | 798,088 | 35,023,658 |
| Total net position (deficit) - July 1, 2020, restated | | | | | <u>(649,570,253)</u> | <u>(7,939,490)</u> | <u>(657,509,743)</u> |
| Total net position (deficit) - June 30, 2021 | | | | | <u>\$ (615,344,683)</u> | <u>\$ (7,141,402)</u> | <u>\$ (622,486,085)</u> |

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

1. Summary of Significant Accounting Policies

A. Reporting Entity

Primary Government - Chesterfield County, Virginia (County) is a political subdivision of the Commonwealth of Virginia (Commonwealth) governed by a five-member elected Board of Supervisors (County Board). The accompanying financial statements for the primary government and its component units are prepared in accordance with specifications issued by the Commonwealth's Auditor of Public Accounts (APA) and with accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB).

Blended Component Unit - The financial data of the County's component unit that meets the criteria for blending under GAAP is reported as a business-type activity in the financial statements of the County.

The Economic Development Authority of the County of Chesterfield (EDA), previously known as the Industrial Development Authority, was created as a political subdivision of the Commonwealth by the County, pursuant to the provisions of the Industrial Development and Revenue Bond Act, Chapter 49 of Title 15.2, Code of Virginia. This Act empowers the EDA, among other activities, to issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth. The County Board appoints the seven directors of the EDA. In addition, the County's General Fund provides financial support by making direct payments of substantially all of the debt service expenses of the EDA which fulfills the requirements for reporting the EDA as a blended component unit under GAAP. Separate and complete financial statements for the EDA may be obtained at Chesterfield County Economic Development Department, 9401 Courthouse Road, Centre Court - Suite B, Chesterfield, Virginia 23832.

Discretely Presented Component Units - The financial information of the County's component units that meet the criteria for inclusion under GAAP but do not meet the criteria for blending are reported in a single column/row on the face of the government-wide financial statements with combining statements of major and non-major component units as Exhibits XI and XII.

1. The Chesterfield County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four-year term. The members of the current School Board were elected in November 2019. The School Board functions independently of the County Board and County Administration, but is fiscally dependent, as it receives significant funding from the County. The nature and significance of the financial relationship between the County and the School Board is such that it would be misleading to exclude the School Board from the County's financial statements. The School Board does not publish a separate financial report; therefore, the fund financial statements of the School Board are included in the supplementary information section.
2. The Watkins Centre Community Development Authority (Watkins Centre CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District (District), a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County. Since the authority has fulfilled its responsibilities, the CDA was dissolved in FY2021. Final financial statements issued by the Watkins Centre CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.
3. The Chippenham Place Community Development Authority (Chippenham Place CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

15.2-5152 of the Code of Virginia. The Chippenham Place CDA funded public infrastructure improvements at the former Cloverleaf Mall site (Stonebridge) owned by the County. The improvements are part of a mixed-use development project that provides residential, retail and commercial office components. The County Board appoints the five members of the Chippenham Place CDA board and has pledged a tax increment of certain real property and sales taxes collected within the Chippenham Place CDA district as a revenue source for retiring debt issued by the Chippenham Place CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Chippenham Place CDA's behalf. Complete financial statements for the Chippenham Place CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. All non-fiduciary activities are categorized as either governmental or business-type in both the government-wide and fund statements. Fiduciary activities, whose resources are not available to finance the County's programs, are not included in the government-wide statements.

Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities and reflect a full economic resources measurement focus and the accrual basis of accounting. The Statement of Net Position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the governmental and business-type activities by columns. In the Statement of Activities, both the gross and net cost per individual function is reported for both governmental and business-type activities. Related program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by the function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of the function. The County does not allocate indirect expenses. Taxes and other revenues not restricted to a particular function are reported as general revenues.

In the fund financial statements, financial transactions and accounts are organized on the basis of funds. Fund financial statements consist of a series of statements that primarily focus on the information about the County's major governmental and enterprise funds. The governmental funds' financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary funds' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or custodial capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. Fiduciary funds are not reflected in the government-wide financial statements.

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Unearned revenues are a liability that represents amounts received where the exchange transaction has not been completed. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met and amounts are measurable, and as unearned revenue (liability) until all eligibility requirements are met. Federal and state funding for costs incurred as a result of natural disasters are recognized as revenue upon receipt of an executed grant agreement.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

measurable and available. Generally, revenues are considered available only if the monies are received within 45 days after the end of the accounting period and are due on or before the last day of the accounting period. Receipts from the Central Virginia Transportation Authority (CVTA) are an exception to the general 45 day practice as two months of receipts are accrued to align with the accrual period of the CVTA. Unavailable revenues are resource inflows that represent amounts earned, but which are not available to liquidate liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recorded when paid.

Real and personal property taxes are recorded as deferred inflows of resources when billed, net of allowances for uncollectible amounts. During the fiscal year, property tax collections are recorded as revenues and deferred inflows of resources is reduced. Property taxes for the current and prior years, not collected within 45 days after year-end, remain recorded as unavailable deferred inflows of resources in the fund statements. Property taxes levied in the current year to finance a subsequent year's budget are reported as deferred inflows of resources. Sales taxes, collected by the Commonwealth before year-end and subsequently remitted to the County and School Board, are recognized as revenues and receivables in the same year as collected by the Commonwealth.

Licenses and permits, fines and forfeitures, charges for services and miscellaneous revenues, except interest on temporary investments, are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded when earned since they are measurable and available.

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund and is used to account for all financial resources, except those required to be accounted for in another fund.

County Capital Projects Fund - The County Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities and other capital assets used for County operations (other than those financed by Proprietary Funds).

School Capital Projects Fund - The School Capital Projects Fund is used to account for financial resources used primarily for the acquisition, construction or renovation of major capital facilities and other capital assets used for school operations.

The non-major governmental funds of the County are:

Grants Fund - The Grants Fund accounts for the proceeds related to federal and state programs and special revenues that are restricted to expenditures for specific purposes.

Children's Services Fund - The Children's Services Fund is used to account for the financial resources related to providing child centered, family focused and locally based services for at-risk youth.

Stormwater Fund - The Stormwater Fund reflects revenues collected from stormwater utility fees and expenditures related to meeting the County's stormwater management program initiatives.

Mental Health Support Services Fund - The Mental Health Support Services Fund reflects the revenues and expenditures for providing mental health, developmental disabilities and substance abuse disorder services for children and adults in the County.

Jail Canteen Fund - The Jail Canteen Fund reflects commissions received from sales of snacks, toiletries, and the like. Commissions are used to fund expenses that benefit inmates within the facility.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Central Virginia Transportation Authority - Local - This fund was established to receive sales and vehicle fuel tax distributed by CVTA where use is restricted to funding approved transportation projects.

Proprietary Funds are used to account for the primary government's ongoing organizations and activities similar to those often found in the private sector. The County reports the following proprietary funds:

Enterprise Funds:

Water Fund - The Water Fund reflects the operations of the County's water treatment and distribution system and is reported as a major fund.

Wastewater Fund - The Wastewater Fund reflects the operations of the County's wastewater system and is reported as a major fund.

Economic Development Authority - The EDA is a blended component unit of the County whose economic development operations are reported as a non-major fund.

Airport Fund - The Airport Fund reflects the operation of the County's Airport and is reported as a non-major fund.

Internal Service Funds - Internal service funds are used to account for the operations of the vehicles and communications maintenance functions and general self-insurance functions. Resources to meet the cost of operations are derived from interfund charges on a cost-reimbursement basis.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the County government. All fiduciary funds, including custodial funds, use the accrual basis of accounting. The County reports the following fiduciary funds:

Trust Funds:

Supplemental Retirement Plan Pension Trust - County - This fund reflects the funds held in trust to pay benefits for the County's Supplemental Retirement Plan.

Pooled Postemployment Retiree Healthcare Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for healthcare benefits.

Pooled Postemployment Retiree Healthcare Benefits Trust - Schools - This fund reflects the funds held in trust to pay benefits for the School's OPEB plan for healthcare benefits.

Pooled Postemployment Line of Duty Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for line of duty benefits.

Custodial Funds:

Greater Richmond Convention Center Authority - This fund reflects the funds held by the County as fiscal agent for the Greater Richmond Convention Center Authority.

Special Welfare Fund - This fund reflects the receipt and disbursement of monies maintained in individual agency accounts for certain County welfare recipients.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Mental Health Support Services Social Security Administration Fund (MHSS SSA) - This fund reflects the receipt and disbursement of monies maintained for mental health clients receiving Social Security and other disability benefits.

Police Safekeeping Fund - This fund reflects the receipt and disbursement of monies held temporarily by the County upon police department seizure.

Inmate Trust Fund - This fund reflects prisoner monies held for inmates while held in County Jail.

Central Virginia Transportation Authority - This fund reflects the funds held by the County as fiscal agent for the Central Virginia Transportation Authority.

Appomattox Regional Governor's School for the Arts and Technology - This fund reflects the funds held by the County as fiscal agent for the Appomattox Regional Governor's School for the Arts and Technology.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements except for program-related services such as water and wastewater usage, inspections and permit issuances. Elimination of these program-related services would distort the direct costs and program revenues reported. Income and losses of internal service funds are allocated to governmental activities.

Amounts reported as program revenues include charges to customers for goods, services, or privileges provided, operating grants and contributions and capital grants and contributions. General revenues include all taxes, grants and contributions not restricted to specific programs and other revenues not meeting the definition of program revenues.

Operating revenues and expenses in the proprietary funds result from the provision of goods and services in connection with their principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges for services. Operating expenses for the enterprise and internal service funds include the cost of services, administrative expenses, contractual services and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Charges for water and wastewater services provided but not yet billed are recognized as revenues at year-end to the extent they can be estimated.

The connection fee charged to connect to the County's water and wastewater system consists of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation. In accordance with industry practice, capital recovery charges of \$19,486,237 and \$17,335,350 in fiscal year 2021 have been recorded as capital contributions in the Water and Wastewater Enterprise Funds, respectively, and the meter installation fees have been classified as charges for services in the Water Enterprise Fund.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity

1. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the County considers cash and all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, as cash and cash equivalents.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

2. Investment Policy

The reporting entity follows a deposit and investment policy in accordance with the Commonwealth's statutes. Investments with a maturity date of more than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost. Deposit and investment instruments include certificates of deposit, savings accounts, money market funds, Virginia State Non-Arbitrage Program (SNAP), bankers' acceptances, corporate notes, commercial paper, the Commonwealth of Virginia Local Government Investment Pool (LGIP), the Virginia Investment Pool Trust Fund (VIP) and United States (U.S.) government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Investment income is reported in the same fund that reports the investment.

3. Allowances for Uncollectibles

The reporting entity determines allowances for uncollectibles using historical collection data, specific account analysis and management's judgment.

4. Inventories

Inventories are valued at the lower of cost (first-in, first-out) or market for the Enterprise and Internal Service Funds of the primary government. In the School Board, textbook and furniture inventories are valued at the lower of cost (moving average) or market and are considered expended when used (consumption method). School Board instructional and custodial supplies inventories held for use are recorded as expenditures when acquired (purchases method).

5. Restricted Assets - Enterprise Funds

Certain assets of the Water, Wastewater, EDA and Airport Funds are classified as restricted assets on the Statement of Net Position - Proprietary Funds because their use is limited by revenue bond covenants.

6. Capacity Rights - Enterprise Funds

Capacity rights are recorded in the Water and Wastewater Funds. The County has entered into agreements with the City of Richmond, Virginia (City) and the Appomattox River Water Authority (ARWA) to purchase capacity rights to meet future water needs. The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, created the South Central Wastewater Authority to maintain wastewater treatment facilities and provide capacity for purchase by the participating jurisdictions.

Water and Wastewater capacity rights are amortized using the straight-line method over 50 years and are included in the net investment in capital assets category of net position.

7. Capital Assets

Capital assets include property, plant, equipment and infrastructure assets (e.g., roads, bridges, drainage systems and similar items). Generally, the standard for capitalization of tangible property is \$5,000 or more per unit with an expected useful life of greater than one year. The standard for capitalization of computer software is \$50,000 with an expected useful life of greater than one year. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets acquired for general governmental purposes are recorded as expenditures in the fund financial statements and reported at cost, net of accumulated depreciation, in the government-wide financial statements. Contributed capital assets are recorded at acquisition value at the time of receipt. Upon the sale or retirement of land, buildings and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

accounts and any resulting gain or loss is reflected in the results of operations in the government-wide financial statements.

Capital assets are reported in the business-type activities and proprietary funds at cost, net of accumulated depreciation. Contributed assets are valued at acquisition value at the date of receipt. When capital assets are sold or retired, their cost and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the results of operations.

Depreciation has been provided over estimated useful lives using the straight-line method. The estimated useful lives of capital assets are as follows:

| | |
|-----------------------------------|--------------|
| Buildings | 20-60 years |
| Improvements other than buildings | 8-25 years |
| Machinery and equipment: | |
| Transmission lines and mains | 35-50 years |
| Other | 3-20 years |
| Infrastructure: | |
| Drainage systems | 25-100 years |

Depreciation of all exhaustible capital assets used by the County is charged as an expense in the Statement of Activities and accumulated depreciation is reported in the Statement of Net Position. The Proprietary Funds also record depreciation and accumulated depreciation in their fund based statements.

8. 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, amounts related to pensions and amounts related to other postemployment benefits (OPEB) in the government-wide Statement of Net Position. 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 amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension/OPEB trust investment returns that exceed projected earnings, change in the proportionate share of total VRS Teachers' Pool liability and VRS OPEB programs, actual economic experience that is different than estimated, and pension/OPEB contributions made subsequent to the measurement date. Deferred outflows of resources for contributions made subsequent to the measurement date are expensed in the next fiscal year. Deferred outflows related to investment experience are amortized over a closed five-year period. All other deferred outflows of resources are amortized over the remaining service life of all plan participants, including retirees whose remaining service life is zero.

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. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in expected and actual experience, investment results, changes in actuarial assumptions and changes in proportionate share are deferred and amortized. Changes in deferred inflows of resources are amortized 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.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

9. Compensated Absences

County and School Board employees are granted vacation pay, based on length of service, in varying amounts, as the services are provided. School Board employees are also granted personal leave. Employees may accumulate unused vacation and/or personal leave earned, subject to certain limitations. Upon retirement, termination or death, employees may be compensated for certain amounts at their current rates of pay. Employees may accumulate an unlimited amount of earned but unused sick leave benefit, which is forfeited upon separation from service, except when separation is caused by retirement. Upon retirement, County employees enrolled in the traditional leave plan who retire with five or more years of full-time service and who are eligible for Virginia Retirement System (VRS) benefits upon retirement, will receive cash compensation for any unused sick leave balance at a rate of \$2 per hour. Upon retirement, County employees enrolled in the paid time off (PTO) plan who retire with five or more years of full-time service and who are eligible for VRS benefits upon retirement, will receive cash compensation for any unused sick leave reserve balance at a rate of \$4 per hour.

Upon retirement, School Board employees receive compensation for unused sick days based on years of consecutive employment with Chesterfield County Schools per the following schedule:

| <u>Years of Employment</u> | <u>Daily Compensation</u> | <u>Maximum</u> |
|--------------------------------|-------------------------------|----------------|
| 0-14 | \$30 | \$4,000 |
| 15-24 | 30 | - |
| 25-29 | 40 | - |
| 30+ | 50 | - |

The cost of accumulated vacation and sick leave pay is accounted for as a liability in the government-wide financial statements and proprietary fund type statements.

10. Retirement Plans

For purposes of measuring retirement plan net pension liabilities, 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 (VRS Local Plans) and teachers' cost-sharing plan (VRS Teachers' Pool) and the additions to or deductions from the VRS Plan's net fiduciary position are determined on the same basis as reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms for modified accrual reporting purposes but may be deferred to match the measurement period for each retirement plan in the government-wide statements. Investments are reported at fair value. Retirement plan contributions are actuarially determined for the County and School Board component unit supplemental retirement plans.

11. Other Postemployment Benefits Plans

Other postemployment benefits plan contributions are actuarially determined for the retiree healthcare and line of duty plans. The County and School Board component unit's policies are to pay premiums and make contributions to irrevocable trusts that, in total, are at least equal to actuarially determined contributions for the retiree healthcare plans. The County's policy is to pay premiums and make contributions to an irrevocable trust that, in total, are at least equal to actuarially determined contributions for the line of duty plan. For purposes of measuring OPEB plan net liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trust plans and the additions to or deductions from the OPEB Trust Plans net fiduciary position are determined by an annual actuarial valuation. Investments are reported at fair value.

For purposes of measuring OPEB plan net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

position of the VRS Group Life Insurance Plan (GLI) and cost-sharing Teacher Health Insurance Credit Plan (HIC) and the additions to or deductions from the VRS Plans' net fiduciary position are determined on the same basis as reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms for modified accrual reporting purposes but may be deferred to match the measurement period for each retirement plan in the government-wide statements. Investments are reported at fair value.

12. Long-term Obligations

The reporting entity has no legal debt margin requirement and there are no jurisdictions with overlapping general obligation debt incurring powers. Any issue of general obligation bonded debt must be approved by a voting majority of the qualified voters. Virginia Public School Authority (VPSA) bonds, Virginia Resource Authority bonds, direct bank borrowing, revenue bonds and other forms of capital lease debt may be issued by the adoption of a resolution by the County Board. Revenue bonds issued by a community development authority shall not be deemed to constitute a debt, liability or obligation of the County.

In the basic financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method. Bonds payable are reported net of the unamortized bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Payments to an escrow agent to defease debt is reported as other financing uses while issuance costs and repayments of principal and interest are reported as debt service expenditures. Matured principal and interest payments are reported when due.

13. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenditures/expenses and disclosure of contingent assets and liabilities for the reported periods. Actual results could differ from those estimates.

E. New Accounting Pronouncements

In fiscal year 2021, the County implemented GASB Statement No. 84 (GASB 84), "Fiduciary Activities". This Statement establishes criteria for identifying and reporting fiduciary activities. The County reviewed its fiduciary activities and certain funds were reclassified as special revenue funds or custodial funds. These fund reclassifications resulted in the restatement of the County's financial statements as follows:

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|-------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total | School Board |
| Government-wide restatement: | | | | |
| Net position - July 1, 2020 | \$ 1,120,571,788 | \$ 1,321,533,978 | \$ 2,442,105,766 | \$ (656,576,999) |
| Non-major Jail Canteen Fund | 214,426 | - | 214,426 | |
| Non-major School Activity Funds | - | - | - | 7,006,746 |
| Net position - July 1, 2020, restated | <u>\$ 1,120,786,214</u> | <u>\$ 1,321,533,978</u> | <u>\$ 2,442,320,192</u> | <u>(649,570,253)</u> |
| Non-major Component Units - not requiring restatement | | | | (7,939,490) |
| Total net position - July 1, 2020, restated | | | | <u>\$ (657,509,743)</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| | General | County Capital Projects | School Capital Projects | Other Governmental Funds | Total |
|--|-----------------------|-------------------------------|-------------------------------|--------------------------------|-----------------------|
| Governmental Funds: | | | | | |
| Total fund balances - July 1, 2020 | \$ 439,343,726 | \$ 148,717,776 | \$ 63,184,331 | \$ 33,908,974 | \$ 685,154,807 |
| Non-major Jail Canteen Fund | - | - | - | 214,426 | 214,426 |
| Total fund balances - July 1, 2020, restated | <u>\$ 439,343,726</u> | <u>\$ 148,717,776</u> | <u>\$ 63,184,331</u> | <u>\$ 34,123,400</u> | <u>\$ 685,369,233</u> |

| | <u>Custodial Funds</u> |
|--|------------------------|
| Total custodial fund net position - July 1, 2020 | \$ - |
| Greater Richmond Convention Center Authority | 30,303,926 |
| Special Welfare | 28,227 |
| MHSS SSA | 146,465 |
| Police Safekeeping | 3,532,460 |
| Inmate Trust | 15,400 |
| Appomattox Regional Governor's School | <u>1,335,446</u> |
| Total custodial fund net position - July 1, 2020, restated | <u>\$ 35,361,924</u> |

The County also implemented GASB Statement No. 98 (GASB 98), "The Annual Comprehensive Financial Report". This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. The new term and acronym replace *comprehensive annual financial report* and *CAFR* in generally accepted accounting principles for state and local governments. References to other entities' documents utilize the name that was in place at the time the document was published.

2. Stewardship, Compliance, and Accountability

A. Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- ◆ Prior to budget submission, department directors develop departmental performance plans, which include items such as objectives, performance measures, initiatives and work plans for the coming year.
- ◆ In early fall, the School Board and County departments receive an expenditure target. Budgets are prepared with work plans consistent with the resources available.
- ◆ Departments submit budgets and work plans to the County Administrator for review in December and January. The County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to inform them on details of the budget.
- ◆ No later than March 1, the School Board submits its approved budget to the County Administrator.
- ◆ Prior to April 1, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenues for financing them.
- ◆ A public hearing is conducted in March to obtain taxpayer comments on the proposed budget. Constituent meetings are also held around the County to provide information to citizens and to receive community input on the County Administrator's proposed budget.
- ◆ Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated July 1 generally at the function level for the General Fund, at the fund level for the Children's Services Fund, and at the major expenditure category for the School Operating Fund of the School Board

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

component unit, through passage of an appropriation resolution. The resolution establishes the levels of control at which expenditures may not legally exceed appropriation. The expenditure categories for the School Operating Fund are: instruction, administration, pupil transportation, operations and maintenance, technology, food service and debt service.

- ◆ Appropriations for the General Fund, Stormwater Fund operations, Mental Health Fund, Children's Services Fund, CVTA Fund, School Operating Fund, Internal Service Funds, and Enterprise Funds lapse at fiscal year-end. Appropriations for Capital Project funds, Grant funds and Stormwater Fund capital projects are continued until the completion of the applicable project or grant, even when the project or grant extends beyond the end of the fiscal year. Expenditures from the Jail Canteen Fund are directed by the Sheriff and do not require budgetary approval by the County Board.
- ◆ Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are legally adopted annually for the County's General Fund, the Children's Services Fund, Stormwater Fund, Mental Health Fund, CVTA Fund and the School Operating Fund. The appropriations resolution specifies that Trust and Custodial Fund disbursements must be for the purpose for which the fund was established.
- ◆ A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the School Capital Projects Fund, projects are appropriated as funds become available on a fiscal year basis. The appropriations resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the Grants Fund and County Capital Projects Fund and at the total appropriation level in the School Capital Projects Fund.
- ◆ Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by the County Board, School Board, County Administrator or the School Superintendent. The statements include an explanation of differences between actual amounts on the budgetary basis and GAAP basis.
- ◆ The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, and up to \$50,000 between appropriation categories. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, refunds or reimbursements made to the County for which the County has expended funds directly related to that refund or reimbursement and other revenues not to exceed \$50,000; (2) appropriate funds from asset forfeiture accounts consistent with spending requirements; (3) increase the General Fund appropriation to the School Board, contingent upon available funds and consideration of other expenditures up to \$9.0 million; (4) transfer funds to departments for workers' compensation, supplemental retirement, healthcare for retirees and other compensation related costs as well as for transfers to cover energy/fuel costs; (5) reallocate funding sources for specific programs, and; (6) within the healthcare fund may appropriate use of reserves, interest earnings, and additional employee or employer contributions in any amount to pay claims, deductibles, settlements, and any cost associated with healthcare. Otherwise, the County Board must approve amendments that increase the total appropriation of any function level. During the year, the County Board approved several amendments to the various appropriations. The County is required to hold a public hearing for any single amendment that exceeds 1% of the County's currently adopted budget.
- ◆ The Superintendent and/or School Board have the authority to make transfer amendments within major appropriation categories in the school budget. The Superintendent and/or School Board are authorized to approve amendments in the school budget that cross major appropriation categories up to \$499,999. Any amendment that crosses major appropriation categories in excess of

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

\$499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries, reimbursements and other revenue of the School Board for amounts up to \$50,000.

B. Fund balances

1. Primary Government

The County Board has adopted policies that provide a framework for the County's overall fiscal planning and management. The County's unassigned General Fund balance has been built over the years to provide the County with sufficient working capital to finance unforeseen emergencies without short-term borrowing. The County is dedicated to maintaining a diversified and stable revenue system to shelter the government from fluctuations in any single revenue source and to ensure its ability to provide ongoing services. The County's policy is to fund current expenditures with current revenues. If it becomes necessary to fund current expenditures with fund balance and the County Board has not specified use of committed or unassigned resources, assigned fund balance is used when available within the same spending category.

The County, in accordance with GAAP, categorizes its governmental-type fund balances using the following guidance:

Nonspendable fund balance - Nonspendable funds are resources not in spendable form or that are legally required to remain intact.

Restricted fund balance - Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or imposed by law (constitutionally or enabling legislation).

Committed fund balance - The County's committed fund balance requires expressed formal action of the County Board by a resolution that identifies the specific circumstances under which resources can be expended. Committed fund balance can only be modified by action of the County Board.

Assigned fund balance - Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed but are constrained by the County's plans, or intent, to use amounts for specific purposes. Actions taken by a majority vote of the County Board typically provides the County Administrator with the level of administrative authority required to fulfill the County Board's intent for each action.

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. Only the General Fund can report a positive unassigned fund balance. The County Board has established a minimum fund balance policy, which is the ratio of unassigned General Fund balance to General Fund expenditures. The County's minimum unassigned fund balance target is 8.0% with a floor of 6.0% for fiscal year 2021.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The County had the following classifications of fund balances at June 30, 2021:

| | General Fund | County Capital Projects Fund | School Capital Projects Fund | Other Governmental Funds | Totals |
|---|-----------------------|------------------------------------|------------------------------------|--------------------------------|-----------------------|
| Restricted for: | | | | | |
| General government | \$ 196,525 | \$ 1,817,850 | \$ - | \$ - | \$ 2,014,375 |
| Public, education and government access | 8,067,747 | - | - | - | 8,067,747 |
| Administration of justice | 566,554 | - | - | - | 566,554 |
| Public safety | 44,225 | 46,383,453 | - | 668,253 | 47,095,931 |
| Law enforcement | 2,575,490 | - | - | - | 2,575,490 |
| Public works | 560,847 | 78,247,827 | - | 19,895,168 | 98,703,842 |
| Stormwater management facility | 892,581 | - | - | - | 892,581 |
| Health and welfare | 22,417 | - | - | 918,590 | 941,007 |
| Chesapeake Bay Watershed/TMDL | - | - | - | 12,802,706 | 12,802,706 |
| Parks, recreation and cultural | 29,484 | 29,131,453 | - | 275,164 | 29,436,101 |
| Education - School Board | - | 849,086 | 99,928,717 | - | 100,777,803 |
| Economic development | 1,968,377 | 500,234 | - | 81,981 | 2,550,592 |
| Tax increment financing and special assessments | 9,900,810 | - | - | - | 9,900,810 |
| Debt service | 456,292 | 1,896,658 | 5,627,222 | - | 7,980,172 |
| Total restricted | <u>25,281,349</u> | <u>158,826,561</u> | <u>105,555,939</u> | <u>34,641,862</u> | <u>324,305,711</u> |
| Committed to: | | | | | |
| Community contracts | 12,122 | - | - | - | 12,122 |
| District improvement funds | 315,008 | - | - | - | 315,008 |
| Economic development | 287,727 | - | - | - | 287,727 |
| Public works | 1,318,844 | - | - | - | 1,318,844 |
| Total committed | <u>1,933,701</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,933,701</u> |
| Assigned to: | | | | | |
| General government | 1,026,887 | - | - | - | 1,026,887 |
| Personal property tax relief | 2,300,000 | - | - | - | 2,300,000 |
| Telecommunications | 1,058,073 | - | - | - | 1,058,073 |
| Workers compensation | 2,400,000 | - | - | - | 2,400,000 |
| Administration of justice | 31,464 | - | - | - | 31,464 |
| Public safety | 3,094,854 | - | - | 8,113,303 | 11,208,157 |
| Public safety compensation plan | 11,500,000 | - | - | - | 11,500,000 |
| Fire apparatus | 501,550 | - | - | - | 501,550 |
| Local match for grants | 729,934 | - | - | - | 729,934 |
| Police vehicles | 200,537 | - | - | - | 200,537 |
| Public works | 3,211,727 | - | - | - | 3,211,727 |
| Road construction | 16,441,469 | - | - | - | 16,441,469 |
| Motor vehicle registration fees for transportation | 2,863,681 | - | - | - | 2,863,681 |
| Health and welfare | 263,717 | - | - | 16,178,956 | 16,442,673 |
| Parks, recreation and cultural | 638,087 | - | - | - | 638,087 |
| Economic development | 21,725,301 | - | - | - | 21,725,301 |
| Airport | 2,648,695 | - | - | - | 2,648,695 |
| Construction | 108,883,283 | - | - | - | 108,883,283 |
| Debt service | 9,567,193 | - | - | - | 9,567,193 |
| Chesapeake Bay Watershed/TMDL | 3,511,619 | - | - | - | 3,511,619 |
| Fiscal year 2022 adopted budget | 19,625,000 | - | - | - | 19,625,000 |
| Future capital projects | 2,659,685 | - | - | - | 2,659,685 |
| Future revenue shortfall - County | 205,790,896 | - | - | - | 205,790,896 |
| Future revenue shortfall - Schools | 30,429,102 | - | - | - | 30,429,102 |
| Education - School construction | 1,500,212 | - | - | - | 1,500,212 |
| Education - School debt service | 3,622,599 | - | - | - | 3,622,599 |
| Total assigned | <u>456,225,565</u> | <u>-</u> | <u>-</u> | <u>24,292,259</u> | <u>480,517,824</u> |
| Unassigned | <u>64,800,400</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>64,800,400</u> |
| Total fund balances | <u>\$ 548,241,015</u> | <u>\$ 158,826,561</u> | <u>\$ 105,555,939</u> | <u>\$ 58,934,121</u> | <u>\$ 871,557,636</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

2. Component Unit - School Board

The School Board has adopted policies that provide a framework for the school system's overall fiscal planning and management in order to ensure its ability to provide ongoing services. Since the School Board relies primarily on funds from other governments, fluctuations in these revenue sources are offset by County resources. It is the School Board's policy to fund current expenditures with current revenues. Therefore, the School Board has no unassigned fund balance since it is fiscally dependent on County resources.

The School Board, in accordance with GAAP, categorizes its fund balances using the following guidance:

Nonspendable fund balance - Nonspendable funds are resources not in spendable form or are legally required to remain intact.

Restricted fund balance - Restricted funds are either externally imposed (such as by debt covenants, grantor requirements or other governments) or are imposed by law (constitutionally or enabling legislation).

Committed fund balance - Committed fund balance requires expressed formal action of the School Board and then by the County Board by a resolution that identifies the specific circumstances under which resources can be expended. The School Board can only modify the specified use of commitments with County approval by resolution. At June 30, 2021, the School Board had no committed fund balance.

Assigned fund balance - Assigned fund balance amounts do not meet the criteria to be classified as either restricted or committed, but are constrained by the School Board's plans, or intent, to use amounts for specific purposes. Intent is stipulated by either adoption or consent actions taken by a majority vote of the County Board whereby the School Board is then provided with various levels of administrative authority by each County Board action.

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. At June 30, 2021, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2021:

Component Unit - School Board

| | |
|--|----------------------|
| Nonspendable: | |
| Inventories | \$ 170,320 |
| Restricted for: | |
| Instruction | 45,798 |
| Food service | 9,464,341 |
| Total restricted | <u>9,510,139</u> |
| Assigned to: | |
| Instruction | 6,776,890 |
| Administration, attendance and health | 473,681 |
| Transportation | 2,351,664 |
| Operations, construction and maintenance | 32,355,408 |
| Technology | 1,829,961 |
| Food service | 812,409 |
| School activity funds | 5,806,069 |
| Total assigned | <u>50,406,082</u> |
| Total fund balances | <u>\$ 60,086,541</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

3. Significant Transactions of the County and Component Units

A. School Board

There are some transactions between the County and School Board component unit that are explained here in detail to provide a more informed understanding of the operational relationship of the two entities and how such transactions are presented in the financial statements:

- 1) The School Board can neither levy taxes nor incur debt under Virginia law. Therefore, the County issues debt "on behalf" of the School Board. The debt obligation is recorded as a liability of the County's governmental activities. Proceeds from general obligation debt issued "on behalf" of the School Board are reported in the School Capital Projects Fund, a major fund of the primary government, and used to pay for school capital expenditures. Proceeds from lease purchase debt for vehicles and equipment owned by the School Board is debt of the School Board, which is reported in the School Operating Fund.
- 2) The County's charter states that title to all real property of the school system shall be vested in the County. The purchase and/or construction of School Board real property is accounted for in the School Capital Projects Fund, which is reported as a major fund of the primary government. The capital assets are reported in the governmental activities of the County. Depreciation and accumulated depreciation related to School Board real property are reported in the County's governmental activities within the appropriate government-wide statement. Operational and maintenance costs related to School Board real property are reported by the School Board.
- 3) The primary government's budgeting process provides funding to the School Board component unit for debt service payments. The School Board is responsible for appropriating debt service payments for debt issued by the primary government on its behalf. These transactions are reported as transfers on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and as transfers and debt service payments on the School Board's Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. GAAP requires that debt issued "on behalf" of the School Board and related debt service payments be reported by the primary government for financial reporting purposes. Therefore, School Board debt service payments for "on behalf" debt are eliminated in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Fund. The primary government eliminates budgetary transfers for these "on behalf" debt service payments for financial reporting purposes in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.

B. Economic Development Authority

1. Primary Government

As needed, the EDA serves as a conduit debt issuer for the County. Conduit debt issued on behalf of the County by the EDA is reported as debt for governmental activities of the County.

On January 27, 2005, the EDA issued Variable Rate Revenue Bonds, Series 2005A, and Variable Rate Revenue Bonds, Taxable Series 2005B, in the amounts of \$6,490,000 and \$11,630,000, respectively. These bonds were issued to finance the acquisition of real property for the development of the Meadowville Technology Park and to finance certain infrastructure improvements within the Park. On October 14, 2010, the EDA issued \$8,345,000 in Taxable Recovery Zone Economic Development Bonds, Series 2010B, to finance a portion of the costs of the acquisition of real property for an interchange with Interstate I-295 and the construction of such interchange connecting Meadowville Technology Park with Interstate I-295. In September 2020, these bonds were refinanced with Revenue Refunding Bond, Series 2020C and 2020D, in the amounts of \$5,659,000 and \$2,611,000, respectively. Debt service related to these revenue bonds is payable solely from support payments made by the County, pursuant to a support agreement, dated September 20, 2020, between the EDA and the County.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

On May 30, 2019, the EDA issued Tax-Exempt Revenue Bond (Watkins Sewer Project), Series 2019, as conduit for the County in the amount of \$15,000,000. The Series 2019 Bond proceeds are to be used to finance sewer line improvements in the County. The EDA maintains the bond proceeds and makes payments for the costs of the project on behalf of the County. These bonds are reported as debt of the County and is considered conduit debt by the EDA. At June 30, 2021, the EDA reported a restricted cash balance of \$14,014,389 and a liability to the County of \$13,982,201.

The primary government's budgeting process provides funding to the EDA component unit for debt service payments. GAAP requires that component units where the primary government pays substantially all of the debt service on behalf of the component unit be reported as a blended component unit. Payments received by the EDA for debt service are eliminated in the Combining Statement of Revenues, Expenditures and Changes Net Position - Non-major Enterprise Funds.

2. Chippenham Place Community Development Authority

On October 1, 2011, the EDA entered into a Financing Agreement with the Chippenham Place CDA. In accordance with the Financing Agreement, the EDA issued a Tax-Exempt Revenue Note in an amount up to \$8 million and provided the proceeds of the Note to the Chippenham Place CDA to finance the infrastructure improvements at the former Cloverleaf Mall site. The outstanding amount of the Special Assessment Revenue Note, Series 2011, at December 1, 2014 was \$6,670,000. On December 1, 2014, the EDA entered into a new Financing Agreement with the CDA. In accordance with the new Financing Agreement, the EDA issued a Tax-Exempt Revenue Note, Series 2014B, in an amount of \$12,577,548, the proceeds of which were used to pay the outstanding balance of the Special Assessment Revenue Note, Series 2011; reimburse the County for infrastructure improvements; and pay the costs of issuing the Note. On May 1, 2017, the EDA entered into a new Financing Agreement with the Chippenham Place CDA. In accordance with the new Financing Agreement, the EDA issued a Special Assessment Revenue Note, Series 2017, in an amount of \$11,774,028, the proceeds of which were used to pay the outstanding principal balance and interest on the EDA's Note solely from the revenues and other property pledged to the payment of this Note. The Note is a limited obligation of the Authority secured by pledged revenues consisting of incremental tax and special assessment revenues collected by the County and it is not an obligation of the County. The Note will be repaid with the incremental tax revenues and, to the extent incremental tax revenues are not sufficient, special assessment revenues. The County intends to make annual appropriations of incremental and special assessment taxes sufficient to cover the Chippenham Place CDA's required annual debt service. The balance of the Note is included in Due from Chippenham Place CDA on the Statement of Net Position of the EDA's separately issued statements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

4. Deposits and Investments

A. Primary Government:

As of June 30, 2021, the carrying value of the County's deposits and investments, excluding Trust Funds, but including Custodial Funds, with their respective credit ratings, was as follows:

| Asset Type | Credit Quality Rating | | | | | |
|---------------------------------------|-------------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|
| | Fair Value | AAA/AAAm | AA | A1 | Aa | N/A |
| Demand deposits | \$ 146,160,276 | \$ - | \$ - | \$ - | \$ - | \$146,160,276 |
| LGIP | 147,365,897 | 147,365,897 | - | - | - | - |
| VIP Stable NAV Liquidity Pool | 319,848,540 | 319,848,540 | - | - | - | - |
| SNAP | 238,336,984 | 238,336,984 | - | - | - | - |
| VIP 1 - 3 Year High Quality Bond Fund | 65,068,820 | - | 65,068,820 | - | - | - |
| Negotiable certificate of deposit | 65,016,533 | - | - | 65,016,533 | - | - |
| Corporate notes | 496,385,236 | 10,327,620 | 347,617,774 | - | 138,439,842 | - |
| Municipal bonds | 8,642,423 | - | 5,643,669 | - | 2,998,754 | - |
| Federal Home Loan Bank | 16,928,635 | - | 16,928,635 | - | - | - |
| Federal Farm Credit Bank | 95,781,029 | - | 95,781,029 | - | - | - |
| Total | <u>\$ 1,599,534,373</u> | <u>\$ 715,879,041</u> | <u>\$ 531,039,927</u> | <u>\$ 65,016,533</u> | <u>\$ 141,438,596</u> | <u>\$ 146,160,276</u> |

All credit ratings in the above table are ratings by Standard and Poor's, except for the Aa rating from Moody's Investors Service. Deposits and investments not exposed to credit quality risk, as defined by GAAP, are designated as "N/A" in the credit rating column in the above table.

Credit Risk:

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (Policy) permits investments in U.S. Government obligations; obligations of the Commonwealth of Virginia or political subdivisions thereof; certain obligations of other states; bonds and other obligations issued, guaranteed or assumed by the International Bank for Reconstruction and Development by the Asian Development Bank and the African Development Bank; and certain prime quality commercial paper, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, high quality corporate notes, open-end investment funds and qualified investment pools, including the LGIP, SNAP and VIP.

The Virginia Security for Public Deposits Act requires financial institutions holding public deposits in excess of amounts covered by federal insurance to pledge collateral to a pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the requirements of the Act and for notifying local governments of compliance by banks and savings and loans. If the value of the pool's collateral is inadequate to cover a loss, additional amounts would be assessed on a pro rata basis to the members of the pool. Accordingly, all deposits in banks and savings and loans are considered to be insured.

The LGIP is an externally managed investment pool that is not registered with the Securities Exchange Commission but is managed in accordance with GAAP. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The LGIP values portfolio securities by the amortized cost method and on a weekly basis this valuation is compared to current market value to monitor any variance. The fair value of the County's position in the pool is the same as the value of the pool shares. Redemptions from the LGIP can be made on any banking day.

The VIP is a Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP is governed by a Board of Trustees. The VIP is committed to managing certain risk limiting provisions of the VIP Stable NAV Liquidity Pool to maintain a stable net asset

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

value (NAV) at \$1 per share, daily liquidity and a competitive yield. The VIP 1 - 3 Year High Quality Bond Fund is designed for funds that can be invested generally for one year or longer. This fund incorporates a diversified portfolio of security types authorized by the Code of Virginia and its returns are benchmarked against the ICE Bank of America Merrill Lynch 1 - 3 Year AAA/AA Corporate & Government Index. The VIP Stable NAV Liquidity Pool reports the fair value of investments, which approximates amortized costs, to its participants. The VIP 1 - 3 Year High Quality Bond Fund is a fluctuating NAV fund that is measured at fair value for financial reporting purposes. The County reports the VIP Stable NAV Liquidity Pool at amortized cost and the VIP 1 - 3 Year High Quality Bond Fund at fair value, as provided by the VIP trustee.

To ensure compliance with the restrictions and requirements created by the Federal Tax Reform Act of 1986 for general obligation tax-exempt bonds issued, the bond proceeds are invested with SNAP. SNAP was originally established as a professionally managed money market/mutual fund program to provide local governments with a method of pooling general obligation and note proceeds for temporary investment. SNAP assists issuing officials in complying with the arbitrage rebate requirements of the Internal Revenue Code of 1986 and the pool invests only in those investments permitted by Virginia statutes. On October 27, 2016, the SNAP Fund was established as a local government investment pool that is not registered as an investment company with the Securities Exchange Commission. The SNAP Fund values portfolio securities by the amortized cost method in accordance with GAAP and periodically monitors the relationship between the amortized cost value per share and the net asset value per share based upon available indications of market value and takes corrective action, if required, to minimize any material dilution or other unfair results which might arise from differences between amortized cost and NAV value. The fair value of the County's position in the pool is the same as the value of the pool shares. Redemptions from the LGIP can be made on any banking day.

The Policy establishes limitations by type of instrument. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each security is as follows:

| | |
|--|--------------|
| Certificates of deposit – commercial banks | 100% maximum |
| Commercial paper | 35% maximum |
| Corporate notes | 100% maximum |
| Municipal bonds | 100% maximum |
| LGIP | 100% maximum |
| Money market funds | 75% maximum |
| Repurchase agreements | 100% maximum |
| VIP | 100% maximum |
| U. S. Treasuries | 100% maximum |
| U. S. Government agency securities and instruments of government sponsored organizations | 100% maximum |

As required by state statute, the 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, Fitch Investor's Service and Duff and Phelps, Inc. Negotiable certificates of deposit and bank deposit notes must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service for maturities of one year or less, and a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service for maturities over one year and not exceeding five years. High quality corporate notes must be rated at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service with maturities of no more than five years.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2021, \$9,419,722 of the \$146,160,276 in demand deposits was uninsured and uncollateralized.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Concentration of Credit Risk:

The Policy establishes limitations on total portfolio composition by institution in order to control concentration of credit risk as follows:

| | |
|---|--------------|
| Money market funds | 10% maximum |
| Corporate notes | 15% maximum |
| Repurchase agreements | 15% maximum |
| Commercial paper | 25% maximum |
| Certificate of deposit - commercial banks | 45% maximum |
| LGIP | 100% maximum |
| VIP | 100% maximum |
| U. S. Treasuries and agencies | 100% maximum |
| Commercial paper per issue | 5% maximum |

As of June 30, 2021, the portion of the County's portfolio, excluding demand deposits and SNAP, that represents 5% or more of the total portfolio is as follows:

| <u>Issuer</u> | <u>% of Portfolio</u> |
|---------------------------------------|------------------------------|
| Corporate notes | 40.9% |
| VIP Stable NAV Liquidity Pool | 26.3% |
| LGIP | 12.1% |
| Federal Farm Credit Bank | 7.9% |
| VIP 1 - 3 Year High Quality Bond Fund | 5.4% |
| Negotiable certificate of deposit | 5.4% |

Interest Rate Risk:

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than 2.5 years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

As of June 30, 2021, the County had the following pooled deposits and investments:

| Asset Type | Fair Value/NAV | Investment Maturity | | | |
|---------------------------------------|-------------------------|----------------------------|-----------------------|-----------------------|----------------------|
| | | Less than 1 Year | 1 - 2 Years | 2 - 3 Years | 3 - 4 Years |
| LGIP | \$ 147,365,897 | \$ 147,365,897 | \$ - | \$ - | \$ - |
| VIP Stable NAV Liquidity Pool | 319,848,540 | 319,848,540 | - | - | - |
| SNAP | 238,336,984 | 238,336,984 | - | - | - |
| VIP 1 - 3 Year High Quality Bond Fund | 65,068,820 | - | 65,068,820 (a) | - | - |
| Negotiable certificate of deposit | 65,016,533 | 65,016,533 | - | - | - |
| Corporate notes | 496,385,236 | 66,930,239 (b) | 181,021,275 | 196,365,812 (c) | 52,067,910 (d) |
| Municipal bonds | 8,642,423 | - | 6,759,613 | - | 1,882,810 |
| Federal Home Loan Bank | 16,928,635 | - | - | 11,975,280 (e) | 4,953,355 (f) |
| Federal Farm Credit Bank | 95,781,029 | - | 19,962,050 (g) | 70,876,659 (h) | 4,942,320 (i) |
| Total | \$ 1,453,374,097 | \$ 837,498,193 | \$ 272,811,758 | \$ 279,217,751 | \$ 63,846,395 |

(a) The weighted average effective duration for this investment is 1.83 years.

(b) \$5,081,985 of these bonds have a call date of April 1, 2022.

(c) \$47,619,295 of these bonds have call dates from July 1, 2021 to March 11, 2024.

(d) \$36,834,445 of these bonds have call dates of June 24, 2024 to October 07, 2024.

(e) These bonds have call dates from October 22, 2021 to December 22, 2021.

(f) This bond has a call date of August 18, 2021.

(g) These bonds have call dates from August 18, 2021 to September 22, 2021.

(h) These bonds have call dates from July 1, 2021 to January 11, 2022.

(i) This bond has a call date of August 18, 2021.

Fair Value Hierarchy:

The County's portfolio categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the 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 significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs). The County's portfolio has the following recurring fair value measurements for debt securities as of June 30, 2021:

| Investments by fair value - Level 2 | Fair Value |
|--|-----------------------|
| Negotiable certificates of deposit | \$ 65,016,533 |
| Corporate notes | 496,385,236 |
| Municipal bonds | 8,642,423 |
| Federal Home Loan Bank | 16,928,635 |
| Federal Farm Credit Bank | 95,781,029 |
| Total investments by fair value - Level 2 | \$ 682,753,856 |

Investments measured at the net asset value (NAV)

| | |
|---------------------------------------|---------------|
| VIP 1 - 3 Year High Quality Bond Fund | \$ 65,068,820 |
|---------------------------------------|---------------|

The VIP 1 - 3 Year Bond Fund (Portfolio) is a fixed income investment portfolio designed to provide a pooled investment alternative with an investment horizon greater than that of money market instruments, typically one year or longer. The Portfolio measures its returns against the ICE Bank of America Merrill Lynch 1 - 3 Year AAA/AA U. S. Corporate and Government Index and aims to exceed the return of the benchmark over three-year periods while preserving participant capital. The Portfolio is managed as a variable NAV pool. Fair value and NAV are determined on the 15th and the last business day of each

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

month. If the 15th is not a business day, the fair value and the NAV will be determined on the preceding business day. The pool transacts with participants based on a floating NAV per share that is determined by the market, the same as reporting. Redemptions must be at least \$10,000 and may be made twice per month on the first business day following the portfolio valuation.

Chesterfield County Supplemental Retirement Plan:

As of June 30, 2021, the carrying value of the County Supplemental Retirement Plan Pension Trust Fund's (Plan) deposits and investments was as follows:

| <u>Asset Type</u> | <u>Fair Value</u> |
|---|--------------------------|
| Demand deposits | \$ 1,769,635 |
| Mutual funds | 9,286,620 |
| Common and preferred stocks | 13,049,046 |
| Corporate bonds | 4,722,953 |
| Municipal bonds | 40,001 |
| Funds of funds | 6,644,100 |
| Exchange traded funds | 5,899,334 |
| Collateralized mortgage backed securities | 184,641 |
| U. S. Treasuries | 2,995,493 |
| Federal National Mortgage Association | 670,595 |
| Federal Home Loan Mortgage Corporation | 705,736 |
| Government National Mortgage Association | 32,147 |
| Total deposits and investments | <u>\$ 46,000,301</u> |

The Plan's investments include funds of funds, which are investment funds that use a strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities, resulting in greater portfolio diversification. At June 30, 2021, the underlying investments in the Plan's funds of funds consisted primarily of equities and fixed income securities.

Credit Risk:

Investments in the Plan are managed in accordance with an Investment Policy Statement (Statement) adopted by the Plan's Board of Trustees (Trustees). The Statement establishes investment objectives and asset allocation policies and selects the publicly available indices used as benchmarks to evaluate and measure the performance of the investments. The Statement provides for the diversification of investments to minimize the risk of large losses over a long-term period. With an investment objective of long-term performance that achieves the assumed 6.5% rate of investment return in a manner consistent with prudent risk taking, the Trustees approve investment managers and asset allocations. On a quarterly basis, the Trustees review, monitor, and evaluate the performance of the Plan's investments to ensure adherence to the adopted policies and guidelines. The Statement permits investments in domestic equities, international equities, bonds, alternative investments and real estate.

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the Plan's \$1,769,635 of demand deposits, \$1,269,635 is invested in bank deposits or money market funds that are uninsured and uncollateralized.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Concentration of Credit Risk:

The Statement limits portfolio composition by security and industry to control concentration of credit risk as follows:

| <u>Asset Class</u> | <u>Preferred Allocation</u> | <u>Minimum Allocation</u> | <u>Maximum Allocation</u> |
|--|-----------------------------|---------------------------|---------------------------|
| U.S. Equities - Large Cap | 25% | 10% | 55% |
| U.S. Equities - Small Cap | 10% | 0% | 20% |
| International Developed Countries and Emerging Markets | 20% | 10% | 30% |
| Fixed Income - U.S. Core Broad | 25% | 10% | 50% |
| Alternative Investments | 15% | 0% | 25% |
| Hedge funds | 10% | 0% | 15% |
| Private equity | 5% | 0% | 10% |
| Real estate | 5% | 0% | 10% |

Interest Rate Risk:

Investments held by the Plan and subject to interest rate risk are managed by an investment manager specializing in domestic, fixed-income investments. The investment manager is responsible for monitoring economic outlook and investment strategy and has discretionary authority to buy, sell, or hold individual securities within the guidelines established by the Statement. The performance of the investments is reviewed, monitored, and evaluated quarterly by the Trustees.

At June 30, 2021, the Plan had investments of \$184,641 (0.4% of total portfolio excluding demand deposits) in collateralized mortgage backed securities. These securities are based on cash flows from interest and principal payments on underlying mortgages of commercial income producing properties and, therefore, are sensitive to interest rate changes.

As of June 30, 2021, the Plan held the following investments and maturities:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Investment Maturity</u> | | |
|--|---------------------|----------------------------|---------------------|----------------------|
| | | <u>0 - 5 Years</u> | <u>5 - 10 Years</u> | <u>10 - 30 Years</u> |
| Corporate bonds and collateralized mortgage securities | \$ 4,907,594 | \$ 2,391,505 | \$ 1,353,074 | \$ 1,163,015 |
| Municipal bonds | 40,001 | - | - | 40,001 |
| U. S. Treasuries | 2,995,493 | 804,828 | 1,658,400 | 532,265 |
| Federal National Mortgage Association | 670,595 | 670,595 | - | - |
| Federal Home Loan Mortgage Corporation | 705,736 | 705,736 | - | - |
| Government National Mortgage Association | 32,147 | 32,147 | - | - |
| Total | <u>\$ 9,351,566</u> | <u>\$ 4,604,811</u> | <u>\$ 3,011,474</u> | <u>\$ 1,735,281</u> |

Fair Value Hierarchy:

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Debt

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

The County's portfolio has the following recurring fair value measurements as of June 30, 2021:

| | Fair Value Measurements Using | | |
|---|-------------------------------|--|---|
| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) |
| <u>Investments by fair value level</u> | | | |
| Debt securities: | | | |
| U. S. Treasuries | \$ 2,995,493 | \$ - | \$ 2,995,493 |
| U. S. agencies and sponsored enterprises | 1,408,478 | - | 1,408,478 |
| Municipal bonds | 40,001 | - | 40,001 |
| Collateralized mortgage-backed securities | 184,641 | - | 184,641 |
| Corporate bonds | 4,722,953 | - | 4,722,953 |
| Total debt securities | 9,351,566 | - | 9,351,566 |
| Equity securities: | | | |
| Common and preferred stocks | 13,049,046 | 13,049,046 | - |
| Exchange traded funds | 5,899,334 | 5,899,334 | - |
| Mutual funds | 9,286,620 | 9,286,620 | - |
| Total equity securities | 28,235,000 | 28,235,000 | - |
| Total investments by fair value level | 37,586,566 | \$ 28,235,000 | \$ 9,351,566 |
| <u>Investments measured at the net asset value (NAV)</u> | | | |
| Multi-strategy alternative funds | 6,644,100 | | |
| Total investments measured at fair value | \$ 44,230,666 | | |

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|--------------|----------------------|----------------------|--------------------------|
| <u>Investments measured at the NAV</u> | | | | |
| (1) Multi-strategy alternative investment | \$ 1,090,748 | \$ 463,881 | None | N/A |
| (2) Multi-strategy alternative investment | 1,131,036 | 758,596 | None | N/A |
| (3) Multi-strategy alternative investment | 1,885,439 | None | Semi-annual | 95 days |
| (4) Multi-strategy alternative investment | 126,877 | None | Quarterly | 65 days |
| (5) Multi-strategy alternative investment | 2,410,000 | None | Quarterly | 100 days |
| Total investments measured at fair value | \$ 6,644,100 | | | |

- (1) *Multi-strategy alternative investment.* This investment is a multi-strategy fund designed to provide investors with exposure to a well-diversified private markets portfolio across strategy, investment type and vintage year. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- (2) *Multi-strategy alternative investment.* This investment's objective is to provide liquidity, capital and partnering solutions to private equity investors and managers. It funds source opportunities from around the world, acquiring and structuring portfolios of private equity partnerships and underlying portfolio companies across leveraged buyout, credit, distressed, growth capital, real asset and venture capital strategies. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

- (3) *Multi-strategy alternative investment.* This investment's objective is capital appreciation with limited variability of returns. This includes relative value strategies that attempt to capture pricing anomalies between assets that for all economic purposes are identical; market neutral and low net equity strategies that involve the purchase of a stock or basket of stocks that is relatively underpriced as well as selling short a stock or basket of stocks that is relatively overpriced; and event driven strategies that involve the assessment of how, when and if specific transactions will be completed and the effect on corporations and financial assets. A common event driven strategy is merger arbitrage. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

- (4) *Multi-strategy alternative investment.* This investment's objective is capital appreciation. The fund seeks to realize attractive risk-adjusted returns, net of fees and expenses, over a three- to five-year investment horizon. To achieve this objective, the fund seeks to allocate assets across a diverse set of fund strategies to create portfolios with stable risk, return and correlation characteristics over the long term. Investment strategies include directional equity funds that take long and short stock positions; directional macro strategies that require well developed risk management procedures due to the frequent employment of leverage; event driven strategies that involve investing in opportunities created by significant transactional events such as spin-offs, mergers and acquisition, bankruptcies, recapitalizations and share buybacks; and relative value strategies that seek to take advantage of specific pricing anomalies, while also seeking to maintain minimal exposure to systemic market risk. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

- (5) *Multi-strategy alternative investment.* This investment's objective is to achieve a substantial return on capital with limited volatility through investments in a broadly diversified portfolio of securities. The fund seeks to achieve this through an actively managed, opportunistic, multi-strategy portfolio of hedge fund investments to produce consistent alpha through a full market cycle by focusing on fundamentally-oriented managers with the skills and adaptability to generate returns in a broad range of market conditions and by maintaining flexible research and implementation processes. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Investment Policy and Long-term Rate of Return:

| Asset Class | Target Allocation | Style Target | Arithmetic Long-Term Expected Rate of Return |
|--|--------------------------|---------------------|---|
| U.S. Large Cap Equity | 25.0% | | |
| Large Cap Growth | | 12.5% | 8.9% |
| Large Cap Value | | 12.5% | 8.6% |
| U.S. Small Cap Equity | 10.0% | | |
| Small Cap Growth | | 5.0% | 8.8% |
| Small Cap Value | | 5.0% | 9.5% |
| International Developed and Emerging Markets | 20.0% | | |
| Developed International Equity | | 15.0% | 7.8% |
| Emerging Markets Equity | | 5.0% | 9.8% |
| Fixed Income - U.S. Core Broad | 25.0% | | 3.5% |
| Alternative Investments | 15.0% | | |
| Hedge funds | | 10.0% | 6.2% |
| Private Equity | | 5.0% | 11.9% |
| Real Estate (Investment Trusts) | <u>5.0%</u> | | <u>7.1%</u> |
| Total | <u>100.0%</u> | | <u>7.2%</u> |

County and School Board Retiree Healthcare OPEB Funds and County Line of Duty OPEB Fund:

As of June 30, 2021, the carrying value of the County Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|----------------------------|--------------------------|-----------------------------|
| Cash | \$ 907,000 | |
| Investment in pooled funds | <u>43,481,947</u> | N/A |
| Total | <u>\$43,388,947</u> | |

As of June 30, 2021, the carrying value of the School Board Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|----------------------------|--------------------------|-----------------------------|
| Cash | \$ 1,000,000 | |
| Investment in pooled funds | <u>26,870,133</u> | N/A |
| Total | <u>\$27,870,133</u> | |

As of June 30, 2021, the carrying value of the County Line of Duty OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|----------------------------|--------------------------|-----------------------------|
| Cash | \$ 800,000 | |
| Investment in pooled funds | <u>14,101,937</u> | N/A |
| Total | <u>\$14,901,937</u> | |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

As of June 30, 2021, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire pooled funds in the County and School Board Retiree Healthcare OPEB Funds and the County Line of Duty OPEB Fund are uninsured and uncollateralized.

The Trust categorizes its investments within the fair value hierarchy established by GAAP. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investment. Investments in the Trust are valued using the NAV per share which is determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. The Trust currently invests in the following assets classes and strategies:

Investment Policy and Long-term Rate of Return:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-term Expected Rate of Return</u> |
|------------------------|--------------------------|---|
| Equity: | | |
| Large Cap | 26% | 7.15% |
| Small Cap | 10% | 8.44% |
| International | 13% | 7.94% |
| Emerging Markets | 5% | 9.09% |
| Private | 5% | 10.40% |
| Long/Short Equity | 6% | 5.72% |
| Fixed Income: | | |
| Core Bonds | 7% | 2.58% |
| Core Plus | 14% | 2.86% |
| Liquid Absolute Return | 4% | 3.26% |
| Real Assets: | | |
| Real Estate | <u>10%</u> | <u>6.66%</u> |
| Total | <u>100%</u> | <u>6.43%</u> |

To assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

B. Component Unit - School Board

As of June 30, 2021, the carrying value of the School Board operating and custodial funds' deposits with their respective credit rating were as follows:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|-------------------|-------------------|----------------------|
| Demand deposits | \$ 25,822,404 | N/A |
| SNAP | 12,712 | AAAm |
| Total | <u>25,835,116</u> | |

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2021, excluding the demand deposits, School Board investments were limited to SNAP. Descriptions of credit risk, concentration of credit risk and interest rate risk for SNAP investments is included Note 4.A. Primary Government.

School Board Supplemental Retirement Program:

As of June 30, 2021, the carrying value of the School Board Supplemental Retirement Program Pension Trust Fund's (Program) deposits and investments, with their respective credit ratings, was as follows:

| <u>Asset Type</u> | <u>Fair Value</u> |
|--------------------------------------|----------------------|
| Demand deposits | \$ 678,810 |
| Common stocks | 14,432,828 |
| Mutual funds - equity | 10,143,397 |
| Mutual funds - fixed income | 13,612,822 |
| Exchange traded funds - equity | 8,981,331 |
| Exchange traded funds - fixed income | <u>1,273,318</u> |
| Total deposits and investments | <u>\$ 49,122,506</u> |

Credit Risk:

Investments in the Program are managed in accordance with a Statement of Investment Policy (Statement). This Statement authorizes investments in cash equivalents, fixed income securities, equity securities and mutual funds and sets target allocations as follows:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Minimum Allocation</u> | <u>Maximum Allocation</u> |
|--------------------------------|--------------------------|---------------------------|---------------------------|
| Global Public Equity: | | | |
| U.S. Large Cap Equity | 35% | 25% | 45% |
| U.S. Small/Mid Equity | 12% | 5% | 15% |
| International Developed Equity | 16% | 10% | 20% |
| Emerging Market Equity | 7% | 0% | 10% |
| Global Fixed Income | 30% | 20% | 40% |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the money market accounts held by the program, \$178,974 is uninsured and uncollateralized.

Concentration of Credit Risk:

Investments in the Program are managed in accordance with an Investment Policy Statement (Statement) adopted by the Program's Administrative Committee (Committee). The Statement establishes investment objectives and asset allocation policies and defines the publicly available indices used to evaluate and measure performance of Program investments. The Statement establishes both long-term and short-term investment pools to meet the liquidity needs of the Program. Investment managers and asset allocations are approved by the Committee. The Committee's investment objective for the long-term investment pool is to exceed the assumed actuarial rate of return of 6.5% by a diversified portfolio of investments comprised of U.S. equities, international equities, and global, fixed income investments. Quarterly, the Committee reviews, monitors, and evaluates the performance of the investments to ensure adherence to the adopted policies and guidelines of the Program.

Interest Rate Risk:

Program investments sensitive to interest rate risk are managed by an investment manager specializing in global fixed income investments. The investment manager is responsible for monitoring economic outlook and investment strategy and has discretionary authority to buy, sell, or hold individual securities within the guidelines of the stated methodology. Performance of the investments is reviewed, monitored, and evaluated quarterly by the Committee. As of June 30, 2021, the Program held the following investments and maturities:

| <u>Asset Type</u> | <u>Fair Value</u> | <u>Investment Maturity⁽¹⁾</u> | |
|------------------------------------|----------------------|--|---------------------|
| | | <u>0 - 5</u> | <u>5 - 13 Years</u> |
| Exchange traded funds fixed income | \$ 1,273,318 | \$ 1,273,318 | \$ - |
| Mutual funds - fixed income | 13,612,822 | 9,502,076 | 4,110,746 |
| Total | <u>\$ 14,886,140</u> | <u>\$ 10,775,394</u> | <u>\$ 4,110,746</u> |

⁽¹⁾ Estimated using average effective maturity.

Fair Value Hierarchy:

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Program has the following recurring fair value measurements using quoted market prices (Level 1 inputs) as of June 30, 2021:

| <u>Investments by Fair Value - Level 1</u> | <u>Fair Value</u> |
|--|----------------------|
| Common stocks | \$ 14,432,828 |
| Mutual funds - equity | 10,143,397 |
| Mutual funds - fixed income | 13,612,822 |
| Exchange traded funds - equity | 8,981,331 |
| Exchange traded funds - fixed income | 1,273,318 |
| Total | <u>\$ 48,443,696</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Investment Policy and Long-term Rate of Return:

Investment Policy and Long-term Rate of Return

| Asset Class | Target Allocation | Style Target | Arithmetic Long-Term Expected Rate of Return |
|--------------------------------|--------------------------|---------------------|---|
| Equity: | | | |
| U.S. Large Cap Equity | 35.0% | | |
| Large Cap Growth | | 18.0% | 8.9% |
| Large Cap Value | | 17.0% | 8.6% |
| U.S. Small/Mid Cap Equity | 12.0% | | |
| Mid Cap Growth | | 4.0% | 9.4% |
| Mid Cap Value | | 4.0% | 9.2% |
| Small Cap Growth | | 2.0% | 8.8% |
| Small Cap Value | | 2.0% | 9.5% |
| International Developed Equity | 16.0% | | 7.8% |
| Emerging Markets Equity | 7.0% | | 9.8% |
| Global Fixed Income | <u>30.0%</u> | | |
| Short-term Fixed Income | | 9.0% | 3.0% |
| U. S. Taxable Core | | 18.0% | 3.5% |
| Inflation Linked Securities | | 3.0% | <u>4.4%</u> |
| Total | <u>100.0%</u> | | <u>7.1%</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

5. Receivables

A. Real and Personal Property Taxes

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 setting 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. Real Property taxes are due June 5th and December 5th in two equal installments. Installments due on June 5, 2021, are levied for fiscal year 2021 and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on December 5, 2021, are levied for fiscal year 2022 and, therefore, are unearned and reported as deferred inflows of resources.

Personal property taxes, which do not create a lien on property, are due on June 5th and levied for fiscal year 2021 on property with situs in the County as of January 1st. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs after January 1.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$41,092,048, which the County received during the year ended June 30, 2021. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

B. Stormwater Utility Fees

Stormwater utility fees are billed to each property owner subject to the fee in the same manner as the real property tax. Stormwater utility fees are due June 5th and December 5th in two equal installments. Installments due on June 5, 2021, are levied for fiscal year 2021 and, when unavailable in the current period, are reported as deferred inflows of resources in the fund statements. Installments due on December 5, 2021, are levied for fiscal year 2022 and are reported as deferred inflows of resources in the fund statements and government-wide statements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

C. Receivables

Receivables at June 30, 2021, were as follows:

Governmental Activities

| | General Fund | County Capital Projects Fund | Other Governmental Funds | Internal Service Funds | Total |
|---------------------------------------|-------------------------|---|---|---------------------------------------|-----------------------|
| Taxes | \$ 247,003,531 | \$ - | \$ 2,487,192 | \$ - | \$ 249,490,723 |
| Accounts | 15,179,313 | 41,358 | 13,132,550 | 60,591 | 28,413,812 |
| Interest | 1,736,988 | - | - | - | 1,736,988 |
| Special assessments | 1,012,997 | - | - | - | 1,012,997 |
| Commonwealth of Virginia | 44,638,560 | 16,444,927 | 6,257,080 | 6,624 | 67,347,191 |
| Federal government | 48,504 | 6,464,069 | 2,624,841 | - | 9,137,414 |
| Gross receivables | 309,619,893 | 22,950,354 | 24,501,663 | 67,215 | 357,139,125 |
| Less: Allowance for uncollectibles | (9,957,491) | - | (8,324,739) | - | (18,282,230) |
| Net receivables | <u>\$ 299,662,402</u> | <u>\$ 22,950,354</u> | <u>\$ 16,176,924</u> | <u>\$ 67,215</u> | <u>\$ 338,856,895</u> |

Business-type Activities

| | Water Fund | Wastewater Fund | Non-major Enterprise Funds | Total |
|---------------------------------------|-----------------------|----------------------------|---|----------------------|
| Accounts | \$ 11,420,413 | \$ 10,240,242 | \$ 49,171 | \$ 21,709,826 |
| Interest | 401,658 | 859,459 | - | 1,261,117 |
| Special assessments | 45,851 | 242,786 | - | 288,637 |
| Commonwealth of Virginia | - | - | 3,251 | 3,251 |
| Federal government | - | - | 59,569 | 59,569 |
| Gross receivables | 11,867,922 | 11,342,487 | 111,991 | 23,322,400 |
| Less: Allowance for uncollectibles | (385,261) | (322,263) | - | (707,524) |
| Net receivables | <u>\$ 11,482,661</u> | <u>\$ 11,020,224</u> | <u>\$ 111,991</u> | <u>\$ 22,614,876</u> |

Component Unit

| | School Board |
|--------------------------|-------------------------|
| Accounts | \$ 824,071 |
| Commonwealth of Virginia | 6,777,726 |
| Federal government | 18,459,490 |
| Gross receivables | <u>\$ 26,061,287</u> |

Special assessments of \$36,489 and \$213,586, respectively, in the Water and Wastewater funds, in addition to \$161,148 of accrued interest on those special assessments in the Wastewater fund, are not expected to be collected within one year.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

6. Payables

Payables at June 30, 2021, were as follows:

Governmental Activities

| | General Fund | County Capital Projects Fund | School Capital Projects Fund | Other Governmental Funds | Internal Service Funds | Total |
|--------------------------|-------------------------|---|---|---|---------------------------------------|----------------------|
| Vendors | \$ 7,910,023 | \$ 13,881,923 | \$ 8,545,153 | \$ 5,737,021 | \$ 1,517,395 | \$ 37,591,515 |
| Due to other governments | - | - | - | 80,168 | - | 80,168 |
| Wages and benefits | 16,704,325 | 23,944 | - | 2,377,768 | 490,790 | 19,596,827 |
| Retainages | - | 616,790 | 3,621,317 | 193,131 | - | 4,431,238 |
| Deposits | 523,446 | 2,270,989 | - | - | - | 2,794,435 |
| Total | <u>\$ 25,137,794</u> | <u>\$ 16,793,646</u> | <u>\$ 12,166,470</u> | <u>\$ 8,388,088</u> | <u>\$ 2,008,185</u> | <u>64,494,183</u> |
| | | | | | Accrued interest | <u>11,311,248</u> |
| | | | | | Total per government-wide | <u>\$ 75,805,431</u> |

Business-type Activities

| | Water Fund | Wastewater Fund | Non-major Enterprise Funds | Total |
|--------------------|-----------------------|----------------------------|---|----------------------|
| Vendors | \$ 5,421,436 | \$ 3,119,967 | \$ 320,345 | \$ 8,861,748 |
| Wages and benefits | 758,451 | 647,751 | 16,075 | 1,422,277 |
| Accrued interest | 98,042 | 140,958 | 25,585 | 264,585 |
| Retainages | 553,007 | 554,548 | 141,311 | 1,248,866 |
| Other | 1,798,970 | 31,661 | 573,248 | 2,403,879 |
| Total | <u>\$ 8,629,906</u> | <u>\$ 4,494,885</u> | <u>\$ 1,076,564</u> | <u>\$ 14,201,355</u> |

Component Unit

| | School Board |
|--------------------|-------------------------|
| Vendors | \$ 9,398,406 |
| Wages and benefits | 51,931,777 |
| Accrued interest | <u>8,207</u> |
| Total | <u>\$ 61,338,390</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

7. Reporting Entity - Internal Transactions

Internal receivable and payable balances at June 30, 2021, were as follows:

| Fund | Internal Receivables | Internal Payables |
|--|-------------------------|----------------------|
| Internal Receivables/Payables Other Funds | | |
| Governmental Activities: | | |
| General Fund | \$ - | \$ 341,049 |
| County Capital Projects Fund | 13,982,201 | - |
| Business-type Activities: | | |
| Non-major Economic Development Authority | 341,049 | 13,982,201 |
| Total primary government | <u>\$ 14,323,250</u> | <u>\$ 14,323,250</u> |
| Receivables/Payables Primary Government and Component Units | | |
| Primary Government: | | |
| General Fund | \$ - | \$ 70,889,192 |
| Discretely Presented Component Unit: | | |
| School Board | 70,889,192 | - |
| Total | <u>\$ 70,889,192</u> | <u>\$ 70,889,192</u> |

Balances resulted from a timing difference between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Internal transactions between the General Fund and the School Board component unit are related to School Board expenditures funded by the County where expenditures are liquidated subsequent to year end. Internal transactions between the County Capital Projects Fund and the EDA are related to prepayments made to the EDA for a major construction project managed by the EDA on behalf of the County.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to use revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization and (3) to provide funding for capital expenditures or budgeted subsidies for operations. Interfund transfers in the fund financial statements during fiscal year 2021 were as follows:

Transfers In:

Governmental Funds

General Fund from:

| | | |
|--------------------|----------------|--------------|
| Grants Fund | \$ 3,295,056 | |
| Mental Health Fund | <u>334,800</u> | \$ 3,629,856 |

County Capital Projects Fund from:

| | | |
|---|----------------|------------|
| General Fund | 16,679,042 | |
| Central Virginia Transportation Authority - Local | 243,903 | |
| Mental Health Fund | <u>278,296</u> | 17,201,241 |

School Capital Projects Fund from:

| | | |
|--------------|--|-----------|
| General Fund | | 1,038,282 |
|--------------|--|-----------|

Grants Fund from:

| | | |
|--------------------|---------------|-----------|
| General Fund | 1,901,483 | |
| Mental Health Fund | 108,715 | |
| Jail Canteen Fund | <u>66,000</u> | 2,076,198 |

Children's Services Fund from:

| | | |
|--------------|--|-----------|
| General Fund | | 1,816,900 |
|--------------|--|-----------|

Mental Health Fund from:

| | | |
|--------------|--|------------|
| General Fund | | 12,976,200 |
|--------------|--|------------|

Proprietary Funds

Economic Development Authority from:

| | | |
|--------------|--|------------|
| General Fund | | 18,868,738 |
|--------------|--|------------|

Airport Fund from:

| | | |
|--------------|--|----------------|
| General Fund | | <u>217,029</u> |
|--------------|--|----------------|

| | | |
|--------------------|--|----------------------|
| Total transfers in | | <u>\$ 57,824,444</u> |
|--------------------|--|----------------------|

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Transfers Out:

Governmental Funds

General Fund to:

| | | |
|--------------------------------|----------------|---------------|
| County Capital Projects Fund | \$ 16,679,042 | |
| School Capital Projects Fund | 1,038,282 | |
| Grants Fund | 1,901,483 | |
| Children's Services Fund | 1,816,900 | |
| Mental Health Fund | 12,976,200 | |
| Economic Development Authority | 18,868,738 | |
| Airport Fund | <u>217,029</u> | \$ 53,497,674 |

Central Virginia Transportation Authority - Local Fund to:

| | |
|------------------------------|---------|
| County Capital Projects Fund | 243,903 |
|------------------------------|---------|

Grants Fund to:

| | |
|--------------|-----------|
| General Fund | 3,295,056 |
|--------------|-----------|

Mental Health Fund to:

| | | |
|------------------------------|----------------|---------|
| General Fund | 334,800 | |
| County Capital Projects Fund | 278,296 | |
| Grants Fund | <u>108,715</u> | 721,811 |

Jail Canteen Fund to:

| | |
|-------------|---------------|
| Grants Fund | <u>66,000</u> |
|-------------|---------------|

| | |
|---------------------|-----------------------------|
| Total transfers out | <u><u>\$ 57,824,444</u></u> |
|---------------------|-----------------------------|

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

8. Capital and Intangible Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2021, was as follows:

| | <u>Balance</u> <u>July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2021</u> |
|--|---------------------------------------|-----------------------|-----------------------|--|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 90,862,766 | \$ 5,163,402 | \$ - | \$ 96,026,168 |
| Construction in progress | 177,253,139 | 110,039,869 | 210,899,734 | 76,393,274 |
| Total assets, not being depreciated | <u>268,115,905</u> | <u>115,203,271</u> | <u>210,899,734</u> | <u>172,419,442</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,387,912,612 | 175,794,278 | 13,417,461 | 1,550,289,429 |
| Improvements other than buildings | 104,379,971 | 14,939,296 | 1,744,421 | 117,574,846 |
| Machinery and equipment | 202,262,571 | 33,498,372 | 11,534,460 | 224,226,483 |
| Infrastructure | 41,611,030 | 979,776 | - | 42,590,806 |
| Total at historical cost | <u>1,736,166,184</u> | <u>225,211,722</u> | <u>26,696,342</u> | <u>1,934,681,564</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 510,455,951 | 31,005,504 | 11,356,862 | 530,104,593 |
| Improvements other than buildings | 60,105,463 | 4,809,049 | 1,070,051 | 63,844,461 |
| Machinery and equipment | 135,112,737 | 15,100,293 | 10,817,039 | 139,395,991 |
| Infrastructure | 12,626,191 | 610,577 | - | 13,236,768 |
| Total accumulated depreciation | <u>718,300,342</u> | <u>51,525,423</u> | <u>23,243,952</u> | <u>746,581,813</u> |
| Total capital assets, being depreciated, net | <u>1,017,865,842</u> | <u>173,686,299</u> | <u>3,452,390</u> | <u>1,188,099,751</u> |
| Governmental activities capital assets, net | <u>\$ 1,285,981,747</u> | <u>\$ 288,889,570</u> | <u>\$ 214,352,124</u> | <u>\$ 1,360,519,193</u> |

In accordance with the County's charter, land, buildings, improvements other than buildings, construction in progress and accumulated depreciation associated with School assets are reported as capital assets in the governmental net position of the County. Depreciation on those assets is reported as an expense of the education function in the governmental activities of the County.

Governmental activities capital assets, net of accumulated depreciation at June 30, 2021, are comprised of the following:

| | |
|--|-------------------------|
| General capital assets, net | \$ 1,353,107,444 |
| Internal Service Funds capital assets, net | <u>7,411,749</u> |
| Total | <u>\$ 1,360,519,193</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Depreciation expense was charged to the following functions:

| | |
|--|----------------------|
| General government | \$ 3,783,315 |
| Administration of justice | 1,501,679 |
| Public safety | 11,434,211 |
| Public works | 1,538,105 |
| Health and welfare | 1,516,352 |
| Education - School Board | 23,951,637 |
| Parks, recreation and cultural | 5,379,642 |
| Community development | 693,189 |
| Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of the assets | <u>1,727,293</u> |
| Total depreciation expense | <u>\$ 51,525,423</u> |

Construction in progress commitments for governmental operations is composed of the following:

| <u>Function</u> | <u>Committed at June 30, 2021</u> |
|--|---------------------------------------|
| General government | \$ 3,793,289 |
| Administration of justice | 428,168 |
| Public safety | 68,222,718 |
| Public works | 11,078,404 |
| Health and welfare | 1,279,780 |
| Parks, recreation and cultural | 35,417,050 |
| Education - School Board | <u>78,537,133</u> |
| Total construction in progress commitments | <u>\$ 198,756,542</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

B. Business-type Activities

Intangible and capital asset activity for the year ended June 30, 2021, was as follows:

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 |
|---|---------------------------------------|------------------|------------------|--|
| Water Fund | | | | |
| Intangible assets: | | | | |
| Capacity rights, net of amortization | \$ 67,084,133 | \$ 843,741 | \$ 2,396,153 | \$ 65,531,721 |
| Capital assets, not being depreciated: | | | | |
| Land | 9,658,288 | 864,228 | - | 10,522,516 |
| Construction in progress | 9,722,378 | 17,551,374 | 10,776,138 | 16,497,614 |
| Total assets, not being depreciated | 19,380,666 | 18,415,602 | 10,776,138 | 27,020,130 |
| Capital assets, being depreciated: | | | | |
| Buildings | 68,405,464 | 4,670,634 | 537,850 | 72,538,248 |
| Improvements other than buildings | 9,075,297 | 87,272 | - | 9,162,569 |
| Machinery and equipment | 514,101,379 | 21,927,803 | 1,383,038 | 534,646,144 |
| Totals at historical cost | 591,582,140 | 26,685,709 | 1,920,888 | 616,346,961 |
| Less accumulated depreciation for: | | | | |
| Buildings | 27,075,517 | 1,602,021 | 450,008 | 28,227,530 |
| Improvements other than buildings | 6,397,820 | 267,807 | - | 6,665,627 |
| Machinery and equipment | 198,898,474 | 11,264,845 | 1,096,745 | 209,066,574 |
| Total accumulated depreciation | 232,371,811 | 13,134,673 | 1,546,753 | 243,959,731 |
| Total capital assets, being depreciated, net | 359,210,329 | 13,551,036 | 374,135 | 372,387,230 |
| Water capital and intangible assets, net | \$ 445,675,128 | \$ 32,810,379 | \$ 13,546,426 | \$ 464,939,081 |
| | | | | |
| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 |
| Wastewater Fund | | | | |
| Intangible assets: | | | | |
| Capacity rights, net of amortization | \$ 1,902,029 | \$ - | \$ 118,877 | \$ 1,783,152 |
| Capital assets, not being depreciated: | | | | |
| Land | 3,857,812 | 396,833 | - | 4,254,645 |
| Construction in progress | 17,170,014 | 17,788,608 | 17,655,555 | 17,303,067 |
| Total assets, not being depreciated | 21,027,826 | 18,185,441 | 17,655,555 | 21,557,712 |
| Capital assets, being depreciated: | | | | |
| Buildings | 146,122,691 | 5,432,579 | - | 151,555,270 |
| Improvements other than buildings | 19,212,256 | 124,063 | - | 19,336,319 |
| Machinery and equipment | 571,988,532 | 22,351,505 | 781,360 | 593,558,677 |
| Totals at historical cost | 737,323,479 | 27,908,147 | 781,360 | 764,450,266 |
| Less accumulated depreciation for: | | | | |
| Buildings | 66,156,306 | 3,347,488 | - | 69,503,794 |
| Improvements other than buildings | 9,890,046 | 465,274 | - | 10,355,320 |
| Machinery and equipment | 264,403,156 | 15,220,106 | 751,398 | 278,871,864 |
| Total accumulated depreciation | 340,449,508 | 19,032,868 | 751,398 | 358,730,978 |
| Total capital assets, being depreciated, net | 396,873,971 | 8,875,279 | 29,962 | 405,719,288 |
| Wastewater capital and intangible assets, net | \$ 419,803,826 | \$ 27,060,720 | \$ 17,804,394 | \$ 429,060,152 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 |
|--|-------------------------|----------------------|---------------------|--------------------------|
| Non-major | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and improvements | \$ 15,155,234 | \$ 13,010,976 | \$ 1,068,927 | \$ 27,097,283 |
| Construction in progress | 382,800 | 2,989,135 | 16,366 | 3,355,569 |
| Total assets, not being depreciated | <u>15,538,034</u> | <u>16,000,111</u> | <u>1,085,293</u> | <u>30,452,852</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 7,940,912 | 1,082,460 | - | 9,023,372 |
| Improvements other than buildings | 28,940,826 | 26,337 | - | 28,967,163 |
| Machinery and equipment | 3,977,805 | 130,001 | - | 4,107,806 |
| Infrastructure | 6,159,269 | - | - | 6,159,269 |
| Totals at historical cost | <u>47,018,812</u> | <u>1,238,798</u> | <u>-</u> | <u>48,257,610</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,641,782 | 176,493 | - | 3,818,275 |
| Improvements other than buildings | 19,460,140 | 1,104,020 | - | 20,564,160 |
| Machinery and equipment | 1,245,033 | 212,677 | - | 1,457,710 |
| Infrastructure | 1,292,301 | 256,007 | - | 1,548,308 |
| Total accumulated depreciation | <u>25,639,256</u> | <u>1,749,197</u> | <u>-</u> | <u>27,388,453</u> |
| Total capital assets, being depreciated, net | <u>21,379,556</u> | <u>(510,399)</u> | <u>-</u> | <u>20,869,157</u> |
| Non-major business-type activities capital assets, net | <u>\$ 36,917,590</u> | <u>\$ 15,489,712</u> | <u>\$ 1,085,293</u> | <u>\$ 51,322,009</u> |

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 |
|---|-------------------------|----------------------|----------------------|--------------------------|
| Total Business-type Activities | | | | |
| Intangible assets: | | | | |
| Capacity rights, net of amortization | \$ 68,986,162 | \$ 843,741 | \$ 2,515,030 | \$ 67,314,873 |
| Capital assets, not being depreciated: | | | | |
| Land | 28,671,334 | 14,272,037 | 1,068,927 | 41,874,444 |
| Construction in progress | 27,275,192 | 38,329,117 | 28,448,059 | 37,156,250 |
| Total assets, not being depreciated | <u>55,946,526</u> | <u>52,601,154</u> | <u>29,516,986</u> | <u>79,030,694</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 222,469,067 | 11,185,673 | 537,850 | 233,116,890 |
| Improvements other than buildings | 57,228,379 | 237,672 | - | 57,466,051 |
| Machinery and equipment | 1,090,067,716 | 44,409,309 | 2,164,398 | 1,132,312,627 |
| Infrastructure | 6,159,269 | - | - | 6,159,269 |
| Totals at historical cost | <u>1,375,924,431</u> | <u>55,832,654</u> | <u>2,702,248</u> | <u>1,429,054,837</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 96,873,605 | 5,126,002 | 450,008 | 101,549,599 |
| Improvements other than buildings | 35,748,006 | 1,837,101 | - | 37,585,107 |
| Machinery and equipment | 464,546,663 | 26,697,628 | 1,848,143 | 489,396,148 |
| Infrastructure | 1,292,301 | 256,007 | - | 1,548,308 |
| Total accumulated depreciation | <u>598,460,575</u> | <u>33,916,738</u> | <u>2,298,151</u> | <u>630,079,162</u> |
| Total capital assets, being depreciated, net | <u>777,463,856</u> | <u>21,915,916</u> | <u>404,097</u> | <u>798,975,675</u> |
| Total business-type activities capital and intangible assets, net | <u>\$ 902,396,544</u> | <u>\$ 75,360,811</u> | <u>\$ 32,436,113</u> | <u>\$ 945,321,242</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Amortization and depreciation were charged to the various activities as follows:

| | |
|----------------------------|----------------------|
| Water | \$ 2,396,153 |
| Wastewater | <u>118,877</u> |
| Total amortization expense | <u>\$ 2,515,030</u> |
| | |
| Water | \$ 13,134,673 |
| Wastewater | 19,032,868 |
| Non-major funds | <u>1,749,197</u> |
| Total depreciation expense | <u>\$ 33,916,738</u> |

C. Component Unit - School Board

Capital asset activity for the year ended June 30, 2021, for the School Board component unit was as follows:

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 |
|--|---------------------------------|----------------------|-------------------|----------------------------------|
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 139,734 | \$ 172,763 | \$ 139,734 | \$ 172,763 |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | | | | |
| Historical cost | 141,160,297 | 37,002,183 | 9,106,502 | 169,055,978 |
| Less accumulated depreciation | <u>88,776,135</u> | <u>16,060,296</u> | <u>8,585,067</u> | <u>96,251,364</u> |
| Total capital assets, being depreciated, net | <u>52,384,162</u> | <u>20,941,887</u> | <u>521,435</u> | <u>72,804,614</u> |
| School Board capital assets, net | <u>\$ 52,523,896</u> | <u>\$ 21,114,650</u> | <u>\$ 661,169</u> | <u>\$ 72,977,377</u> |

Current year depreciation on capital assets of the School Board was \$16,060,296.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

9. Long-term Obligations

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and including those used by the School Board component unit. The 2013 voter-approved bond referendum authorized \$353,000,000 in bonds to be issued in two major project categories. \$5,415,000 of this authorization remained at June 30, 2021. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The general obligation bonds are payable from the General Fund. In the event of default on payment of principal or interest on these bonds and upon the affidavit of any bond owner or any paying agent of the bonds, the Governor must take certain actions through the State Aid Intercept Program. These actions could include directing the Comptroller of the Commonwealth to withhold its payments to the County until such default is cured. At June 30, 2021, general obligation bonds offered for public sale were outstanding as follows:

| | <u>Original Issue Amount</u> | <u>Interest Rates</u> | <u>Annual Principal Requirements</u> | <u>Total Outstanding</u> |
|---|--------------------------------------|---------------------------|--|------------------------------|
| General Obligation Bonds | | | | |
| 2002B School, due 2023 | \$ 23,950,000 | 4.85% | \$ 1,195,000 | \$ 2,390,000 |
| 2011A School, due 2032 | 15,630,000 | 4.05 - 5.05% | 780,000 | 8,580,000 |
| 2012 General Improvement & Refunding, due 2022 | 67,495,000 | 3.00 - 5.00% | 7,735,000 | 7,735,000 |
| 2012B School, due 2033 | 18,595,000 | 3.05 - 5.05% | 925,000 - 930,000 | 11,155,000 |
| 2013A School, due 2034 | 18,305,000 | 3.05 - 5.05% | 915,000 | 11,895,000 |
| 2014 General Improvement & Refunding, due 2025 | 60,645,000 | 4.00 - 5.00% | 730,000 - 3,860,000 | 11,560,000 |
| 2015 General Improvement & Refunding, due 2029 | 92,110,000 | 3.00 - 5.00% | 1,735,000 - 11,930,000 | 62,305,000 |
| 2016 General Improvement & Refunding, due 2036 | 86,480,000 | 2.125 - 5.00% | 2,095,000 - 5,370,000 | 58,825,000 |
| 2017B General Improvement, due 2037 | 82,270,000 | 3.00 - 5.00% | 4,110,000 - 4,115,000 | 65,810,000 |
| 2018A General Improvement, due 2038 | 51,450,000 | 3.00 - 5.00% | 2,570,000 - 2,575,000 | 43,725,000 |
| 2018B School, due 2039 | 13,735,000 | 3.55 - 5.05% | 685,000 - 690,000 | 12,355,000 |
| 2019A General Improvement, due 2039 | 69,925,000 | 2.50 - 5.00% | 3,495,000 - 3,500,000 | 62,925,000 |
| 2020A School, due 2041 | 38,340,000 | 2.90% | 1,915,000 - 1,920,000 | 38,340,000 |
| 2020 General Improvement, due 2040 | 59,755,000 | 2.00 - 5.00% | 2,985,000 - 2,990,000 | 56,770,000 |
| 2020B General Improvement, due 2035 | 41,485,000 | 0.35 - 1.55% | 1,760,000 - 5,935,000 | 41,485,000 |
| Total general obligation bonds | | | | 495,855,000 |
| Add: Premium | | | | 38,700,496 |
| Net general obligation bonds | | | | <u>\$ 534,555,496</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Annual debt service requirements to maturity for general obligation bonds are as follows:

| Year Ending | <u>General Obligation Bonds</u> | | |
|----------------|---------------------------------|-----------------------|-----------------------|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 42,140,000 | \$ 18,565,336 | \$ 60,705,336 |
| 2023 | 41,915,000 | 16,542,441 | 58,457,441 |
| 2024 | 41,740,000 | 14,749,700 | 56,489,700 |
| 2025 | 41,595,000 | 13,001,005 | 54,596,005 |
| 2026 | 37,775,000 | 11,278,995 | 49,053,995 |
| 2027-2031 | 142,280,000 | 35,816,720 | 178,096,720 |
| 2032-2036 | 105,105,000 | 14,257,954 | 119,362,954 |
| 2037-2041 | 43,305,000 | 2,405,985 | 45,710,985 |
| Total | <u>\$ 495,855,000</u> | <u>\$ 126,618,136</u> | <u>\$ 622,473,136</u> |

In August 2017, the VPSA sold a refunding bond series that refinanced a series of Local School Bonds, including the County's 2011A and 2012B issues. In March 2019, the VPSA refinanced a series of Local School Bonds, including the County's 2002B issue. The savings are being passed on to localities in the form of interest rebates, allocated and paid over the remaining amortization periods. The County continues to be responsible for its full debt service payments in accordance with the original amortization schedule and, once received, the VPSA will then disburse the credit to the County. The expected interest rebate amounts are as follows:

| Year Ending | <u>Schedule of</u> <u>Expected Interest Credits</u> | | | |
|----------------|--|-------------------|-------------------|---------------------|
| <u>June 30</u> | <u>2002B</u> | <u>2011A</u> | <u>2012B</u> | <u>Total</u> |
| 2022 | \$ 60,331 | \$ 30,525 | \$ 43,425 | \$ 134,281 |
| 2023 | 58,541 | 54,525 | 42,425 | 155,491 |
| 2024 | - | 52,275 | 46,425 | 98,700 |
| 2025 | - | 55,025 | 45,175 | 100,200 |
| 2026 | - | 50,325 | 43,925 | 94,250 |
| 2027-2031 | - | 261,863 | 217,200 | 479,063 |
| 2032-2033 | - | 54,262 | 88,225 | 142,487 |
| Total | <u>\$ 118,872</u> | <u>\$ 558,800</u> | <u>\$ 526,800</u> | <u>\$ 1,204,472</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

B. Revenue Bonds

In August 2019, the County issued Public Facility Revenue Bonds through the EDA to finance the costs of certain capital improvements for general government purposes. In event of default, the entire unpaid principal and interest balance cannot be declared immediately due and payable.

In October 2020, the County issued Public Facility Revenue Bonds through the EDA to (a) finance the costs of certain capital improvements for governmental purposes, included but not limited to (i) major maintenance for school buildings and other school system facilities, (ii) major maintenance for County facilities and (iii) road and drainage improvements and (b) to pay the related costs of issuing the Series 2020F Bonds. In the event of default, the entire unpaid principal and interest balance cannot be declared immediately due and payable.

The County issued revenue bonds to finance construction projects for the Water and Wastewater enterprise funds. In the event of default and the written request of the bond holders of 25% or greater of the outstanding principal amount of bonds, the trustee of the bonds may declare the entire unpaid principal and interest amounts of the bonds as due and payable.

Revenue bonds outstanding at June 30, 2021, are as follows:

| | <u>Original Issue Amount</u> | <u>Interest Rates</u> | <u>Future Principal Requirements</u> | <u>Amount Outstanding</u> |
|---|--------------------------------------|---------------------------|--|-------------------------------|
| Governmental Activities | | | | |
| 2019 EDA Public Facility Revenue Bonds, due 2039 | \$ 45,705,000 | 3.00 - 5.00% | \$2,285,000 | \$ 41,130,000 |
| 2020 EDA Public Facility Revenue Bonds, due 2041 | 85,000,000 | 2.00 - 5.00% | \$4,250,000 | 85,000,000 |
| Total governmental-type activities revenue bonds | | | | 126,130,000 |
| Add: Premium | | | | 17,083,128 |
| Net governmental-type activities | | | | 143,213,128 |
| Business-type Activities | | | | |
| Major Enterprise Funds | | | | |
| 2016 Water and Sewer, due 2027 | \$ 53,695,000 | 5.00% | \$2,005,000 - 6,315,000 | 28,680,000 |
| Add: Premium | | | | 2,602,138 |
| Net business-type activities | | | | 31,282,138 |
| Total revenue bonds | | | | \$ 174,495,266 |

The Water and Wastewater Funds are responsible for the following revenue bonds:

| | <u>Water</u> | <u>Wastewater</u> | <u>Total</u> |
|---------------------|---------------|-------------------|---------------|
| Total revenue bonds | \$ 11,765,000 | \$ 16,915,000 | \$ 28,680,000 |
| Net revenue bonds | 12,598,088 | 18,684,050 | 31,282,138 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Debt service requirements to maturity for the revenue bonds are as follows:

| Year Ending | Governmental Activities | | | Business-type Activities | | |
|----------------|-------------------------|----------------------|-----------------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| June 30 | | | | | | |
| 2022 | \$ 6,535,000 | \$ 4,875,200 | \$ 11,410,200 | \$ 5,710,000 | \$ 1,291,250 | \$ 7,001,250 |
| 2023 | 6,535,000 | 4,548,450 | 11,083,450 | 6,000,000 | 998,500 | 6,998,500 |
| 2024 | 6,535,000 | 4,221,700 | 10,756,700 | 6,315,000 | 690,625 | 7,005,625 |
| 2025 | 6,535,000 | 3,894,950 | 10,429,950 | 5,365,000 | 398,625 | 5,763,625 |
| 2026 | 6,535,000 | 3,568,200 | 10,103,200 | 3,285,000 | 182,375 | 3,467,375 |
| 2027-2031 | 32,675,000 | 12,962,600 | 45,637,600 | 2,005,000 | 50,125 | 2,055,125 |
| 2032-2036 | 32,675,000 | 5,966,500 | 38,641,500 | - | - | - |
| 2037-2040 | 28,105,000 | 1,686,300 | 29,791,300 | - | - | - |
| Total | <u>\$ 126,130,000</u> | <u>\$ 41,723,900</u> | <u>\$ 167,853,900</u> | <u>\$ 28,680,000</u> | <u>\$ 3,611,500</u> | <u>\$ 32,291,500</u> |

C. Special Subfund Revenue Bonds

On May 25, 2016, the County issued a \$19,805,000 subfund revenue bond through the Virginia Resource Authority (VRA) pooled financing program. Amounts required for debt service are deposited into a special fund within the General Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the General Fund and the non-major Airport Fund, subject to annual appropriation. The 2016 VRA Bond was issued to finance the renovations of the Smith Wagner Building and to refund a portion of the obligations for the 2003B, 2005B, 2006B and the 2007 Certificates of Participation.

On May 24, 2017, the County issued a \$6,550,000 subfund revenue bond through the VRA pooled financing. Amounts required for debt service are deposited into a special fund within the General Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the General Fund, subject to annual appropriation. The 2017A VRA Bond was issued to finance a portion of the indoor sports facility at Stonebridge.

On November 15, 2017, the County issued subfund revenue bonds in the amounts of \$7,185,000 and \$2,675,000 through the VRA pooled financing program. Amounts required for debt service are deposited into a special fund within the General Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the General Fund, subject to annual appropriation. The 2017B VRA Bond was issued to finance construction activity related to the Rogers Building HVAC system and the River City Sportsplex facility. The 2017C VRA Bond was issued to finance construction activity for the Chester Arts Center.

On November 14, 2018, the County issued subfund revenue bonds in the amounts of \$14,775,000 (tax-exempt) and \$4,710,000 (taxable). Amounts required for debt service are deposited into a special fund within the General Fund and are pledged to secure the local bonds. The obligation for these bonds is to be liquidated by the General Fund, subject to annual appropriation. The tax-exempt bond proceeds will be used for campus administrative space, the Magnolia Green Fire Station, the Midlothian Library and the Harrowgate Park replacement project. The taxable bond proceeds will be used for the Chester Arts Center.

The County has a moral obligation to appropriate and pay the amounts due for subfund revenue bonds issued by the VRA from the General 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. Amounts outstanding as of June 30, 2021 for the Special Subfund Revenue Bonds are:

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| | <u>Original Issue Amount</u> | <u>Interest Rates</u> | <u>Future Principal Requirements</u> | <u>Amount Outstanding</u> |
|--|--------------------------------------|---------------------------|--|-------------------------------|
| Governmental Activities | | | | |
| 2016A Virginia Resource Authority, due 2037 | \$19,760,324 | 3.807 - 5.125% | \$330,000 - 2,034,203 | \$ 13,352,613 |
| 2017A Virginia Resource Authority, due 2037 | 6,550,000 | 3.125 - 5.125% | 255,000 - 475,000 | 5,845,000 |
| 2017B Virginia Resource Authority, due 2037 | 7,185,000 | 3.125 - 5.125% | 375,000 - 380,000 | 6,050,000 |
| 2017C Virginia Resource Authority, due 2037 | 2,675,000 | 3.125 - 5.125% | 140,000 - 145,000 | 2,250,000 |
| 2018A Virginia Resource Authority, due 2039 | 14,775,000 | 4.125 - 5.125% | 735,000 - 740,000 | 13,295,000 |
| 2018B Virginia Resource Authority, due 2039 | 4,710,000 | 3.257 - 4.407% | 235,000 | 4,230,000 |
| Total governmental special subfund revenue bonds | | | | 45,022,613 |
| Add: Premium | | | | 3,959,873 |
| Less: Discount | | | | (28,069) |
| Net governmental activities | | | | <u>48,954,417</u> |
| Business-type Activities | | | | |
| 2016A Virginia Resource Authority due 2028 | \$ 44,676 | 4.476 - 5.125% | \$ 2,618 - 5,797 | 27,387 |
| Add: Premium | | | | 2,717 |
| Net business-type activities | | | | 30,104 |
| Total special subfund revenue bonds | | | | <u>\$ 48,984,521</u> |

Debt service requirements to maturity for these bonds are as follows:

| <u>Year Ending</u> | <u>Primary Government</u> | | | | | |
|--------------------|--------------------------------|----------------------|----------------------|---------------------------------|-----------------|------------------|
| | <u>Governmental Activities</u> | | | <u>Business-type Activities</u> | | |
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 3,535,053 | \$ 1,974,757 | \$ 5,509,810 | \$ 4,947 | \$ 1,243 | \$ 6,190 |
| 2023 | 3,266,039 | 1,806,552 | 5,072,591 | 3,961 | 1,015 | 4,976 |
| 2024 | 3,505,274 | 1,638,933 | 5,144,207 | 4,726 | 792 | 5,518 |
| 2025 | 3,829,203 | 1,454,966 | 5,284,169 | 5,797 | 522 | 6,319 |
| 2026 | 2,932,314 | 1,287,300 | 4,219,614 | 2,686 | 309 | 2,995 |
| 2027-2031 | 12,479,730 | 4,515,908 | 16,995,638 | 5,270 | 239 | 5,509 |
| 2032-2036 | 11,245,000 | 1,964,675 | 13,209,675 | - | - | - |
| 2037-2041 | 4,230,000 | 205,700 | 4,435,700 | - | - | - |
| Total | <u>\$ 45,022,613</u> | <u>\$ 14,848,791</u> | <u>\$ 59,871,404</u> | <u>\$ 27,387</u> | <u>\$ 4,120</u> | <u>\$ 31,507</u> |

D. Public Facility Lease Revenue Bonds and Certificates of Participation

The County is a party to a Real Property Lease and Purchase Agreement that is structured with Certificates of Participation. Obligations under the lease will be liquidated by the General Fund and the non-major Airport Fund.

Under an agreement dated March 1, 2004, the County leases real property incorporating a new Community Development Building, a replacement Chester House Rehabilitative Facility, and an additional Airport Hangar. Certificates of Participation Series 2005B and 2006B were issued to finance

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

a portion of the cost of the acquisition, construction, installation, furnishing and equipping of these buildings, as well as an Emergency Systems Integration Project. In addition, Certificates of Participation Series 2005A and 2005B were used to finance the acquisition of a financial/human resources information management system. The outstanding Certificates of Participation Series 2005B was refunded with the 2016A VRA Bond. Certificates of Participation Series 2006B was partially refunded with Certificates of Participation Series 2012 and with the 2016A VRA Bond.

In the lease, the County acts as the lessor's agent for the construction and furnishing of the capital acquisitions. The County is required, subject to annual appropriations by the Board of Supervisors, under the Real Property Lease/Purchase Agreements to make lease payments to a trustee, as assignee of the lessor. These payments will be sufficient for the trustee to pay debt service on the Certificates of Participation, Series 2012, as and when due. At the expiration of the lease term, title to the assets will vest in the County if the County has made all lease payments required under the Agreements.

In the event of default and the written request of the bond holders of 25% or greater of the outstanding principal amount of bonds, the trustee of the bonds may declare the entire unpaid principal and interest amounts of the bonds as due and payable.

Amounts outstanding as of June 30, 2021 on the Certificates of Participation are as follows:

| | <u>Original Issue Amount</u> | <u>Interest Rates</u> | <u>Future Principal Requirements</u> | <u>Amount Outstanding</u> |
|--------------------------------------|----------------------------------|---------------------------|--|-------------------------------|
| Governmental Activities | | | | |
| 2012 Certificates of Participation - | | | | |
| Refunding, due 2025 | \$ 19,011,905 | 4.00 - 5.00% | \$327,211 - 2,377,090 | \$ 6,207,380 |
| Add: Premium | | | | 191,722 |
| Net governmental activities | | | | <u>6,399,102</u> |
| Business-type Activities | | | | |
| 2012 Certificates of Participation - | | | | |
| Refunding, due 2025 | \$ 743,095 | 4.00 - 5.00% | \$ 12,789 - 92,910 | 242,620 |
| Add: Premium | | | | 7,635 |
| Net business-type activities | | | | <u>250,255</u> |
| Total certificates of participation | | | | <u>\$ 6,649,357</u> |

Annual debt service requirements to maturity for the Certificates of Participation are as follows:

| <u>Year Ending</u> | <u>Primary Government</u> | | | | | |
|--------------------|--------------------------------|-------------------|---------------------|---------------------------------|------------------|-------------------|
| | <u>Governmental Activities</u> | | | <u>Business-Type Activities</u> | | |
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 2,377,090 | \$ 232,271 | \$ 2,609,361 | \$ 92,910 | \$ 9,079 | \$ 101,989 |
| 2023 | 1,963,264 | 123,763 | 2,087,027 | 76,736 | 4,837 | 81,573 |
| 2024 | 1,539,815 | 43,885 | 1,583,700 | 60,185 | 1,715 | 61,900 |
| 2025 | 327,211 | 6,544 | 333,755 | 12,789 | 256 | 13,045 |
| Total | <u>\$ 6,207,380</u> | <u>\$ 406,463</u> | <u>\$ 6,613,843</u> | <u>\$ 242,620</u> | <u>\$ 15,887</u> | <u>\$ 258,507</u> |

E. Direct Borrowings

In March 2017, the County issued General Obligation Public Improvement Refunding Series 2017A, a commercial bank loan, to refund the remaining balance of General Obligation Public Improvement Refunding Bonds, Series B of 2011. The Series 2017A Bond constitutes a full faith and credit, general obligation of the County. In each year while the Series 2017A Bond is outstanding and unpaid, the Board is authorized and required to levy and collect annually, at the same time and in the same manner as other taxes in the County are assessed, levied and collected, a tax upon all taxable property within the County, over and above all other taxes, authorized or limited by law and without limitation as to rate or amount, sufficient to pay, when due, the principal of and interest on the Series 2017A Bond to the

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

extent other funds of the County are not lawfully available and appropriated for such purpose. The County must notify the lender within 30 days if an event of taxability occurs that impacts the tax-exempt status of the loan and the interest rate will be adjusted to a taxable rate retroactive to the date of taxability.

In December 2015, the County, together with the EDA, entered into an agreement to issue tax exempt special revenue fund bonds to finance the building of the Chester Arts Center. The debt service is subject to annual appropriation in the General Fund. The County's obligation under this agreement is limited to the annual appropriation of debt service in the adopted budget. In the event of default, the lender may, without further demand or notice, declare the entire unpaid balance as due and payable. If an event of taxability occurs that impacts the tax-exempt status of the loan, the interest rate will be adjusted to a taxable rate retroactive to the date of taxability.

In May 2019, the County issued a tax-exempt revenue bond, a direct bank loan, through the EDA to fund sewer line improvements. In the event of default, the lender may, without further demand or notice, declare the entire unpaid balance as due and payable. If an event of taxability occurs that impacts the tax-exempt status of the loan, the interest rate will be adjusted to a taxable rate retroactive to the date of taxability.

In September 2020, the EDA issued revenue refunding bonds to refund or defease certain outstanding obligations for the EDA and the County. In the event of default, the lender may take whatever legal actions are deemed necessary to collect the principal and interest amounts then due.

Direct borrowings as of June 30, 2021 are as follows:

| | <u>Original Issue Amount</u> | <u>Interest Rates</u> | <u>Future Principal Requirements</u> | <u>Total Outstanding</u> |
|--|--------------------------------------|---------------------------|--|------------------------------|
| Governmental Activities | | | | |
| 2017A General Obligation Refunding Bond, due 2022 | \$ 20,224,000 | 1.57% | \$721,000 | \$ 721,000 |
| 2019 EDA Tax Exempt Revenue Bond, due 2032 | 15,000,000 | 2.35 | 691,000 - 1,459,000 | 13,847,000 |
| Chester Arts Community Center, due 2032 | 6,899,800 | 3.09 | 459,987 | 5,059,856 |
| 2020C EDA Refunding Bond, due 2030 | 5,659,000 | 1.00 | 389,000 - 804,000 | 5,210,000 |
| 2020D EDA Refunding Bond, due 2025 | 2,611,000 | 0.75 | 638,000 - 653,000 | 2,583,000 |
| 2020E EDA Refunding Bond, due 2035 | 6,246,000 | 2.00 | 370,000 - 479,000 | 5,909,000 |
| Total governmental activities | | | | <u>\$ 33,329,856</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Debt service requirements to maturity for the revenue bonds are as follows:

| Year Ending | Governmental Activities | | | |
|----------------|-------------------------|---------------------|----------------------|--|
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> | |
| 2022 | \$ 4,188,986 | \$ 661,743 | \$ 4,850,729 | |
| 2023 | 3,495,987 | 587,789 | 4,083,776 | |
| 2024 | 3,514,987 | 524,409 | 4,039,396 | |
| 2025 | 3,542,987 | 460,346 | 4,003,333 | |
| 2026 | 2,579,987 | 395,511 | 2,975,498 | |
| 2027-2031 | 12,996,935 | 1,101,600 | 14,098,535 | |
| 2032-2035 | 3,009,987 | 109,106 | 3,119,093 | |
| Total | <u>\$ 33,329,856</u> | <u>\$ 3,840,504</u> | <u>\$ 37,170,360</u> | |

F. Capital Leases - School Board

The School Board has acquired equipment under capital lease arrangements. Capital leases are liquidated by the School Operating Fund. In the event of default, the lessor may declare the entire unpaid principal of and interest on the leases due and payable or take repossession of the leased equipment. Amounts outstanding as of June 30, 2021 are as follows:

| | <u>Original Issue</u> | <u>Interest</u> | <u>Future</u> | <u>Amount</u> |
|--------------|------------------------------|------------------------|----------------------------|---------------------------|
| | <u>Amount</u> | <u>Rates</u> | <u>Principal</u> | <u>Outstanding</u> |
| | | | <u>Requirements</u> | |
| School buses | \$ 8,649,800 | 1.69% | \$652,238 - 1,288,110 | \$ 1,940,347 |

Future minimum lease payments at June 30, 2021 for these capital leases are as follows:

| Year Ending | <u>Component Unit</u> | | |
|-----------------------|------------------------------|------------------------|---------------------|
| | <u>School Board</u> | | |
| <u>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 1,288,110 | \$ 27,402 | \$ 1,315,512 |
| 2023 | 652,237 | 5,518 | 657,755 |
| Total | <u>\$ 1,940,347</u> | <u>\$ 32,920</u> | <u>\$ 1,973,267</u> |

G. Airport Revolving Loan

In November 2017, the County procured a loan from the Virginia Airports Revolving Fund in an amount up to \$1,846,000 to design and replace the existing fuel farm at the County Airport. Obligations for this loan will be liquidated by revenues generated by the Airport. The County agreed that each year's annual budget will include rates, rentals, fees and other charges sufficient to generate revenues that cover operations, maintenance, repairs, replacements, improvements, debt service and other purposes as well as any amount transferred from the General Fund to maintain rate covenant requirements. The County covenants that, in each fiscal year, the Airport's net revenues available for debt service will be at least equal to 100% of the amount required to pay debt service on the loan. If the Airport fails to make debt service payments when due, the County has a moral obligation to appropriate and pay the amount due from the General Fund to cure the deficiency. 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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment.

As of June 30, 2021, \$1,661,400 remained outstanding on the loan and \$23,343 of interest was accrued. Projected future debt service payments on the full amount of the loan are as follows:

| Year Ending | Business-type Activities | | |
|--------------------|---------------------------------|------------------|-----------------|
| | June 30 | Principal | Interest |
| 2022 | \$ | 92,300 | \$ 46,685 |
| 2023 | | 92,300 | 44,092 |
| 2024 | | 92,300 | 41,498 |
| 2025 | | 92,300 | 38,904 |
| 2026 | | 92,300 | 36,311 |
| 2027-2031 | | 461,500 | 142,650 |
| 2032-2036 | | 461,500 | 77,809 |
| 2037-2039 | | 276,900 | 15,562 |
| Total | \$ | 1,661,400 | \$ 443,511 |

H. Defeased Debt

On August 20, 2020, the County sold \$41,485,000 in General Obligation Refunding Bonds (Series 2020B). Net proceeds of \$41,319,539 were deposited into an irrevocable trust with an escrow agent to pay interest when due on the refunded bonds up to and including their redemption dates and the principal redemption prices on the refunded bonds up to and including their redemption dates. As a result of this transaction, the selected maturities of the bonds are considered to be defeased and the assets in the related escrow accounts for the refunded issues are not reflected in the accompanying financial statements.

The refunding resulted in the recognition of an accounting loss of \$2,334,698 for the year ended June 30, 2021; however, the County reduced its aggregate debt service payments by \$2,719,142 over the next fifteen years and obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$2,682,244.

The refunded bonds include:

| Description | Amount | Issue Date | Maturity Dates | Call Date |
|---------------------------|---------------|-------------------|-----------------------|------------------|
| 2012A General Improvement | \$ 8,950,000 | 3/21/2012 | 2023-2032 | 1/1/2022 |
| 2012B Refunding | 11,125,000 | 3/21/2012 | 2023-2025 | 1/1/2022 |
| 2014A General Improvement | 7,285,000 | 6/25/2014 | 2025-2034 | 1/1/2024 |
| 2015A General Improvement | 10,405,000 | 9/3/2015 | 2030-2035 | 1/1/2025 |

On September 28th, 2020, the County refunded various existing debt of the EDA. The 2020C refunding reduced aggregate debt service payments by \$357,012 and resulted in net present value savings of \$347,247. The 2020D refunding reduced the aggregate debt service payments by \$96,042 and resulted in a net present value savings of \$102,233. The 2020E proceeds, along with \$456,292 from an existing debt service reserve fund, were used to defease the outstanding balance of the 2014 Taxable Revenue Note that was due 10/1/2020.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The bonds refunded by the 2020C and 2020D bonds include:

| <u>Description</u> | <u>Amount</u> | <u>Issue Date</u> | <u>Maturity Dates</u> | <u>Call Date</u> |
|---|---------------|-------------------|-----------------------|------------------|
| 2005A Economic Development | \$ 1,420,000 | 1/27/2005 | 2021-2024 | 10/1/2020 |
| 2005B Economic Development | 2,590,000 | 1/27/2005 | 2021-2024 | 10/1/2020 |
| 2010B Taxable Recovery Zone, Economic Development | 4,150,000 | 10/14/2010 | 2021-2030 | 10/1/2020 |
| 2014A Taxable Revenue Note | 16,596,199 | 12/1/2015 | 2021 | N/A |

I. Compensated Absences Payable

The County recorded a liability for compensated absences in the Statement of Net Position of the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The governmental activities of the primary government recorded \$31,909,481 and \$3,554,620 for accrued vacation and sick leave benefits, respectively, and the business-type activities of the primary government recorded \$1,976,739 and \$403,607 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded \$14,820,789 and \$6,803,165 for accrued vacation/personal leave and sick leave benefits, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

J. Judgments and Claims

The County recorded a liability for workers' compensation claims in the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The workers' compensation liability recorded is \$6,003,362 for the governmental activities of the primary government, \$751,835 for the business-type activities of the primary government and \$4,220,465 for the School Board component unit. A liability of \$2,576,293 has been recorded for judgment and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2021, and b) liabilities for claims incurred but not reported as of June 30, 2021. These liabilities have been estimated based upon a case-by-case review, investigation and historical experience. Payments for workers' compensation liabilities are recorded as a charge to the fund that incurred the liability. Judgments and claims recorded in the Risk Management Fund are payable from the Risk Management Fund.

Effective January 1, 2014, the County and School Board began participating in a self-insured health care program covering medical and prescription drug costs. Medical and drug claims that exceed \$300,000 per member are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of expected medical and drug claims are covered by aggregate excess risk insurance. Claims paid by the third party claims administrator, but not reimbursed by the County as of June 30, 2021, are reported as accounts payable in the Healthcare Fund. An estimate of claims incurred but not reported as of June 30, 2021 is reported as a current claims liability in the Healthcare Fund in the amount of \$7,369,000.

In October 1991, the U. S. Environmental Protection Agency (EPA) issued a rule establishing municipal solid waste landfills (MSWLF) closure requirements for all MSWLF's that accepted solid waste after October 9, 1991 and postclosure requirements for all MSWLF's that accepted solid waste after October 9, 1993. The County operated one landfill, which was closed on October 8, 1993, and completed the final cover during fiscal year 1995. The County has met the Commonwealth's ten-year requirement to perform maintenance and monitoring postclosure functions at the site and has applied for certification from the Commonwealth to release it from further maintenance and monitoring requirements. The County anticipates it will incur an additional postclosure care liability of \$627,751 at June 30, 2021. This amount represents the estimated total current cost of landfill postclosure care for an additional ten years, based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Actual costs

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

may be lower if the County is released from postclosure maintenance and monitoring by the Commonwealth. Payments for this liability will be recorded as a charge to the General Fund. The County is not required by state and federal laws or regulations to make annual contributions to a trust to finance postclosure care. The County expects to pay additional postclosure care cost from the General Fund with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund assigned fund balance.

GAAP requires that the County estimate the financial liabilities associated with pollution remediation obligations when certain obligating events occur. One such obligating event is being named by a regulator as a potentially responsible party for remediation. The U.S. Department of Interior National Park Service (NPS) has named the County as a Primary Responsible Party (PRP) for cleanup efforts for a landfill site that was closed in 1972 and subsequently transferred to the NPS by the County. As a current owner of the landfill site, the NPS is also a potentially responsible party, with the liability for paying for the costs of cleanup. In December 2015, an Engineering Evaluation and Cost Analysis report was released by the NPS estimating the future cost of cleanup. In January 2016, the County received a cost package summarizing the response costs incurred by the NPS to date. However, neither document apportions liability between the NPS and the County. Therefore, as of June 30, 2021, the County's portion of the liability of the shared costs of cleanup is not reasonably estimable.

K. Net Pension Liabilities

As required by GAAP, a long-term liability has been recorded for the VRS Plan, the County Supplemental Retirement Plan and the School Board Supplemental Retirement Program for the cumulative difference between the total pension liabilities and fiduciary net position as of the measurement date. The governmental activities of the primary government recorded net pension liabilities of \$243,515,766 for the VRS Local Plan and \$2,734,295 for the County Supplemental Retirement Plan. The business-type activities of the primary government recorded net pension liabilities of \$10,865,436 the VRS Local Plan. The School Board component unit recorded net pension liabilities of \$20,311,386 and \$538,623,255 for the VRS Local and Teachers' Pool Plans and \$26,638,129 for the School Board Supplemental Retirement Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

L. Other Postemployment Benefits Liabilities

As required by GAAP, a long-term liability has been recorded for the County and Schools OPEB - Retiree Healthcare, the County Line of Duty Plan, the County and Schools VRS Group Life Insurance Plan and the Schools VRS cost-sharing Teachers' Pool Health Insurance Credit Program for the cumulative difference between the total OPEB liabilities and fiduciary net position as of the measurement date. The governmental activities of the primary government recorded net OPEB liabilities of 43,479,600 for OPEB-Retiree Healthcare, \$2,069,720 for OPEB-Line of Duty, and \$15,425,328 for the County's share of VRS cost-sharing Group Life Insurance Plan. The business-type activities of the primary government recorded net OPEB liabilities of \$4,204,831 for OPEB-Retiree Healthcare and \$1,211,134 for the County's share of VRS cost-sharing Group Life Insurance Plan. The School Board component unit recorded net OPEB liabilities of \$144,081,019 for OPEB-Retiree Healthcare, \$28,016,423 for the School Board's share of VRS cost-sharing Group Life Insurance Plan, and \$48,133,006 for the School Board's share of the VRS cost-sharing Teachers' Pool Health Insurance Credit Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

M. Changes in Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2021:

| Governmental Activities | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Amounts Due Within One Year |
|---|---------------------------------|------------------|------------------|----------------------------------|--|
| General obligation bonds | \$ 472,445,000 | \$ 101,240,000 | \$ 77,830,000 | \$ 495,855,000 | \$ 42,140,000 |
| Add: Premium | 39,326,898 | 7,604,591 | 8,230,993 | 38,700,496 | 6,024,153 |
| Net bonds payable | 511,771,898 | 108,844,591 | 86,060,993 | 534,555,496 | 48,164,153 |
| Revenue bonds payable | 43,415,000 | 85,000,000 | 2,285,000 | 126,130,000 | 6,535,000 |
| Add: Premium | 5,282,696 | 13,237,687 | 1,437,255 | 17,083,128 | 1,694,553 |
| Net bonds payable | 48,697,696 | 98,237,687 | 3,722,255 | 143,213,128 | 8,229,553 |
| Subfund revenue bonds | 48,562,649 | - | 3,540,036 | 45,022,613 | 3,535,053 |
| Add: Premium | 4,632,055 | - | 672,182 | 3,959,873 | 603,125 |
| Less: Discount | (31,322) | 3,253 | - | (28,069) | (3,074) |
| Net subfund revenue bonds payable | 53,163,382 | 3,253 | 4,212,218 | 48,954,417 | 4,135,104 |
| Certificates of participation | 8,565,222 | - | 2,357,842 | 6,207,380 | 2,377,090 |
| Add: Premium | 357,469 | - | 165,747 | 191,722 | 109,298 |
| Net certificates of participation | 8,922,691 | - | 2,523,589 | 6,399,102 | 2,486,388 |
| Direct borrowings | 31,636,479 | 14,516,000 | 12,822,623 | 33,329,856 | 4,188,986 |
| Support and other agreements - EDA | 9,130,000 | - | 9,130,000 | - | - |
| Total bonds, leases and loans | 663,322,146 | 221,601,531 | 118,471,678 | 766,451,999 | 67,204,184 |
| Other liabilities: | | | | | |
| Compensated absences | 27,687,447 | 12,442,750 | 4,666,096 | 35,464,101 | 5,214,745 |
| Judgments and claims: | | | | | |
| Workers' compensation and risk claims | 8,288,400 | 519,288 | 228,033 | 8,579,655 | 4,884,304 |
| Healthcare claims | 8,653,000 | - | 1,284,000 | 7,369,000 | 7,369,000 |
| Landfill | 594,623 | 33,128 | - | 627,751 | 120,794 |
| Arbitrage | 9,429 | - | 9,429 | - | - |
| Total judgements and claims | 17,545,452 | 552,416 | 1,521,462 | 16,576,406 | 12,374,098 |
| Net pension liabilities | 181,431,843 | 65,240,585 | 422,367 | 246,250,061 | - |
| Net other postemployment benefits obligations | 73,865,286 | 455,155 | 13,345,793 | 60,974,648 | - |
| Total other liabilities | 300,530,028 | 78,690,906 | 19,955,718 | 359,265,216 | 17,588,843 |
| Total long-term liabilities | \$ 963,852,174 | \$ 300,292,437 | \$ 138,427,396 | \$ 1,125,717,215 | \$ 84,793,027 |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end, \$673,975 for compensated absences, \$9,955,601 for judgments and claims, \$4,512,269 for net pension liabilities, and \$1,517,687 for net OPEB liabilities for internal service funds are included in the above amounts. Except for the amounts for internal service funds, the long-term liabilities for governmental activities are generally liquidated by the General Fund.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Business-type Activities | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Amounts Due Within One Year |
|---|---------------------------------|------------------|------------------|----------------------------------|--|
| <u>Water Fund</u> | | | | | |
| Revenue bonds payable | \$ 14,630,000 | \$ - | \$ 2,865,000 | \$ 11,765,000 | \$ 3,015,000 |
| Add: Premium | 1,322,774 | - | 489,686 | 833,088 | 380,599 |
| Net bonds payable | 15,952,774 | - | 3,354,686 | 12,598,088 | 3,395,599 |
| Other liabilities: | | | | | |
| Compensated absences | 921,969 | 568,306 | 294,891 | 1,195,384 | 168,905 |
| Judgments and claims | 498,621 | 28,644 | - | 527,265 | 215,368 |
| Net pension liabilities | 4,149,215 | 1,370,415 | - | 5,519,630 | - |
| Net other postemployment benefits obligations | 2,895,541 | 14,972 | 460,720 | 2,449,793 | - |
| Total other liabilities | 8,465,346 | 1,982,337 | 755,611 | 9,692,072 | 384,273 |
| Total long-term liabilities | 24,418,120 | 1,982,337 | 4,110,297 | 22,290,160 | 3,779,872 |
| <u>Wastewater Fund</u> | | | | | |
| Revenue bonds payable | 19,475,000 | - | 2,560,000 | 16,915,000 | 2,695,000 |
| Add: Premium | 2,415,685 | - | 646,635 | 1,769,050 | 553,256 |
| Net bonds payable | 21,890,685 | - | 3,206,635 | 18,684,050 | 3,248,256 |
| Other liabilities: | | | | | |
| Compensated absences | 914,887 | 486,556 | 250,432 | 1,151,011 | 148,998 |
| Judgments and claims | 124,431 | 100,139 | - | 224,570 | 91,728 |
| Net pension liabilities | 3,867,928 | 1,309,365 | - | 5,177,293 | - |
| Net other postemployment benefits obligations | 3,384,451 | 20,077 | 522,267 | 2,882,261 | - |
| Total other liabilities | 8,291,697 | 1,916,137 | 772,699 | 9,435,135 | 240,726 |
| Total long-term liabilities | 30,182,382 | 1,916,137 | 3,979,334 | 28,119,185 | 3,488,982 |
| <u>Non-major</u> | | | | | |
| Certificates of participation | 334,778 | - | 92,158 | 242,620 | 92,910 |
| Add: Premium | 14,236 | - | 6,601 | 7,635 | 4,353 |
| Net certificates of participation | 349,014 | - | 98,759 | 250,255 | 97,263 |
| Subfund revenue bonds | 32,351 | - | 4,964 | 27,387 | 4,947 |
| Add: Premium | 3,681 | - | 964 | 2,717 | 804 |
| Net subfund revenue bonds payable | 36,032 | - | 5,928 | 30,104 | 5,751 |
| Airport Revolving Loan Fund | 1,753,700 | - | 92,300 | 1,661,400 | 92,300 |
| Total certificates of participation, revolving loan funds and revenue bonds payable | 2,138,746 | - | 196,987 | 1,941,759 | 195,314 |
| Other liabilities: | | | | | |
| Compensated absences | 24,488 | 9,463 | - | 33,951 | 5,807 |
| Net pension liabilities | 118,692 | 49,821 | - | 168,513 | - |
| Net other postemployment benefits obligations | 97,601 | 687 | 14,377 | 83,911 | - |
| Total other liabilities | 240,781 | 59,971 | 14,377 | 286,375 | 5,807 |
| Total long-term liabilities | 2,379,527 | 59,971 | 211,364 | 2,228,134 | 201,121 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Amounts Due Within One Year |
|---|-------------------------|--------------|--------------|--------------------------|-----------------------------------|
| Total Business-type Activities | | | | | |
| Revenue bonds payable | \$ 34,105,000 | \$ - | \$ 5,425,000 | \$ 28,680,000 | \$ 5,710,000 |
| Add: Premium | 3,738,459 | - | 1,136,321 | 2,602,138 | 933,855 |
| Net bonds payable | 37,843,459 | - | 6,561,321 | 31,282,138 | 6,643,855 |
| Certificates of participation | 334,778 | - | 92,158 | 242,620 | 92,910 |
| Add: Premium | 14,236 | - | 6,601 | 7,635 | 4,353 |
| Net certificates of participation | 349,014 | - | 98,759 | 250,255 | 97,263 |
| Subfund revenue bonds | 32,351 | - | 4,964 | 27,387 | 4,947 |
| Add: Premium | 3,681 | - | 964 | 2,717 | 804 |
| Net subfund revenue bonds payable | 36,032 | - | 5,928 | 30,104 | 5,751 |
| Airport Revolving Loan Fund | 1,753,700 | - | 92,300 | 1,661,400 | 92,300 |
| Total bonds, certificates of participation revolving fund loans and revenue bonds payable | 39,982,205 | - | 6,758,308 | 33,223,897 | 6,839,169 |
| Other liabilities: | | | | | |
| Compensated absences | 1,861,344 | 1,064,325 | 545,323 | 2,380,346 | 323,710 |
| Judgments and claims | 623,052 | 128,783 | - | 751,835 | 307,096 |
| Net pension liabilities | 8,135,835 | 2,729,601 | - | 10,865,436 | - |
| Net other postemployment benefits obligations | 6,377,593 | 35,736 | 997,364 | 5,415,965 | - |
| Total other liabilities | 16,997,824 | 3,958,445 | 1,542,687 | 19,413,582 | 630,806 |
| Total long-term liabilities | \$ 56,980,029 | \$ 3,958,445 | \$ 8,300,995 | \$ 52,637,479 | \$ 7,469,975 |

Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2021, are as follows:

| | Balance July 1, 2020 | Increases | Decreases | Balance June 30, 2021 | Amounts Due Within One Year |
|---|-------------------------|---------------|---------------|--------------------------|-----------------------------------|
| School Board | | | | | |
| Capital leases | \$ 6,329,873 | \$ - | \$ 4,389,526 | \$ 1,940,347 | \$ 1,288,110 |
| Compensated absences | 21,641,462 | 2,368,671 | 2,386,179 | 21,623,954 | 1,976,979 |
| Judgments and claims | 5,575,875 | - | 1,355,410 | 4,220,465 | 1,723,902 |
| Net pension liabilities | 547,930,065 | 51,908,496 | 14,265,791 | 585,572,770 | - |
| Net other postemployment benefits obligations | 235,227,815 | 262,114 | 15,259,481 | 220,230,448 | - |
| Total long-term liabilities | \$ 816,705,090 | \$ 54,539,281 | \$ 37,656,387 | \$ 833,587,984 | \$ 4,988,991 |

N. Long-term Debt Issued on Behalf of the School Board Component Unit

According to State law, the School Board component unit is not allowed to issue general obligation debt and, therefore, is not legally obligated to repay general obligation debt issued on its behalf by the primary government. Debt from general obligation bonds of \$423,627,565 is reported in the government-wide statements of the primary government on behalf of the School Board component unit.

In addition to the general obligation debt and lease obligations, the primary government has also recorded accrued interest payable of \$7,902,801 in the government-wide financial statements on behalf of the School Board component unit. The School Board component unit has recorded accrued interest payable of \$8,207 in the government-wide financial statements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

10. Commitments and Contingent Liabilities

A. Lease Commitments

Rent expense for all operating leases was \$2,046,396 for the County and \$2,657,091 for the School Board for the fiscal year ended June 30, 2021.

The County leases various types of equipment under operating lease agreements. The County lease agreements are contingent on the County Board appropriating funds for each year's payments. As of June 30, 2021, future operating lease payments for the County and School Board were as follows:

| Year Ending | <u>Future Operating Lease Payments</u> | | | |
|----------------|--|---------------|----|---------------------|
| <u>June 30</u> | | <u>County</u> | | <u>School Board</u> |
| 2022 | \$ | 36,769 | \$ | 56,047 |
| 2023 | | 18,361 | | 19,234 |
| 2024 | | 6,085 | | 10,113 |
| Total | \$ | <u>61,215</u> | \$ | <u>85,394</u> |

B. Other Commitments

The County has entered into various contracts for the purchase of water and the treatment of wastewater. The County, in establishing water and wastewater rates, considers these commitments, which expire at various times through 2045, as disclosed in note 15A and 15F.

C. Contingent Liabilities

Various claims and lawsuits are pending against the County and School Board. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County management the resolution of these matters will not have a material adverse effect on the financial position of the government.

The County and School Board have received a number of Federal and State grants. 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.

11. Risk Management - Claims Liability

The Risk Management Fund (an Internal Service Fund) accounts for property, casualty and liability claims for the County and School Board. Third party coverage is obtained for real and personal property and some liability risks, including cyber liability insurance. Third party property and casualty coverage is maintained for the Fire Department. The County maintains a broad form Public Officials Liability insurance policy to provide catastrophe coverage for individual claims in excess of \$2,000,000 excluding property and workers' compensation. For property, the County maintains a deductible of \$250,000 per occurrence. Administration of claims impacting this coverage is reviewed routinely by the insurance company that provides the policies. There were no reductions in commercial insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the commercial insurance. Risk Management Fund revenues are generated by charges to the departments and School Board for management's estimate of the cost of predictable losses, the cost for administering these losses, a pro rata share of insurance premiums paid, actuarial estimates for incurred but not reported claims and the Risk Management Department's operational costs. Significant claims paid by the Risk Management Fund which exceed the premium charged will be covered by

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

increased premiums in future years to the departments and School Board. Liabilities for unpaid claims are based upon the estimate of the ultimate cost of the claims, pursuant to known information. The estimate of the claims liability does not include amounts for non-incremental claims adjustment expenses. On disputed cases, where the chances of prevailing on the legal and medical issues are less than 50%, the claim is recorded at the full exposure amount. The confidence level estimated percentage used to determine the risk management liability is 65% for property, automobile, general, professional, medical and law enforcement liabilities.

The County has implemented a comprehensive environmental, health and safety management system that is structured on ISO 14001 and ISO 45001 principles. The purpose of the management system is to ensure that sustainable systems, procedures and policies are implemented to effectively identify, manage and control operational risks in the County and Schools. This reduces adverse impacts to the environment, protects student, employee and public health and safety, promotes pollution prevention and helps ensure compliance with environmental health and safety laws and regulations.

Workers' compensation claims are funded annually by appropriations in the various funds. The County maintains an excess insurance policy for claims greater than self-insured retention. The self-insured retention as of January 1, 2020 was \$800,000 for non-public safety county employees, \$1,250,000 for public safety employees and \$800,000 for public school employees. Claims are administered by Risk Management staff with an independent claims audit conducted periodically. Environmental, Health and Safety professionals and representatives of the third-party insurance companies provide additional loss prevention consultation.

Due to the COVID-19 pandemic, County schools operated on online learning basis through mid-March 2021, significantly reducing its exposure to workers' compensation claims.

The changes in the workers' compensation claims liability amounts are as follows:

| | <u>County</u> | | <u>School Board</u> | |
|-------------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2021</u> | <u>2020</u> |
| Workers' Compensation: | | | | |
| Liability, July 1 | \$ 6,778,271 | \$ 7,144,745 | \$ 5,575,875 | \$ 7,619,907 |
| Current year claims | 3,244,000 | 2,972,000 | 1,370,000 | 1,651,000 |
| Changes in estimates | (686,714) | (699,503) | (1,054,966) | (1,108,028) |
| Claim payments | <u>(2,580,361)</u> | <u>(2,638,971)</u> | <u>(1,670,444)</u> | <u>(2,587,004)</u> |
| Liability, June 30 | <u>\$ 6,755,196</u> | <u>\$ 6,778,271</u> | <u>\$ 4,220,465</u> | <u>\$ 5,575,875</u> |

The changes in the liability amounts for other claims are as follows:

| | <u>2021</u> | <u>2020</u> |
|------------------------------|---------------------|---------------------|
| Risk Management Fund: | | |
| Liability, July 1 | \$ 2,133,181 | \$ 3,725,848 |
| Current year claims | 2,857,827 | 2,516,405 |
| Changes in estimates | 900,088 | (1,847,441) |
| Claim payments | <u>(3,314,803)</u> | <u>(2,261,631)</u> |
| Liability, June 30 | <u>\$ 2,576,293</u> | <u>\$ 2,133,181</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

12. Retirement Plans

A. Virginia Retirement System - Local Plans and Teachers' Pool

1. Plan Description and Membership

The County and School Board participate in agent multiple employer plans (VRS Local Plans) administered by VRS. In addition, certain School Board employees participate in the VRS statewide teachers' cost-sharing pool plan (VRS Teachers' Pool). All full-time, salaried permanent employees are automatically covered by VRS upon employment. Benefits vest after five years of service credits. Members earn one month of service credit for each month they are employed and they and the County or School Board, as employers, pay contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan. VRS administers three different benefit structures for local government employees - Plan 1, Plan 2 and Hybrid.

- a. Employees hired before July 1, 2010, and who were vested as of January 1, 2013, are covered under Plan 1, a defined benefit (pension) plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.
- b. Employees hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2, a defined benefit (pension) plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least five years of service credit or when the sum of their age and service equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least five years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by a combination of a defined benefit (pension) plan and a contribution (retirement savings) plan. Employees covered by this hybrid plan are eligible for full retirement benefits when the normal social security retirement age is reached, and with at least five years of creditable service, or when age and years of service equal 90. Employees may retire with a reduced benefit as early as age 60 with at least five years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.
- d. Eligible hazardous duty employees (law enforcement officers, firefighters and sheriffs) in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least five years of service credit.

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees and 1.85% for hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier for non-hazardous duty employees is 1.65% and 1.85% for hazardous duty employees. Under the

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%.

Retirees are eligible for annual cost-of-living adjustment (COLA) beginning July 1 after one full calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. During years of no inflation or deflation, there is no COLA. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees covered by the benefit terms of the VRS Local Plans are as follows:

| | <u>Primary Government</u> | <u>Component Unit - School Board</u> |
|---|-------------------------------|--|
| Inactive members or their beneficiaries | | |
| currently receiving benefits | 2,517 | 986 |
| Inactive members: | | |
| Vested | 610 | 146 |
| Non-vested | 896 | 391 |
| Active elsewhere in VRS | <u>1,061</u> | <u>250</u> |
| Total inactive members | 2,567 | 787 |
| Active members | <u>3,507</u> | <u>800</u> |
| Total | <u>8,591</u> | <u>2,573</u> |

VRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements, required supplementary information and detailed information about the fiduciary net position of the VRS plans. A copy of that report may be downloaded from their web site at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Contributions

Plan members are required by Title 51.1-145 of the Code of Virginia, as amended, to contribute 5% of their annual salary to the VRS. In addition, the County and School Board make separate actuarially determined contributions to fund participation using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees.

a. VRS Local Plans

The County's and School Board's actual contributions of \$29,952,322 and \$1,775,565, representing contribution rates of 15.03% and 9.57% of covered employee compensation, respectively, were equal to contractually required contributions. The contractually required contribution rates were determined as part of the June 30, 2019, actuarial valuation. This 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.

b. VRS Teachers' Pool

The School Board's actual contribution to the VRS Teachers' Pool for fiscal year 2021 was \$53,746,776. The contractually required contribution rate for the year ended June 30, 2021, excluding the 5% member rate, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the 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.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

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

a. VRS Local Plans

Primary Government

At June 30, 2021, the County reported a net pension liability of \$254,381,202, measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2021, the County recognized pension expense of \$47,651,445. Deferred outflows of resources and deferred inflows of resources related to the VRS Local Plan were reported from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ 28,649,673 | \$ - |
| Difference between expected and actual experience | 15,176,535 | 2,650,243 |
| Contributions subsequent to the measurement date | 29,952,322 | - |
| Changes of assumptions | 16,431,229 | - |
| Total | <u>\$ 90,209,759</u> | <u>\$ 2,650,243</u> |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ending June 30: | Deferred (Inflows)/Outflows of Resources |
|-----------------------------|---|
| 2022 | \$ 12,586,940 |
| 2023 | 21,493,220 |
| 2024 | 14,358,339 |
| 2025 | <u>9,168,695</u> |
| Total | <u>\$ 57,607,194</u> |

The following represents net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current discount rate.

| | 1% Decrease 5.75% | Current Discount 6.75% | 1% Increase 7.75% |
|-----------------------|------------------------------|-----------------------------------|------------------------------|
| Net pension liability | \$ 408,794,777 | \$ 254,381,202 | \$ 125,945,111 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Component Unit - School Board

At June 30, 2021, the School Board reported a net pension liability of \$20,311,386 measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

For the year ended June 30, 2021, the School Board recognized pension expense of \$3,957,258. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ 2,957,998 | \$ - |
| Difference between expected and actual experience | - | 143,914 |
| Contributions subsequent to the measurement date | 1,775,565 | - |
| Changes of assumptions | 191,769 | - |
| Total | <u>\$ 4,925,332</u> | <u>\$ 143,914</u> |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30:</u> | <u>Deferred (Inflows)/Outflows of Resources</u> |
|-----------------------------|---|
| 2022 | \$ 74,694 |
| 2023 | 942,318 |
| 2024 | 1,029,818 |
| 2025 | 959,023 |
| Total | <u>\$ 3,005,853</u> |

The following represents net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current discount rate.

| | <u>1% Decrease 5.75%</u> | <u>Current Discount 6.75%</u> | <u>1% Increase 7.75%</u> |
|-----------------------|------------------------------|-----------------------------------|------------------------------|
| Net pension liability | \$ 32,839,047 | \$ 20,311,386 | \$ 9,714,593 |

b. VRS Teachers' Pool

At June 30, 2021, the School Board reported a net pension liability of \$538,623,255 for its proportionate share of the net pension liability in the VRS Teachers' Pool. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board's proportionate share of net pension liability was based on actual contributions made to the plan during the measurement period. At the measurement date, the School Board's

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

proportionate share was 3.70121%, which was a decrease of 0.02762% from June 30, 2019.

For the year ended June 30, 2021, the School Board recognized pension expense of \$61,594,175. Deferred outflows of resources and deferred inflows of resources to pensions were reported from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net differences between projected and actual earnings on plan investments | \$ 40,968,264 | \$ - |
| Difference between expected and actual experience | - | 31,571,625 |
| Changes in proportionate share of contributions | 5,686,806 | 5,062,354 |
| Contributions subsequent to the measurement date | 53,746,776 | - |
| Changes of assumptions | <u>36,767,792</u> | <u>-</u> |
| Total | <u>\$ 137,169,638</u> | <u>\$ 36,633,979</u> |

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30:</u> | <u>Deferred (Inflows)/Outflows of Resources</u> |
|-----------------------------|---|
| 2022 | \$ 1,484,052 |
| 2023 | 15,200,373 |
| 2024 | 17,831,016 |
| 2025 | 13,056,377 |
| 2026 | <u>(782,935)</u> |
| Total | <u>\$ 46,788,883</u> |

The following represents the School Board's proportionate share of the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate of 1.0% lower or 1.0% higher than the current discount rate.

| | <u>1% Decrease 5.75%</u> | <u>Current Discount 6.75%</u> | <u>1% Increase 7.75%</u> |
|-----------------------|------------------------------|---------------------------------------|------------------------------|
| Net Pension Liability | \$ 790,281,283 | \$ 538,623,255 | \$ 330,470,251 |

4. Actuarial Assumptions

Total pension liabilities in the VRS plans were based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

a. VRS Local Plans

1. Non-hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2020, applied to the total pension liabilities for non-hazardous employees in the County and School Board VRS Local Plans:

| | |
|--|--|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 5.35% |
| Investment rate of return..... | 6.75%, net of pension plan investment expense, including inflation* |
| Mortality rates: | 20% of deaths are assumed to be service related |
| Pre-retirement..... | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates |
| Post-retirement | RP-2014 Employee Rates to age 49; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90 |
| Post-disablement..... | RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates |

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

2. Hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2020, applied to the total pension liability for hazardous duty employees in the County VRS Local Plan:

| | |
|--|--|
| Inflation | 2.50% |
| Salary increases, including inflation | 3.50% - 4.75% |
| Investment rate of return..... | 6.75%, net of pension plan investment expense, including inflation* |
| Mortality rates: | 70% of deaths are assumed to be service related |
| Pre-retirement..... | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year |
| Post-retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Post-disablement.....RP-2014 Disabled Mortality Rates projected with
scale BB to 2020; males set forward 2 years;
unisex using 100% male

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

b. VRS Teachers' Pool

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2020, applied to the total pension liability for employees in the School Board VRS Teachers' Pool Plan:

Inflation2.50%
Salary increases,
including inflation3.50% - 5.95%
Investment rate of return.....6.75%, net of pension plan investment expense,
including inflation*
Mortality rates:
Pre-retirement.....RP-2014 White Collar Employee Rates to age 80,
White Collar Healthy Annuitant Rates at ages 81
and older projected with Scale BB to 2020
Post-retirement.....RP-2014 White Collar Employee Rates to age 49,
White Collar Healthy Annuitant Rates at ages 50
and older projected with Scale BB to 2020; males
1% increase compounded from ages 70 to 90;
females set back 3 years with 1.5% increase
compounded from ages 65 to 75 and 2.0% increase
compounded from ages 75 to 90
Post-disablement.....RP-2014 Disability Mortality Rates projected with
Scale BB to 2020; 115% of rates for males and
females

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

c. Long-term expected rate of return - VRS Plans

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

| Asset Class | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|--------------------------------------|-------------------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.46% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.04% | 0.18% |
| PIP - Private Investment Partnership | <u>3.00%</u> | 6.49% | <u>0.19%</u> |
| Total | <u>100.00%</u> | | 4.64% |
| | Inflation | | <u>2.50%</u> |
| | *Expected arithmetic nominal return | | <u>7.14%</u> |

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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 VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

5. Changes in Net Pension Liabilities

a. VRS Local Plan - Primary Government

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|------------------------------------|--|----------------------------------|
| Balance at June 30, 2019 | \$ 1,145,386,750 | \$ 958,975,734 | \$ 186,411,016 |
| Service Cost | 26,311,332 | - | 26,311,332 |
| Interest | 75,395,644 | - | 75,395,644 |
| Difference between expected and actual experience | 20,446,165 | - | 20,446,165 |
| Contributions - employer | - | 26,735,004 | (26,735,004) |
| Contributions - employee | - | 9,910,875 | (9,910,875) |
| Net investment income | - | 18,184,370 | (18,184,370) |
| Benefit payments, including refunds of employee contributions | (56,828,478) | (56,828,478) | - |
| Administrative expense | - | (625,503) | 625,503 |
| Other changes | - | (21,791) | 21,791 |
| Net changes | <u>65,324,663</u> | <u>(2,645,523)</u> | <u>67,970,186</u> |
| Balance at June 30, 2020 | <u>\$ 1,210,711,413</u> | <u>\$ 956,330,211</u> | <u>\$ 254,381,202</u> |

b. VRS Local Plan - School Board Component Unit

| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
|--|------------------------------------|--|----------------------------------|
| Balance at June 30, 2019 | \$ 117,765,587 | \$ 101,474,660 | \$ 16,290,927 |
| Service cost | 1,829,998 | - | 1,829,998 |
| Interest | 7,676,782 | - | 7,676,782 |
| Difference between expected and actual experience | (211,953) | - | (211,953) |
| Contributions - employer | - | 2,478,507 | (2,478,507) |
| Contributions - employee | - | 970,747 | (970,747) |
| Net investment income | - | 1,896,056 | (1,896,056) |
| Benefit payments, including refunds of employee contributions | (8,070,970) | (8,070,970) | - |
| Administrative expense | - | (67,564) | 67,564 |
| Other changes | - | (3,378) | 3,378 |
| Net Changes | <u>1,223,857</u> | <u>(2,796,602)</u> | <u>4,020,459</u> |
| Balance at June 30, 2020 | <u>\$ 118,989,444</u> | <u>\$ 98,678,058</u> | <u>\$ 20,311,386</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

6. Payables to the VRS Plans

At June 30, 2021, the County and the School Board component unit owed the following amounts to the VRS plans due to the timing of when contractually required contributions payments become due.

| | |
|-------------------------------------|-------------|
| VRS Local plan - Primary Government | \$2,060,350 |
| VRS Local plan - School Board | 81,233 |
| VRS Teachers' Pool - School Board | 3,297,687 |

B. Supplemental Retirement Plan - Primary Government

The Chesterfield County Supplemental Retirement Plan (Plan) is a single-employer defined benefit pension plan that covers certain qualified employees in addition to any benefits to be received under the VRS Local Plan or Social Security. The Board of Trustees, appointed by the Board of Supervisors, administers this Plan. The Plan is included within the financial reporting entity as a Pension Trust Fund. The Plan does not issue separately audited financial reports.

1. Summary of Significant Accounting Policies

- a) Basis of Accounting: The Plan's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.
- b) Valuation of Investments: Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The Plan's assets do not include any securities issued by the County.

2. Plan Description and Membership

- a) Plan Description: The Plan provides retirement benefits as well as disability benefits for certain qualified full-time County employees. The County pays the entire cost of the Plan. The Plan was closed to new employees effective July 1, 2012.

Benefits begin to vest after five years of service. Employees who retire at or after age 65 with five years of credited service are entitled to an unreduced retirement benefit, payable monthly for life, in an amount equal to 0.875% of final average compensation in excess of covered compensation, multiplied by years of service credited to the member at retirement. Covered compensation is the average of taxable wage bases over the 35 calendar years ending with the calendar year in which the participant attains age 64. Covered compensation shall not change after a participant reaches normal retirement age. With respect to calendar years on or after 2013, the taxable wage base is the prior year's taxable wage base increased by an adjustment factor equal to the smaller of 5% and a ratio, the numerator of which is the consumer price index for urban workers (CPI-U) for the month of September immediately preceding the current January 1 and the denominator of which is the CPI-U for the month of September preceding the previous January 1, with the ratio so determined, reduced by 1.00. Employees with ten years of credited service may retire at or after age 55 and receive a reduced retirement benefit.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The amount of benefits payable to a retired participant whose benefits have been in pay status for a full twelve months as of July 1 shall be increased by the lesser of 5% or the excess over 1.00 of a ratio, the numerator of which is the CPI-U for the month of April preceding the current July 1 and the denominator of which is the CPI-U for the month of April preceding the previous July 1.

- b) Membership: Membership of the Plan consisted of the following at June 30, 2021:

| | |
|---|--------------|
| Active members | 1,536 |
| Terminated members with vested rights | 60 |
| Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits | <u>368</u> |
| Total | <u>1,964</u> |

3. Contributions

The Plan provides for annual employer contributions at actuarially determined amounts, 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 actuarially determined contribution for the fiscal year ended June 30, 2021 was determined as part of the June 30, 2020 actuarial valuation. The County contributed \$1,554,869, which was greater than the actuarially determined contribution.

4. Rate of Return

As of June 30, 2021, the annual money-weighted rate of return on cash flows on the plan investments, net of pension plan investment expense, was 23.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: The County reported a net pension liability of \$2,734,295. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.
- b) Pension expense: For the year ended June 30, 2021, the County recognized pension expense of \$1,677,672.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions:
Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings on plan investments | \$ - | \$ 4,335,223 |
| Difference between expected and actual experience | 5,395,856 | 870,940 |
| Change in assumptions | <u>1,745,895</u> | <u>-</u> |
| Total | <u>\$ 7,141,751</u> | <u>\$ 5,206,163</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30:</u> | <u>Deferred (Inflows)/ Outflows of Resources</u> |
|-----------------------------|--|
| 2022 | \$ 1,311,927 |
| 2023 | 1,176,603 |
| 2024 | 718,815 |
| 2025 | <u>(1,271,757)</u> |
| Total | <u>\$ 1,935,588</u> |

6. Changes in Net Pension Liability

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|---|------------------------------------|--|----------------------------------|
| Balance at June 30, 2020 | \$ 41,223,164 | \$ 38,066,502 | \$ 3,156,662 |
| Service cost | 267,803 | - | 267,803 |
| Interest | 2,623,719 | - | 2,623,719 |
| Contributions - employer | - | 1,554,869 | (1,554,869) |
| Net investment income | - | 8,807,696 | (8,807,696) |
| Administrative expenses | - | (84,400) | 84,400 |
| Difference between expected and actual experience | 6,964,276 | - | 6,964,276 |
| Benefit payments | <u>(2,252,109)</u> | <u>(2,252,109)</u> | <u>-</u> |
| Net changes | <u>7,603,689</u> | <u>8,026,056</u> | <u>(422,367)</u> |
| Balance at June 30, 2021 | <u>\$ 48,826,853</u> | <u>\$ 46,092,558</u> | <u>\$ 2,734,295</u> |

7. Actuarial Methods and Significant Assumptions

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

| | |
|--|--|
| Measurement date..... | June 30, 2021 |
| Actuarial cost method | Entry age normal |
| Valuation date..... | July 1, 2021 |
| Investment rate of return..... | 6.5% |
| Projected salary increases, including inflation..... | 3.5% |
| Inflation rate | 2.0% |
| Mortality (post-retirement) | Pub-2010 General Amount-Weighted mortality table, with future generational mortality improvements projected according to Scale MP-19 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- b) Discount Rate: Based upon projections and the history of the County's contributions, the Plan's projected fiduciary net position is sufficient to cover all projected future benefit payments for both current active and inactive employees. Thus, the discount rate used for calculating the total pension liability is equal to the long-term expected rate of return of 6.5% and a municipal bond rate was not required.

Sensitivity analysis: The following represents net pension liability (asset) calculated using the stated discount rate of 1.0% lower or 1.0% higher than the current discount rate.

| | 1% Decrease | Current Discount | 1% Increase |
|-------------------------------|--------------|------------------|----------------|
| | 5.5% | 6.5% | 7.5% |
| Net pension liability (asset) | \$ 9,697,848 | \$ 2,734,295 | \$ (2,949,191) |

8. Fiduciary Net Position

As of June 30, 2021, the Plan fiduciary net position of \$46,092,558, as a percentage of the total pension liability, was 94.40%.

Chesterfield County, Virginia
Supplemental Retirement
Pension Trust

| | |
|---|----------------------|
| Assets | |
| Cash and cash equivalents | \$ 1,769,635 |
| Accounts receivable | 55,217 |
| Due from broker | 37,040 |
| Investments | 44,230,666 |
| Total assets | <u>46,092,558</u> |
| Fiduciary net position | |
| Restricted for pension benefits | <u>\$ 46,092,558</u> |
| Additions: | |
| Contributions | \$ 1,554,869 |
| Investment earnings | 9,009,573 |
| Less investment expenses | <u>(201,877)</u> |
| Net investment income | <u>8,807,696</u> |
| Total additions, net | <u>10,362,565</u> |
| Deductions: | |
| Benefit payments | 2,252,109 |
| Administrative expenses | <u>84,400</u> |
| Total deductions | <u>2,336,509</u> |
| Increase in net position restricted for pension benefits | 8,026,056 |
| Fiduciary net position - July 1, 2020 | <u>38,066,502</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 46,092,558</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

C. Supplemental Retirement Program - Component Unit - School Board

The School Board contributes to the Supplemental Retirement Program (Program), a single-employer, defined benefit pension plan established in 1996 and administered by the School Board to provide pension benefits for certain qualified School Board employees in addition to any benefits which may be received under the VRS Local and VRS Teachers' Pool Plans or Social Security. The Program was closed to employees hired or re-hired after June 30, 2013. The Program does not issue separately audited financial statements. The Program was amended effective July 1, 2017.

1. Summary of Significant Accounting Policies

- a) Basis of Accounting: The Program's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the Program. It is included in the School Board Component Unit reporting entity as a Pension Trust Fund.
- b) Valuation of Investments: Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales prices at current exchange rates. Investments that do not have an established market are reported at estimated fair value. The Program's assets do not include any securities issued by the County.

2. Program Description and Membership

- a) Program Description: The School Board's Program is provided for full-time employees covered by the VRS plans with at least twenty years employment by Chesterfield County Public Schools (CCPS). Employees who are age 65 or greater prior to completing their service are eligible with at least fifteen years of service. All eligible employees must complete five years of service with CCPS immediately prior to retirement. Employees must have at least twenty years in VRS and be at least age of 55, or 60 if hired after 2010, and not be retired on disability. During the period the employee is providing services to the School Board in the part-time position, the employee's benefit is paid from the general assets of the School Board. If the employee does not complete the service required, the employee's benefits are forfeited. Benefit payments made after the first year shall be made from the Program's assets.

Upon becoming eligible for benefits from the Program, the employee shall provide service to the employer in a temporary, part-time position classification in the same position as when the participant was last employed by the employer as a full-time employee, or in a position no more than two pay grades from the position in which the employee was last employed as a full-time employee. The employee shall receive a retirement benefit, commencing as of the date the employee commences temporary, part-time employment under the provisions of the Plan. In the event the retirement benefit results in a lower payment than the federal minimum wage rate, the employee shall be paid at the federal minimum wage rate while working. The amount of the monthly benefit shall equal one hundred and seventy-five percent (175%) of final annual compensation divided by the number of months in the payout period. Final average compensation shall not exceed \$95,000. The minimum monthly benefit payable is \$50. Benefits under the Program cease upon completion of the elected payout installment period. In the event of the death or total disability of the employee during the first year of receipt of benefits, the employee will only receive payment for the time actually worked.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- b) Membership: Membership of the Program consisted of the following at June 30, 2021:

| | |
|-----------------------|--------------|
| Active participants | 2,823 |
| Retirees (vested) | 542 |
| Retirees (non-vested) | <u>166</u> |
| Total | <u>3,531</u> |

3. Contributions

The Program provides for annual employer contributions based on actuarially determined rates. The actuarially determined contribution for the fiscal year ended June 30, 2021, was determined as part of the June 30, 2020 valuation. Actual contributions, by policy, are expected to be the actuarially determined amount or the amount of expected benefit payments, if higher. The School Board contributed \$13,123,712, which was greater than the actuarially determined contribution, to the Program.

4. Rate of Return

As of June 30, 2021, the annual money-weighted rate of return on cash flows on the Program's long-term investments, net of investment expense, was 29.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: As of June 30, 2021, the School Board reported a net pension liability of \$26,638,129, measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by the June 30, 2021 actuarial valuation date.
- b) Pension expense: For the year ended June 30, 2021, the School Board recognized pension expense of \$2,705,452.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions: Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ - | \$ 6,410,767 |
| Difference between expected and actual experience | 10,572,465 | 3,286,487 |
| Change in assumptions | <u>4,174,720</u> | <u>6,066,333</u> |
| Total | <u>\$ 14,747,185</u> | <u>\$ 15,763,587</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Amounts reported as deferred outflows of resources deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year ending June 30:</u> | <u>Deferred (Inflows)/ Outflows of Resources</u> |
|-----------------------------|--|
| 2022 | \$ (544,412) |
| 2023 | (478,376) |
| 2024 | (331,076) |
| 2025 | (1,525,159) |
| 2026 | 268,625 |
| Thereafter | 1,593,996 |
| Total | <u>\$ (1,016,402)</u> |

6. Changes in Net Pension Liability

| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability</u> |
|---|------------------------------------|--|----------------------------------|
| Balance at June 30, 2020 | \$ 76,292,808 | \$ 35,388,888 | \$ 40,903,920 |
| Service cost | 860,716 | - | 860,716 |
| Interest | 4,704,307 | - | 4,704,307 |
| Differences between expected and actual experience | 3,510,913 | - | 3,510,913 |
| Contributions - employer | - | 13,123,712 | (13,123,712) |
| Net investment income | - | 10,428,903 | (10,428,903) |
| Administrative expenses | - | (210,888) | 210,888 |
| Benefit payments | (9,559,129) | (9,559,129) | - |
| Net changes | <u>(483,193)</u> | <u>13,782,598</u> | <u>(14,265,791)</u> |
| Balance at June 30, 2021 | <u>\$ 75,809,615</u> | <u>\$ 49,171,486</u> | <u>\$ 26,638,129</u> |

7. Actuarial Method and Significant Assumptions

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at June 30, 2021. Assumptions were determined from an experience study dated January 27, 2017.

| | |
|--|---|
| Actuarial cost method | Entry age normal |
| Projected salary increase, including inflation | 3.0-4.5% |
| Inflation rate | 2.0% |
| Mortality | Pub-2010 General Amount-Weighted mortality table, with future generational improvements projected according to Scale MP-19 |

- b) Discount Rate: The projection of cash flows used to determine the discount rate assumed that School Board contributions will be made at the current contribution rates. Based on this assumption, the Program's fiduciary net position was projected to be available to make

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.5% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity analysis: The following represents net pension liability calculated using the stated discount rate of 1.0% lower or 1.0% higher than the current rate.

| | 1% Decrease 5.5% | Current Discount 6.5% | 1% Increase 7.5% |
|-----------------------|---------------------|--------------------------|---------------------|
| Net pension liability | \$ 32,100,429 | \$ 26,638,129 | \$ 21,705,456 |

8. Fiduciary Net Position

As of June 30, 2021, the Plan fiduciary net position of \$49,171,486 as a percentage of the pension total liability was 64.86%.

Chesterfield County, Virginia
Discretely Presented Component Unit
Supplemental Retirement Program
Pension Trust

| | |
|---|----------------------|
| Assets | |
| Cash, cash equivalents and investments | \$ 49,122,506 |
| Interest Receivable | 37,241 |
| Due from broker | 18,990 |
| Total assets | <u>49,178,737</u> |
| Liabilities | |
| Due to broker | 7,251 |
| Fiduciary Net Position | |
| Restricted for pension benefits | <u>\$ 49,171,486</u> |
| Additions: | |
| Contributions | \$ 13,123,712 |
| Investment earnings | 10,428,903 |
| Total additions | <u>23,552,615</u> |
| Deductions: | |
| Benefit payments | 9,559,129 |
| Administrative expenses | 210,888 |
| Total deductions | <u>9,770,017</u> |
| Increase in net position restricted for pension benefits | 13,782,598 |
| Fiduciary net position - July 1, 2020 | <u>35,388,888</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 49,171,486</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

D. Summary of Deferred Outflows of Resources and Deferred Inflows of Resources by Retirement Plan

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | School Board |
| Deferred Outflows of Resources related to Pensions | | | | |
| Deferred contributions: | | | | |
| VRS Local Plan | \$ 28,749,472 | \$ 1,202,850 | \$ 29,952,322 | \$ 1,775,565 |
| VRS Teachers' Pool | - | - | - | 53,746,776 |
| Deferred investment experience: | | | | |
| VRS Local Plan | 27,499,137 | 1,150,536 | 28,649,673 | 2,957,998 |
| VRS Teachers Pool | - | - | - | 40,968,264 |
| Deferred pension difference between expected and actual: | | | | |
| VRS Local Plan | 14,567,064 | 609,471 | 15,176,535 | - |
| Supplemental Retirement Plan | 5,395,856 | - | 5,395,856 | 10,572,465 |
| Deferred change in assumptions: | | | | |
| VRS Local Plan | 15,771,371 | 659,858 | 16,431,229 | 191,769 |
| VRS Teachers Pool | - | - | - | 36,767,792 |
| Supplemental Retirement Plan | 1,745,895 | - | 1,745,895 | 4,174,720 |
| Deferred change in proportionate share: | | | | |
| VRS Teachers' Pool | - | - | - | 5,686,806 |
| Total deferred outflows of resources related to pensions | <u>\$ 93,728,795</u> | <u>\$ 3,622,715</u> | <u>\$ 97,351,510</u> | <u>\$ 156,842,155</u> |
| Deferred Inflows of Resources related to Pensions | | | | |
| Deferred investment experience: | | | | |
| Supplemental Retirement Plan | \$ 4,335,223 | \$ - | \$ 4,335,223 | \$ 6,410,767 |
| Deferred pension difference between expected and actual: | | | | |
| VRS Local Plan | 2,543,814 | 106,429 | 2,650,243 | 143,914 |
| VRS Teachers' Pool | - | - | - | 31,571,625 |
| Supplemental Retirement Plan | 870,940 | - | 870,940 | 3,286,487 |
| Deferred change in assumptions: | | | | |
| Supplemental Retirement Plan | - | - | - | 6,066,333 |
| Deferred change in proportionate share: | | | | |
| VRS Teachers' Pool | - | - | - | 5,062,354 |
| Total deferred inflows of resources related to pensions | <u>\$ 7,749,977</u> | <u>\$ 106,429</u> | <u>\$ 7,856,406</u> | <u>\$ 52,541,480</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Enterprise funds | Water | Wastewater | Non-major Airport | Total |
|---|---------------------|---------------------|------------------------------|---------------------|
| Deferred Outflows of Resources related to Pensions | | | | |
| Deferred contributions: VRS Local Plan | \$ 603,899 | \$ 576,997 | \$ 21,954 | \$ 1,202,850 |
| Deferred investment experience VRS Local Plan | 577,637 | 551,900 | 20,999 | 1,150,536 |
| Deferred pension difference between expected and actual VRS Local Plan | 305,990 | 292,357 | 11,124 | 609,471 |
| Deferred change in assumptions: VRS Local Plan | <u>331,285</u> | <u>316,531</u> | <u>12,042</u> | <u>659,858</u> |
| Total deferred outflows of resources related to pensions | <u>\$ 1,818,811</u> | <u>\$ 1,737,785</u> | <u>\$ 66,119</u> | <u>\$ 3,622,715</u> |

| Enterprise funds | Water | Wastewater | Non-major Airport | Total |
|--|------------------|-------------------|------------------------------|-------------------|
| Deferred Inflows of Resources related to Pensions | | | | |
| Deferred pension difference between expected and actual: VRS Local Plan | <u>\$ 53,436</u> | <u>\$ 51,052</u> | <u>\$ 1,941</u> | <u>\$ 106,429</u> |
| Total deferred inflows of resources related to pensions | <u>\$ 53,436</u> | <u>\$ 51,052</u> | <u>\$ 1,941</u> | <u>\$ 106,429</u> |

| Internal Service funds | Vehicle and Communications | Risk Management | Total |
|---|---------------------------------------|----------------------------|---------------------|
| Deferred Outflows of Resources related to Pensions | | | |
| Deferred contributions: VRS Local Plan | \$ 424,946 | \$ 112,209 | \$ 537,155 |
| Deferred investment experience VRS Local Plan | 406,462 | 107,332 | 513,794 |
| Deferred pension difference between expected and actual VRS Local Plan | 215,315 | 56,856 | 272,171 |
| Deferred change in assumptions: VRS Local Plan | <u>233,117</u> | <u>61,557</u> | <u>294,674</u> |
| Total deferred outflows of resources related to pensions | <u>\$ 1,279,840</u> | <u>\$ 337,954</u> | <u>\$ 1,617,794</u> |

| Internal Service funds | Vehicle and Communications | Risk Management | Total |
|--|---------------------------------------|----------------------------|------------------|
| Deferred Inflows of Resources related to Pensions | | | |
| Deferred pension difference between expected and actual: VRS Local Plan | <u>\$ 37,598</u> | <u>\$ 9,932</u> | <u>\$ 47,530</u> |
| Total deferred inflows of resources related to pensions | <u>\$ 37,598</u> | <u>\$ 9,932</u> | <u>\$ 47,530</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

E. Summary of Net Pension Liability and Expense by Pension Plan

| | Primary Government | | | Component Unit |
|-------------------------------|-----------------------------------|------------------------|--------------------------|-----------------------|
| | Governmental | Business-type | Total | School Board |
| | Activities | Activities | | |
| Net Pension Liability | | | | |
| VRS Local | \$ 243,515,766 | \$ 10,865,436 | \$ 254,381,202 | \$ 20,311,386 |
| VRS Local - Teachers' Pool | - | - | - | 538,623,255 |
| Supplemental Retirement | <u>2,734,295</u> | <u>-</u> | <u>2,734,295</u> | <u>26,638,129</u> |
| Total net pension liability | <u>\$ 246,250,061</u> | <u>\$ 10,865,436</u> | <u>\$ 257,115,497</u> | <u>\$ 585,572,770</u> |
| Pension Expense | | | | |
| VRS Local | \$ 45,737,820 | \$ 1,913,625 | \$ 47,651,445 | \$ 3,957,258 |
| VRS Local - Teachers' Pool | - | - | - | 61,594,175 |
| Supplemental Retirement | <u>1,677,672</u> | <u>-</u> | <u>1,677,672</u> | <u>2,705,452</u> |
| Total pension expense | <u>\$ 47,415,492</u> | <u>\$ 1,913,625</u> | <u>\$ 49,329,117</u> | <u>\$ 68,256,885</u> |
| | | | | |
| Enterprise funds | Water | Wastewater | Non-major Airport | Total |
| Net Pension Liability | | | | |
| VRS Local | <u>\$ 5,519,630</u> | <u>\$ 5,177,293</u> | <u>\$ 168,513</u> | <u>\$ 10,865,436</u> |
| Pension Expense | | | | |
| VRS Local | <u>\$ 960,749</u> | <u>\$ 917,948</u> | <u>\$ 34,928</u> | <u>\$ 1,913,625</u> |
| | | | | |
| Internal Service funds | Vehicle and Communications | Risk Management | Total | |
| Net Pension Liability | | | | |
| VRS Local | <u>\$ 3,866,954</u> | <u>\$ 645,315</u> | <u>\$ 4,512,269</u> | |
| Pension Expense | | | | |
| VRS Local | <u>\$ 676,049</u> | <u>\$ 178,515</u> | <u>\$ 854,564</u> | |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

13. Other Postemployment Benefits Plans

A. Postemployment Retiree Healthcare Benefits - Primary Government

1. Plan Description

The OPEB Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the Virginia Municipal League/Virginia Association of Counties (VML/VACo) Trust Fund for the purpose of investing OPEB contributions. VML/VACo issues audited financial statements which can be obtained by contacting the VML/VACo Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and full-time service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or older with at least 15 years of service. Employees retiring before age 55 will be allowed to purchase retiree healthcare at the County's group rate with no County contribution from the time of retirement until age 55. At age 55, they will begin to receive the County contribution indicated below based on their years of service.

County contributions for pre-65 health and dental benefits at June 30, 2021 are:

| Years of Service | Grandfathered | Non-grandfathered |
|-------------------------|----------------------|--------------------------|
| 0 to 9 | - | - |
| 10 to 14 | 50% | - |
| 15 to 19 | 100%* | \$209 per month |
| 20 to 24 | 100%* | \$313 per month |
| 25+ | 100%* | \$417 per month |

**as a percentage of the County's contribution, not the total premium*

Non-grandfathered County contributions are subject to an annual 3% increase based on inflation but will never exceed the contribution for an active employee.

All retired employees, active employees who are age 65 and over, public safety employees with 25 or more years of service and non-public safety employees with 30 or more years of service (all as of January 1, 2009), will receive a County contribution toward their post-Medicare coverage no greater than \$248 per month indexed at 3% per year plus \$40 reimbursement for prescription coverage. For all other retirees, with the exception of access only, the County limits its contribution toward post-Medicare coverage based on years of service. The County will contribute \$4 per month for each year of service plus a static \$40 per month for a Medicare Part D plan cost reimbursement.

Employees hired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time service, will be permitted to purchase retiree health benefits for themselves and their dependents at the County's group rate (access only), but will receive no County contribution toward the cost. Retirees who are eligible for the access only benefit when they are Pre 65 are not eligible for the access only benefit as a Post 65 retiree.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Employees covered by the benefit terms of the Other Postemployment Benefit Plan are as follows:

| | <u>Primary Government</u> |
|---|-------------------------------|
| Inactive members or their beneficiaries currently receiving benefits | 1,294 |
| Active members | <u>3,555</u> |
| Total | <u><u>4,849</u></u> |

2. Contributions

As of June 30, 2021, the County has \$43,481,955 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$9,841,721, which was greater than the actuarially determined contribution (ADC) of \$6,919,000. The County intends to fully fund the ADC in future fiscal years. Actual contributions to the plan are appropriated on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

3. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the County reported a net OPEB liability of \$47,684,431, measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2021, the County recognized OPEB expense of \$720,221. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ - | \$ 5,077,784 |
| Difference between expected and actual experience | 1,259,076 | 3,387,251 |
| Change in assumptions or other inputs | <u>306,024</u> | <u>13,165,955</u> |
| Total | <u><u>\$ 1,565,100</u></u> | <u><u>\$ 21,630,990</u></u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| <u>Year ending June 30:</u> | <u>Deferred (Inflows) of Resources</u> |
|-----------------------------|--|
| 2022 | \$ (4,108,178) |
| 2023 | (3,954,051) |
| 2024 | (4,104,933) |
| 2025 | (4,361,250) |
| 2026 | (2,522,603) |
| Thereafter | (1,014,875) |
| Total | <u>\$ (20,065,890)</u> |

The following represents net OPEB liability calculated using the stated discount rate and stated health care cost trend rates, as well as what the net pension liability would be if it were calculated using a discount rate or health care cost trend rate of 1.0% lower or 1.0% higher than the current rates.

| Net OPEB liability | | | |
|---------------------------|--------------------|-------------------------|--------------------|
| Discount Rate | | | |
| | 1% Decrease | Current Discount | 1% Increase |
| | 6% | 7% | 8% |
| Net OPEB liability | \$ 54,801,813 | \$ 47,684,431 | \$ 41,381,506 |

| Net OPEB liability | | | |
|-------------------------------|--------------------|---------------------------|--------------------|
| Health Care Cost Trend | | | |
| | 1% Decrease | Current Cost Trend | 1% Increase |
| Net OPEB liability | \$ 42,616,789 | \$ 47,684,431 | \$ 53,458,345 |

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government were based on an actuarial valuation as of June 30, 2021, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP. The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

| | |
|-----------------------------------|--|
| Valuation date | June 30, 2021 |
| Investment rate of return | 7.0% |
| Inflation..... | 2.75% |
| Salary increases..... | 3.50% - 5.35%; based on Top 10 non-LEO and Top 10 LEO assumption used in the June 30, 2019 VRS valuation |
| Healthcare cost trend rates | 6.00% for 2021 decreasing to and ultimate rate of 4.04% by 2075 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Mortality-locality general employees:

| | |
|-----------------------|--|
| Pre-retirement | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates |
| Post-retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; female rates with 1.0% increase compounded from ages 70 to 90 |

Mortality-locality hazardous duty employees:

| | |
|-----------------------|--|
| Pre-retirement | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year |
| Post-retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years |

- a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the County to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Total Equity | | |
| Large Cap Equity | 26.00% | 7.15% |
| Small Cap Equity | 10.00% | 8.44% |
| International Equity | 13.00% | 7.94% |
| Emerging Markets Equity | 5.00% | 9.09% |
| Private Equity | 5.00% | 10.40% |
| Long/Short Equity | 6.00% | 5.72% |
| Fixed Income | | |
| Core Plus | 14.00% | 2.86% |
| Core Bonds | 7.00% | 2.58% |
| Liquid Absolute Return | 4.00% | 3.26% |
| Real Assets | | |
| Real Estate | <u>10.00%</u> | <u>6.66%</u> |
| Total | <u>100.00%</u> | <u>6.43%</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

5. Changes to Net OPEB Liability

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---------------------------------|--|-------------------------------|
| Balance at July 1, 2020 | \$ 91,753,119 | \$ 32,758,220 | \$ 58,994,899 |
| Service cost | 969,038 | - | 969,038 |
| Interest | 6,183,125 | - | 6,183,125 |
| Change in assumptions | 357,028 | - | 357,028 |
| Differences in expected and actual experience | 838,797 | - | 838,797 |
| Net investment income | - | 9,817,235 | (9,817,235) |
| Administrative expenses | - | (500) | 500 |
| Employer contributions | - | 9,841,721 | (9,841,721) |
| Benefit payments | (8,934,721) | (8,934,721) | - |
| Net changes | (586,733) | 10,723,735 | (11,310,468) |
| Balance at June 30, 2021 | <u>\$ 91,166,386</u> | <u>\$ 43,481,955</u> | <u>\$ 47,684,431</u> |

6. OPEB Liability

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2021, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 30.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2021 were as follows:

| | <u>Net OPEB Liability</u> |
|---|----------------------------------|
| Total OPEB liability | \$ 91,166,386 |
| Plan fiduciary net position | <u>(43,481,955)</u> |
| Net OPEB liability | <u>\$ 47,684,431</u> |
| Fiduciary net position as a percent of total OPEB liability | 47.70% |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Chesterfield County, Virginia
Postemployment Retiree Healthcare
Benefits Trust - County

| | |
|---|----------------------|
| Assets | |
| Cash, investments and receivable | \$ 44,388,955 |
| Liabilities | |
| Due to broker | <u>907,000</u> |
| Fiduciary net position | |
| Restricted for other postemployment benefits | <u>\$ 43,481,955</u> |
| Additions: | |
| Contributions | \$ 9,841,721 |
| Investment earnings | 9,847,543 |
| Less investment expenses | <u>(30,308)</u> |
| Net investment income | <u>9,817,235</u> |
| Total additions, net | <u>19,658,956</u> |
| Deductions: | |
| Benefit payments | 8,934,721 |
| Administrative expenses | <u>500</u> |
| Total deductions | <u>8,935,221</u> |
| Increase in net position restricted for other postemployment benefits | 10,723,735 |
| Fiduciary net position - July 1, 2020 | <u>32,758,220</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 43,481,955</u> |

B. Other Postemployment Benefit Plan - Primary Government - Line of Duty

1. Plan Description

The OPEB - Line of Duty Trust, created during fiscal year 2012, is a single employer defined benefit plan that provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. There were approximately 1,551 participants in the program in fiscal year 2021. A Board of Trustees, appointed by the County Board, administers the plan. The OPEB - Line of Duty Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the VML/VACo Trust Fund for the purpose of investing OPEB contributions. VML/VACo issues audited financial statements which can be obtained by contacting the VML/VACo Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

2. Contributions

As of June 30, 2021, the County had \$14,101,944 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$1,647,139 which was greater than the actuarially determined contribution (ADC) of \$1,387,000. The County intends to fund at least the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

3. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the County reported a net OPEB liability of \$2,069,720, measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2021, the County recognized OPEB expense of \$831,248. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ - | \$ 1,572,370 |
| Difference between expected and actual experience | 2,282,606 | 2,289,980 |
| Change in assumptions | 1,164,651 | 3,690,368 |
| Total | <u>\$ 3,447,257</u> | <u>\$ 7,552,718</u> |

Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| <u>Year ending June 30:</u> | Deferred Outflows/ (Inflows) of Resources |
|------------------------------------|--|
| 2022 | \$ (568,331) |
| 2023 | (526,975) |
| 2024 | (571,611) |
| 2025 | (651,097) |
| 2026 | (186,411) |
| Thereafter | <u>(1,601,036)</u> |
| Total | <u>\$ (4,105,461)</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The following represents net OPEB liability calculated using the stated discount rate and stated health care cost trend rates, as well as what the net pension liability would be if it were calculated using a discount rate or health care cost trend rate of 1.0% lower or 1.0% higher than the current rates.

| Net OPEB liability | | | |
|--------------------|--------------|------------------|-------------|
| Discount Rate | | | |
| | 1% Decrease | Current Discount | 1% Increase |
| | 6% | 7% | 8% |
| Net OPEB liability | \$ 3,820,674 | \$ 2,069,720 | \$ 569,824 |

| Net OPEB liability | | | |
|------------------------|-------------|--------------------|--------------|
| Health Care Cost Trend | | | |
| | 1% Decrease | Current Cost Trend | 1% Increase |
| Net OPEB liability | \$ (2,900) | \$ 2,069,720 | \$ 4,565,763 |

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government - Line of Duty were based on an actuarial valuation as of June 30, 2021, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

Actuarial Method and Significant Assumptions: The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

| | |
|-----------------------------------|--|
| Valuation date | June 30, 2021 |
| Investment rate of return | 7.0% |
| Inflation..... | 2.75% |
| Salary increases..... | 3.50% - 4.75%; based on LEO assumption used in the June 30, 2018 VRS LODA valuation |
| Healthcare cost trend rates | 6.00% for 2021 and decreasing to an ultimate rate of 4.04% by 2075 |
| Pre-retirement mortality..... | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year |
| Post-retirement mortality | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years |
| Disabled | RP-2014 Disabled Mortality Rates Projected with Scale BB to 2020; males set forward 2 years; Unisex using 100% male rates |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the County to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-term Expected Real Rate of Return</u> |
|-------------------------|--------------------------|--|
| Total Equity | | |
| Large Cap Equity | 26.00% | 7.15% |
| Small Cap Equity | 10.00% | 8.44% |
| International Equity | 13.00% | 7.94% |
| Emerging Markets Equity | 5.00% | 9.09% |
| Private Equity | 5.00% | 10.40% |
| Long/Short Equity | 6.00% | 5.72% |
| Fixed Income | | |
| Core Plus | 14.00% | 2.86% |
| Core Bonds | 7.00% | 2.58% |
| Liquid Absolute Return | 4.00% | 3.26% |
| Real Assets | | |
| Real Estate | <u>10.00%</u> | <u>6.66%</u> |
| Total | <u>100.00%</u> | <u>6.43%</u> |

5. Changes to Net OPEB Liability

| | <u>Total OPEB Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net OPEB Liability</u> |
|---|-----------------------------|------------------------------------|---------------------------|
| Balance at July 1, 2020 | \$ 15,337,459 | \$ 10,235,051 | \$ 5,102,408 |
| Service cost | 1,026,697 | - | 1,026,697 |
| Interest | 1,116,343 | - | 1,116,343 |
| Change in assumptions | 701,804 | - | 701,804 |
| Differences in expected and actual experience | (1,163,500) | - | (1,163,500) |
| Net investment income | - | 3,067,393 | (3,067,393) |
| Administrative expenses | - | (500) | 500 |
| Employer contributions | - | 1,647,139 | (1,647,139) |
| Benefit payments | <u>(847,139)</u> | <u>(847,139)</u> | <u>-</u> |
| Net changes | <u>834,205</u> | <u>3,866,893</u> | <u>(3,032,688)</u> |
| Balance at June 30, 2021 | <u>\$ 16,171,664</u> | <u>\$ 14,101,944</u> | <u>\$ 2,069,720</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

6. OPEB Liability

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2021, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 30.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2021 were as follows:

| | <u>Net OPEB Liability</u> |
|---|----------------------------------|
| Total OPEB liability | \$ 16,171,664 |
| Plan fiduciary net position | <u>(14,101,944)</u> |
| Net OPEB liability | <u>\$ 2,069,720</u> |
| Fiduciary net position as a percent of total OPEB liability | 87.20% |

Chesterfield County, Virginia
Postemployment Line of Duty
Benefits Trust - County

| | |
|---|-----------------------------|
| Assets | |
| Cash, investments and receivable | \$ 14,901,944 |
| Liabilities | |
| Due to broker | <u>800,000</u> |
| Fiduciary net position | |
| Restricted for other postemployment benefits | <u>\$ 14,101,944</u> |
| Additions: | |
| Contributions | \$ 1,647,139 |
| Investment earnings | 3,076,765 |
| Less investment expenses | <u>(9,372)</u> |
| Net investment income | <u>3,067,393</u> |
| Total additions, net | <u>4,714,532</u> |
| Deductions: | |
| Benefit payments | 847,139 |
| Administrative expenses | <u>500</u> |
| Total deductions | <u>847,639</u> |
| Increase in net position restricted for other postemployment benefits | 3,866,893 |
| Fiduciary net position - July 1, 2020 | <u>10,235,051</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 14,101,944</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

C. Other Postemployment Benefit Plan - Retiree Medical - School Board Component Unit

1. Plan Description

The OPEB Trust is a single employer defined benefit plan that provides health and dental insurance during retirement for certain qualified retirees and their dependents. Benefit provisions are established by the County Board and may be amended at any time. The Board of Trustees, appointed by the County Board, administers the plan. The OPEB Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the VML/VACo Trust Fund for the purpose of investing OPEB contributions. VML/VACo issues audited financial statements which can be obtained by contacting the VML/VACo Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

Employees with a combination of age and fulltime service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or disabled with at least 15 years of full-time Chesterfield County Public Schools service. Employees retiring between age 50 - 55 with at least 30 years of full-time Chesterfield County Public Schools service will be allowed to purchase retiree healthcare at the School Board's group rate with no School Board contribution from the time of retirement until age 55. At age 55, they will begin to receive the School Board contribution based on years of service. School Board contributions for pre-65 health and dental benefits at July 1, 2020 are:

| Years of Service | Grandfathered | Non-grandfathered |
|-------------------------|----------------------|--------------------------|
| 0 to 9 | - | - |
| 10 to 14 | 100%* | - |
| 15 to 19 | 100%* | \$220 per month |
| 20 to 24 | 100%* | \$330 per month |
| 25+ | 100%* | \$441 per month |

**as a percentage of the School Boards contribution, not the total premium*

Non-grandfathered School Board contributions are subject to an annual 3% increase based on inflation but will never exceed the contribution for an active employee.

All retired and active employees who receive or are eligible for a pre-65 contribution and had 30 or more years of service (all as of January 1, 2009), will receive a School Board contribution toward their post-Medicare coverage at age 65 no greater than \$232 per month indexed at 3% per year plus \$40 contribution for prescription coverage. For all other employees, the School Board limits its contribution toward post-Medicare coverage based on years of service. The School Board will contribute \$2 per month for those receiving a VRS health credit or \$4 per month for those not receiving the VRS health credit for each year of service plus a static \$40 per month contribution for a Medicare Part D plan cost.

Employees hired or rehired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time Chesterfield County Public Schools service, will be permitted to purchase retiree health benefits for themselves and their dependents at the School Board's group rate, but will receive no School Board contribution toward the cost. Access to health insurance ends at age 65 due to Medicare eligibility.

Retirees who met eligibility for health insurance contributions will receive a contribution toward dental coverage equal to the amount the School Board contributes toward an active employee.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

2. Contributions

As of June 30, 2021, the School Board has \$26,870,133 in plan fiduciary net position accumulated for payment of future benefits. The School Board made contributions and paid premiums to the trust totaling \$16,772,821 which was greater than the actuarially determined contribution (ADC) of \$13,941,000. At a minimum, the School Board intends to fund the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

3. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School Board reported a net OPEB liability of \$144,081,019, measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2021. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2021, the School Board recognized OPEB expense of \$5,109,306. Deferred outflows of resources and deferred inflows of resources related to the School Board's OPEB - Retiree Healthcare was reported from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Net difference between projected and actual earnings on plan investments | \$ - | \$ 3,064,559 |
| Difference between expected and actual experience | 1,212,827 | 14,465,558 |
| Change in assumptions | 3,118,805 | 15,602,066 |
| Total | <u>\$ 4,331,632</u> | <u>\$ 33,132,183</u> |

Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

| <u>Year ending June 30:</u> | Deferred Outflows/ (Inflows) of Resources |
|------------------------------------|--|
| 2022 | \$ (7,032,901) |
| 2023 | (6,954,496) |
| 2024 | (7,044,058) |
| 2025 | (4,928,754) |
| 2026 | (2,840,342) |
| Total | <u>\$ (28,800,551)</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The following represents net OPEB liability calculated using the stated discount rate and stated health care cost trend rates, as well as what the net pension liability would be if it were calculated using a discount rate or health care cost trend rate of 1.0% lower or 1.0% higher than the current rates.

| Net OPEB liability | | | |
|--------------------|----------------|------------------|----------------|
| Discount Rate | | | |
| | 1% Decrease | Current Discount | 1% Increase |
| | 6% | 7% | 8% |
| Net OPEB liability | \$ 159,188,272 | \$ 144,081,019 | \$ 130,946,327 |

| Net OPEB liability | | | |
|------------------------|----------------|--------------------|----------------|
| Health Care Cost Trend | | | |
| | 1% Decrease | Current Cost Trend | 1% Increase |
| Net OPEB liability | \$ 133,131,305 | \$ 144,081,019 | \$ 156,678,499 |

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for Retiree Healthcare - School Board were based on an actuarial valuation as of June 30, 2021, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

Actuarial Method and Significant Assumptions: The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

| | |
|-----------------------------------|---|
| Valuation date | June 30, 2021 |
| Investment rate of return | 7.0% |
| Inflation | 2.75% |
| Salary increases | 3.50% - 5.95% for Teachers (based on Teachers assumption used in the June 30, 2019 VRS valuation) 3.50% - 4.75% for non-Teachers (based on Top 10 non-LEO assumption used in the June 30, 2019 VRS valuation) |
| Healthcare cost trend rates | 6.00% for 2021 decreasing to and ultimate rate of 4.04% by 2075 |
| Pre-retirement mortality | Teachers: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020 Non-Teachers: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates |
| Post-retirement mortality | Teachers: RP-2014 Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from 65 to 75 increasing |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

to 2.0% from ages 75 to 90
Non-Teachers: RP-2014 Employee Rates to
age 49, Healthy Annuitant Rates at ages 50
and older projected with Scale BB to 2020;
males set forward 3 years; female rates with
1.0% increase compounded from ages 70 to 90

- a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the School Board to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Arithmetic Long-term Expected Real Rate of Return</u> |
|-------------------------|------------------------------|--|
| Total Equity | | |
| Large Cap Equity | 26.00% | 7.15% |
| Small Cap Equity | 10.00% | 8.44% |
| International Equity | 13.00% | 7.94% |
| Emerging Markets Equity | 5.00% | 9.09% |
| Private Equity | 5.00% | 10.40% |
| Long/Short Equity | 6.00% | 5.72% |
| Fixed Income | | |
| Core Plus | 14.00% | 2.86% |
| Core Bonds | 7.00% | 2.58% |
| Liquid Absolute Return | 4.00% | 3.26% |
| Real Assets | | |
| Real Estate | <u>10.00%</u> | <u>6.66%</u> |
| Total | <u>100.00%</u> | <u>6.43%</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

5. Changes to Net OPEB Liability

| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
|---|---------------------------------|--|-------------------------------|
| Balance at July 1, 2020 | \$ 178,554,512 | \$ 19,905,153 | \$ 158,649,359 |
| Service cost | 1,507,807 | - | 1,507,807 |
| Interest | 12,061,650 | - | 12,061,650 |
| Change in assumptions | (5,284,318) | - | (5,284,318) |
| Differences in expected and actual experience | (115,678) | - | (115,678) |
| Net investment income | - | 5,965,480 | (5,965,480) |
| Administrative expenses | - | (500) | 500 |
| Employer contributions | - | 16,772,821 | (16,772,821) |
| Benefit payments | (15,772,821) | (15,772,821) | - |
| Net changes | (7,603,360) | 6,964,980 | (14,568,340) |
| Balance at June 30, 2021 | <u>\$ 170,951,152</u> | <u>\$ 26,870,133</u> | <u>\$ 144,081,019</u> |

6. OPEB Liability

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2021, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 30.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2021 were as follows:

| | <u>Net OPEB Liability</u> |
|---|----------------------------------|
| Total OPEB liability | \$ 170,951,152 |
| Plan fiduciary net position | <u>(26,870,133)</u> |
| Net OPEB liability | <u><u>\$ 144,081,019</u></u> |
| Fiduciary net position as a percent of total OPEB liability | 15.72% |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Chesterfield County, Virginia
Postemployment Retiree Healthcare
Benefits Trust - Schools

| | |
|---|----------------------|
| Assets | |
| Cash, investments and receivable | \$ 27,870,133 |
| Liabilities | |
| Due to broker | <u>1,000,000</u> |
| Fiduciary Net Position | |
| Restricted for other postemployment benefits | <u>\$ 26,870,133</u> |
| Additions: | |
| Contributions | \$ 16,772,821 |
| Investment earnings | 5,983,749 |
| Less investment expenses | <u>(18,269)</u> |
| Net investment income | <u>5,965,480</u> |
| Total additions, net | <u>22,738,301</u> |
| Deductions: | |
| Benefit payments | 15,772,821 |
| Administrative expenses | <u>500</u> |
| Total deductions | <u>15,773,321</u> |
| Increase in net position restricted for other postemployment benefits | 6,964,980 |
| Fiduciary net position - July 1, 2020 | <u>19,905,153</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 26,870,133</u> |

D. Other Postemployment Benefits - Group Life Insurance Program

1. Plan Description

The County and School Board component unit participate in the VRS GLI Program, a multiple employer, cost-sharing defined benefit plan. Upon employment, all full-time, salaried and permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by GLI Program. Coverage ends for employees who leave their positions before retirement eligibility or who take a refund of their member contributions and accrued interest. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the GLI Program's fiduciary net position is available in the separately issued VRS 2020 CAFR. A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf> or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) **Benefit** - The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides benefits provided under specific circumstances that include accidental dismemberment, safety belt, repatriation and felonious assault benefits and an accelerated death benefit option. The benefit amounts provided are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015, increased annually based on the VRS Plan 2 (pension plan) cost of living adjustment and is currently \$8,616.

- b) Contribution - The total contribution rate for the GLI Program was 1.34% of covered employee compensation. This rate was allocated into an employee and an employer component using a 60/40 split. Although not required, the County and School Board component unit elected to pay the employee component, which is separate from the contractually required employer contribution. Each participating employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was determined from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program for the years ended June 30, 2021 and June 30, 2020 by the County and School Board component unit are as follows:

| <u>Description</u> | <u>2021</u> | <u>2020</u> |
|---------------------------------|-------------|-------------|
| County | \$1,121,759 | \$1,066,854 |
| School Board - non-professional | 111,344 | 112,648 |
| School Board - professional | 1,822,228 | 1,683,969 |

- c) Liabilities - At June 30, 2021, the County, School Board component unit non-professional and Professional groups reported liabilities of \$16,636,462, \$1,756,617 and \$26,259,806, respectively, for their proportionate shares of the net Group Life Insurance Program OPEB (GLI OPEB) liability. The net GLI OPEB liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined contributions to the GLI Program for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. The proportion for the County, School Board component unit non-professional and professional groups for the years ended June 30, 2020 and June 30, 2019 were as follows:

| <u>Description</u> | <u>2020</u> | <u>2019</u> |
|---------------------------------|-------------|-------------|
| County | 0.99689% | 0.99219% |
| School Board - non-professional | 0.10526% | 0.10825% |
| School Board - professional | 1.57354% | 1.59763% |

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$630,282 and School Board component unit non-professional group recognized GLI OPEB expense of \$47,442. The School Board component unit professional group recognized GLI OPEB expense of \$1,106,438. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

At June 30, 2021, the County, School Board component unit non-professional and professional groups reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

(i) County:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 1,067,076 | \$ 149,425 |
| Net difference between projected and actual earnings on GLI OPEB program investments | 499,745 | - |
| Change in assumptions | 832,015 | 347,379 |
| Changes in proportion | 59,970 | 102,752 |
| Employer contributions subsequent to measurement date | 1,121,759 | - |
| Total | <u>\$ 3,580,565</u> | <u>\$ 599,556</u> |

(ii) School Board - non-professional group:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 112,671 | \$ 15,777 |
| Net difference between projected and actual earnings on GLI OPEB program investments | 52,767 | - |
| Change in assumptions | 87,851 | 36,679 |
| Changes in proportion | 239,799 | 215,430 |
| Employer contributions subsequent to measurement date | 111,344 | - |
| Total | <u>\$ 604,432</u> | <u>\$ 267,886</u> |

(iii) School Board - professional group:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference between expected and actual experience | \$ 1,684,325 | \$ 235,860 |
| Net difference between projected and actual earnings on GLI OPEB program investments | 788,821 | - |
| Change in assumptions | 1,313,293 | 548,320 |
| Changes in proportion | 385,319 | 307,375 |
| Employer contributions subsequent to measurement date | 1,822,228 | - |
| Total | <u>\$ 5,993,986</u> | <u>\$ 1,091,555</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

County, School Board component unit non-professional and professional contributions of \$1,121,759, \$111,344 and \$1,822,228, respectively, made subsequent to the measurement date and recognized as deferred outflows of resources related to the GLI OPEB will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

| Year ended June 30 | County | School Board Non-Professional | School Board Professional |
|-------------------------------|---------------------|--|--------------------------------------|
| 2022 | \$ 246,446 | \$ 6,914 | \$ 500,572 |
| 2023 | 387,575 | 21,815 | 723,338 |
| 2024 | 523,182 | 75,216 | 881,788 |
| 2025 | 545,417 | 100,198 | 820,238 |
| 2026 | 144,528 | 21,734 | 152,853 |
| Thereafter | 12,102 | (675) | 1,414 |
| Total | \$ 1,859,250 | \$ 225,202 | \$ 3,080,203 |

- d) Actuarial assumptions - The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019 using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|--|--|
| Inflation | 2.50% |
| Salary increased, including inflation: | |
| Locality general purpose employees | 3.50% - 5.35% |
| Locality hazardous duty employees..... | 3.50% - 4.75% |
| Teachers | 3.50% - 5.95% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation* |

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify the preparation of the OPEB liabilities.

- 1) Mortality rates - locality general employees (County and School Board - non-professional groups):

| | |
|-----------------------|--|
| Pre-retirement..... | RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates |
| Post-retirement | RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

Post-disablement.....RP-2014 Disabled Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal ratesAdjusted termination rates to better fit experience at each age and service year
Disability rates.....Lowered disability rates
Salary scale.....No change
Discount rateDecreased rate from 7.00% to 6.75%

2) Mortality rates - locality hazardous duty employees:

Pre-retirementRP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement.....RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year with 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-disablementRP-2014 Disabled Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....Lowered retirement rates at older ages
Withdrawal ratesAdjusted termination rates to better fit experience at each age and service year
Disability rates.....Increased disability rates
Salary scale.....No change
Line of duty disability.....Increased rate from 60% to 70%
Discount rateDecreased rate from 7.00% to 6.75%

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

3) Mortality rates - School Board - professional:

| | |
|------------------------|--|
| Pre-retirement | RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020 |
| Post-retirement..... | RP-2014 White Collar Employee Rates to age 49, White collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90 |
| Post-disablement | RP-2014 Disabled Mortality Rates projected with scale BB to 2020; 115% rates for males and females |

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

| | |
|----------------------------|---|
| Mortality rates (all)..... | Updated to a more current mortality table - RP 2014 projected to 2020 |
| Retirement rates..... | Lowered retirement rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal rates | Adjusted termination rates to better fit experience at each year age and service through 9 years of service |
| Disability rates | Adjusted rates to better match experience |
| Salary scale..... | No change |
| Discount rate | Decreased rate from 7.00% to 6.75% |

- e) Net GLI OPEB Liabilities - The net GLI OPEB liability represents the GLI program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, the net GLI OPEB liability is as follows:

| Total for the Cost-Sharing Employer Plans - GLI (all employers) | Group Life Insurance OPEB Program |
|--|--|
| Total GLI OPEB Liability | \$ 3,523,938,338 |
| Plan Fiduciary Net Position | <u>(1,855,102,041)</u> |
| Employers' Net GLI OPEB Liability | <u>\$ 1,668,836,297</u> |
| Plan Fiduciary Net Position as a % of the Total GLI OPEB Liability | 52.64% |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

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

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

| Asset Class | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|--------------------------------------|-------------------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.48% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.04% | 0.18% |
| PIP - Private Investment Partnership | 3.00% | 6.49% | 0.19% |
| Total | <u>100.00%</u> | | 4.64% |
| | Inflation | | <u>2.50%</u> |
| | *Expected arithmetic nominal return | | <u>7.14%</u> |

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median rate of return of 6.81%.

- g) Discounts - 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, 2020, the rate contributed by participating entities 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, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- h) Sensitivity - The following presents the employers' 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 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

| Employer's proportionate share of the net GLI OPEB liability | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|---|---------------------------|--|---------------------------|
| County | \$ 21,869,906 | \$ 16,636,462 | \$ 12,386,414 |
| School Board - non-professional | 2,309,208 | 1,756,617 | 1,307,862 |
| School Board - professional | 34,520,531 | 26,259,806 | 19,551,323 |

- i) Payables - At June 30, 2021, the County and School Board component unit owed the following amounts to the VRS GLI Program due to the timing of when contractually required contribution payments become due.

| | |
|---------------------------------|-----------|
| County | \$ 98,321 |
| School Board - non-professional | 10,033 |
| School Board - professional | 165,093 |

E. Other Postemployment Benefits - Health Insurance Credits

1. Plan Description

Professional staff of the School Board component unit participate in the VRS Teacher Employee HIC Program, a multiple employer, cost-sharing defined benefit plan. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. The benefit vests with eligible employees who retire with at least 15 years of service credit. The benefit ends upon the retiree's death. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the HIC Program's fiduciary net position is available in the separately issued VRS 2020 CAFR. A copy of the 2020 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf> or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) Benefit - Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to the VRS. The HIC is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering spouses or dependents, and cannot exceed the actual amount of the premium paid. For teacher and other professional school employees who retire, the monthly benefit is \$4 per year of service per month with no cap on the benefit amount. For teachers and other professional employees who retire on disability, the monthly benefit is either \$4 per month multiplied by twice the amount of service credit or \$4 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- b) Contribution - Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the HIC Program were \$4,074,045 and \$3,881,627 for the years ended June 30, 2021 and June 30, 2020, respectively.
- c) Liabilities - At June 30, 2021, the School Board component unit reported a liability of \$48,133,006 for its proportionate share of the net HIC Program OPEB (HIC OPEB) liability. The net HIC OPEB liability was measured as of June 30, 2020 and the total HIC Program OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019 and rolled forward to the measurement date of June 30, 2020. The School Board component unit's proportionate share of the net HIC OPEB liability was based on the school division's actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board component unit's proportion of the HIC Program was 3.69% compared to 3.73% at June 30, 2019.

For the year ended June 30, 2021, the School Board component unit recognized HIC OPEB expense of \$4,044,351. Since there was a change in proportionate share between June 30, 2019 and June 30, 2020, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board component unit reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Difference between expected and actual experience | \$ - | \$ 642,795 |
| Net difference between projected and actual earnings on HIC OPEB program investments | 213,306 | - |
| Change in assumptions | 951,522 | 262,985 |
| Changes in proportion | 748,246 | 632,850 |
| Employer contributions subsequent to measurement date | 4,074,045 | - |
| Total | <u>\$ 5,987,119</u> | <u>\$ 1,538,630</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

\$4,074,045 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board component unit'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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

| Year ended June 30 | School Board Professional |
|-----------------------|------------------------------|
| 2022 | \$ 102,569 |
| 2023 | 123,711 |
| 2024 | 116,627 |
| 2025 | 115,558 |
| 2026 | 37,294 |
| Thereafter | (121,315) |
| Total | <u>\$ 374,444</u> |

- d) Actuarial assumptions - The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019 using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

| | |
|--|--|
| Inflation | 2.5% |
| Salary increased, including inflation: | |
| Teachers | 3.50% - 5.95% |
| Investment rate of return | 6.75%, net of investment expenses, including inflation* |

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify the preparation of the OPEB liabilities.

Mortality rates:

| | |
|-----------------------|--|
| Pre-retirement..... | RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020 |
| Post-retirement | RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90 |
| Post-disablement..... | RP-2014 Disabled Mortality Rates projected with scale BB to 2020; 115% rates for males and females |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

| | |
|----------------------------|---|
| Mortality rates (all)..... | Updated to a more current mortality table - RP 2014 projected to 2020 |
| Retirement rates..... | Lowered retirement rates at older ages and changed final retirement from 70 to 75 |
| Withdrawal rates | Adjusted termination rates to better fit experience at each year age and service through 9 years of service |
| Disability rates..... | Adjusted rates to better match experience |
| Salary scale..... | No change |
| Discount rate | Decreased rate from 7.00% to 6.75% |

- e) Net HIC OPEB Liabilities - The net HIC OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, the net HIC OPEB liability is as follows:

| Total for the Cost-Sharing Employer Plans - HIC (all employers) | Teachers' Health Insurance Credit Program |
|--|--|
| Total HIC OPEB Liability | \$ 1,448,674,571 |
| Plan Fiduciary Net Position | <u>(144,158,060)</u> |
| Employers' Net HIC OPEB Liability | <u>\$ 1,304,516,511</u> |
| Plan Fiduciary Net Position as a % of the Total HIC OPEB Liability | 9.95% |

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

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Asset Class | Target Allocation | Arithmetic Long-term Expected Rate of Return | Weighted Average Long-term Expected Rate of Return |
|--------------------------------------|-------------------------------------|---|---|
| Public Equity | 34.00% | 4.65% | 1.58% |
| Fixed Income | 15.00% | 0.48% | 0.07% |
| Credit Strategies | 14.00% | 5.38% | 0.75% |
| Real Assets | 14.00% | 5.01% | 0.70% |
| Private Equity | 14.00% | 8.34% | 1.17% |
| MAPS - Multi-Asset Public Strategies | 6.00% | 3.04% | 0.18% |
| PIP - Private Investment Partnership | <u>3.00%</u> | 6.49% | <u>0.19%</u> |
| Total | <u>100.00%</u> | | 4.64% |
| | Inflation | | <u>2.50%</u> |
| | *Expected arithmetic nominal return | | <u>7.14%</u> |

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median rate of return of 6.81%.

- g) Discounts - 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 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, 2020, the rate contributed by participating entities for the HIC 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, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's Program'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.
- h) Sensitivity - The following presents the employers proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|--|----------------------------|--------------------------------------|----------------------------|
| Employer's proportionate share of the net HIC OPEB liability | \$ 53,879,883 | \$ 48,133,006 | \$ 43,248,578 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

- i) Payables - At June 30, 2021, the School Board component unit owed \$368,456 to the VRS HIC Program due to the timing of when contractually required contribution payments become due.

F. Summary of Deferred Outflows of Resources and Deferred Inflows of Resources by OPEB Plan

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|--------------|----------------|
| | Governmental Activities | Business-type Activities | Total | School Board |
| Deferred Outflows of Resources related to OPEB | | | | |
| Deferred investment experience: | | | | |
| VRS cost-sharing Teacher Health Insurance Credit Program | \$ - | \$ - | \$ - | \$ 213,306 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 788,821 |
| VRS cost-sharing Group Life Insurance Plan | 463,363 | 36,382 | 499,745 | 52,767 |
| Deferred OPEB difference between expected and actual: | | | | |
| Other Postemployment Benefit Trust | 1,148,050 | 111,026 | 1,259,076 | 1,212,827 |
| Other Postemployment Benefit Trust - Line of Duty | 2,282,606 | - | 2,282,606 | - |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 1,684,325 |
| VRS cost-sharing Group Life Insurance Plan | 989,393 | 77,683 | 1,067,076 | 112,671 |
| Deferred change in assumptions: | | | | |
| Other Postemployment Benefit Trust | 279,039 | 26,985 | 306,024 | 3,118,805 |
| Other Postemployment Benefit Trust - Line of Duty | 1,164,651 | - | 1,164,651 | - |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 951,522 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 1,313,293 |
| VRS cost-sharing Group Life Insurance Plan | 771,444 | 60,571 | 832,015 | 87,851 |
| Deferred change in proportionate share: | | | | |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 748,246 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 385,319 |
| VRS cost-sharing Group Life Insurance Plan | 55,604 | 4,366 | 59,970 | 239,799 |
| Deferred contributions: | | | | |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 4,074,045 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 1,822,228 |
| VRS cost-sharing Group Life Insurance Plan | 1,040,095 | 81,664 | 1,121,759 | 111,344 |
| Total deferred outflows of resources related to OPEB | \$ 8,194,245 | \$ 398,677 | \$ 8,592,922 | \$ 16,917,169 |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | School Board |
| Deferred Inflows of Resources related to OPEB | | | | |
| Deferred investment experience: | | | | |
| Other Postemployment Benefit Trust | \$ 4,630,023 | \$ 447,761 | \$ 5,077,784 | \$ 3,064,559 |
| Other Postemployment Benefit Trust - Line of Duty | 1,572,370 | - | 1,572,370 | - |
| Deferred OPEB difference between expected and actual: | | | | |
| Other Postemployment Benefit Trust | 3,088,562 | 298,689 | 3,387,251 | 14,465,558 |
| Other Postemployment Benefit Trust - Line of Duty | 2,289,980 | - | 2,289,980 | - |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 642,795 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 235,860 |
| VRS cost-sharing Group Life Insurance Plan | 138,548 | 10,877 | 149,425 | 15,777 |
| Deferred change in assumptions: | | | | |
| Other Postemployment Benefit Trust | 12,004,975 | 1,160,980 | 13,165,955 | 15,602,066 |
| Other Postemployment Benefit Trust - Line of Duty | 3,690,368 | - | 3,690,368 | - |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 262,985 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 548,320 |
| VRS cost-sharing Group Life Insurance Plan | 322,090 | 25,289 | 347,379 | 36,679 |
| Deferred change in proportionate share: | | | | |
| VRS cost-sharing Teacher Health Insurance Credit Program | - | - | - | 632,850 |
| VRS cost-sharing Group Life Insurance Plan - Teachers' Pool | - | - | - | 307,375 |
| VRS cost-sharing Group Life Insurance Plan | 95,272 | 7,480 | 102,752 | 215,430 |
| Total deferred inflows of resources related to OPEB | <u>\$ 27,832,188</u> | <u>\$ 1,951,076</u> | <u>\$ 29,783,264</u> | <u>\$ 36,030,254</u> |
| Enterprise funds | | | | |
| | Water | Wastewater | Non-major Airport | Total |
| Deferred Outflows of Resources related OPEB | | | | |
| Deferred investment experience: | | | | |
| VRS cost-sharing Group Life Insurance Plan | \$ 15,242 | \$ 20,440 | \$ 700 | \$ 36,382 |
| Deferred OPEB difference between expected and actual: | | | | |
| Other Postemployment Benefit Trust | 51,287 | 58,138 | 1,601 | 111,026 |
| VRS cost-sharing Group Life Insurance Plan | 32,547 | 43,642 | 1,494 | 77,683 |
| Deferred change in assumptions | | | | |
| Other Postemployment Benefit Trust | 12,465 | 14,131 | 389 | 26,985 |
| VRS cost-sharing Group Life Insurance Plan | 25,376 | 34,030 | 1,165 | 60,571 |
| Deferred change in proportionate share | | | | |
| VRS cost-sharing Group Life Insurance Plan | 1,829 | 2,453 | 84 | 4,366 |
| Deferred contributions: | | | | |
| VRS cost-sharing Group Life Insurance Plan | 34,214 | 45,880 | 1,570 | 81,664 |
| Total deferred outflows of resources related to OPEB | <u>\$ 172,960</u> | <u>\$ 218,714</u> | <u>\$ 7,003</u> | <u>\$ 398,677</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Enterprise funds | Water | Wastewater | Non-major Airport | Total |
|---|-------------------|---------------------|------------------------------|---------------------|
| Deferred Inflows of Resources related to OPEB | | | | |
| Deferred investment experience: | | | | |
| Other Postemployment Benefit Trust | \$ 206,839 | \$ 234,467 | \$ 6,455 | \$ 447,761 |
| Deferred OPEB difference between expected and actual: | | | | |
| Other Postemployment Benefit Trust | 137,976 | 156,407 | 4,306 | 298,689 |
| VRS cost-sharing Group Life Insurance Plan | 4,557 | 6,111 | 209 | 10,877 |
| Deferred change in assumptions: | | | | |
| Other Postemployment Benefit Trust | 536,303 | 607,939 | 16,738 | 1,160,980 |
| VRS cost-sharing Group Life Insurance Plan | 10,595 | 14,208 | 486 | 25,289 |
| Deferred change in proportionate share: | | | | |
| VRS cost-sharing Group Life Insurance Plan | 3,134 | 4,203 | 143 | 7,480 |
| Total deferred inflows of resources related to OPEB | <u>\$ 899,404</u> | <u>\$ 1,023,335</u> | <u>\$ 28,337</u> | <u>\$ 1,951,076</u> |

| Internal Service funds | Vehicle and Communications | Risk Management | Total |
|---|---------------------------------------|----------------------------|-------------------|
| Deferred Outflows of Resources related to OPEB | | | |
| Deferred investment experience: | | | |
| VRS cost-sharing Group Life Insurance Plan | \$ 9,995 | \$ 2,898 | \$ 12,893 |
| Deferred OPEB difference between expected and actual: | | | |
| Other Postemployment Benefit Trust | 25,648 | 3,092 | 28,740 |
| VRS cost-sharing Group Life Insurance Plan | 21,342 | 6,189 | 27,531 |
| Deferred change in assumptions: | | | |
| Other Postemployment Benefit Trust | 6,233 | 753 | 6,986 |
| VRS cost-sharing Group Life Insurance Plan | 16,640 | 4,826 | 21,466 |
| Deferred change in proportionate share: | | | |
| VRS cost-sharing Group Life Insurance Plan | 1,199 | 348 | 1,547 |
| Deferred contributions: | | | |
| VRS cost-sharing Group Life Insurance Plan | <u>22,435</u> | <u>6,506</u> | <u>28,941</u> |
| Total deferred outflows of resources related to OPEB | <u>\$ 103,492</u> | <u>\$ 24,612</u> | <u>\$ 128,104</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Internal Service funds | Vehicle and Communications | Risk Management | Total |
|---|-------------------------------|--------------------|-------------------|
| Deferred Inflows of Resources related to OPEB | | | |
| Deferred investment experience: | | | |
| Other Postemployment Benefit Trust | \$ 103,437 | \$ 12,471 | \$ 115,908 |
| Deferred OPEB difference between expected and actual: | | | |
| Other Postemployment Benefit Trust | 69,000 | 8,319 | 77,319 |
| VRS cost-sharing Group Life Insurance Plan | 2,989 | 867 | 3,856 |
| Deferred change in assumptions: | | | |
| Other Postemployment Benefit Trust | 268,196 | 32,336 | 300,532 |
| VRS cost-sharing Group Life Insurance Plan | 6,948 | 2,015 | 8,963 |
| Deferred change in proportionate share: | | | |
| VRS cost-sharing Group Life Insurance Plan | 2,055 | 595 | 2,650 |
| Total deferred inflows of resources related to OPEB | <u>\$ 452,625</u> | <u>\$ 56,603</u> | <u>\$ 509,228</u> |

G. Summary of Net OPEB Liability and Expense by OPEB Plan

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|----------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | School Board |
| Net OPEB Liability | | | | |
| Postemployment Retiree Healthcare Benefits | \$ 43,479,600 | \$ 4,204,831 | \$ 47,684,431 | \$ 144,081,019 |
| Line of Duty | 2,069,720 | - | 2,069,720 | - |
| Group Life Insurance Plan | 15,425,328 | 1,211,134 | 16,636,462 | 1,756,617 |
| Group Life Insurance Plan - Teachers' Pool | - | - | - | 26,259,806 |
| Health Insurance Credits | - | - | - | 48,133,006 |
| Total net OPEB liability | <u>\$ 60,974,648</u> | <u>\$ 5,415,965</u> | <u>\$ 66,390,613</u> | <u>\$ 220,230,448</u> |
| OPEB Expense | | | | |
| Postemployment Retiree Healthcare Benefits | \$ 656,711 | \$ 63,510 | \$ 720,221 | \$ 5,109,306 |
| Line of Duty | 831,248 | - | 831,248 | - |
| Group Life Insurance Plan | 584,397 | 45,885 | 630,282 | 47,442 |
| Group Life Insurance Plan - Teachers' Pool | - | - | - | 1,106,438 |
| Health Insurance Credits | - | - | - | 4,044,351 |
| Total OPEB expense | <u>\$ 2,072,356</u> | <u>\$ 109,395</u> | <u>\$ 2,181,751</u> | <u>\$ 10,307,537</u> |

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

| Enterprise funds | Water | Wastewater | Non-major Airport | Total |
|--|---------------------|---------------------|----------------------|---------------------|
| Net OPEB Liability | | | | |
| Postemployment Retiree Healthcare Benefits | \$ 1,942,381 | \$ 2,201,830 | \$ 60,620 | \$ 4,204,831 |
| Group Life Insurance Plan | 507,412 | 680,431 | 23,291 | 1,211,134 |
| Total net OPEB liability | <u>\$ 2,449,793</u> | <u>\$ 2,882,261</u> | <u>\$ 83,911</u> | <u>\$ 5,415,965</u> |
| OPEB Expense | | | | |
| Postemployment Retiree Healthcare Benefits | \$ 29,338 | \$ 33,256 | \$ 916 | \$ 63,510 |
| Group Life Insurance Plan | 19,224 | 25,779 | 882 | 45,885 |
| Total OPEB expense | <u>\$ 48,562</u> | <u>\$ 59,035</u> | <u>\$ 1,798</u> | <u>\$ 109,395</u> |

| Internal Service funds | Vehicle and Communications | Risk Management | Total |
|--|-------------------------------|--------------------|---------------------|
| Net OPEB Liability | | | |
| Postemployment Retiree Healthcare Benefits | \$ 971,351 | \$ 117,116 | \$ 1,088,467 |
| Group Life Insurance Plan | 332,729 | 96,491 | 429,220 |
| Total net OPEB liability | <u>\$ 1,304,080</u> | <u>\$ 213,607</u> | <u>\$ 1,517,687</u> |
| OPEB Expense | | | |
| Postemployment Retiree Healthcare Benefits | \$ 14,671 | \$ 1,769 | \$ 16,440 |
| Group Life Insurance Plan | 12,605 | 3,656 | 16,261 |
| Total OPEB expense | <u>\$ 27,276</u> | <u>\$ 5,425</u> | <u>\$ 32,701</u> |

14. Tax Abatements

A. General

Incentive Program for Rehabilitation of Commercial Properties - The County has adopted an ordinance granting a partial tax exemption for certain commercial or industrial structures that have been rehabilitated, renovated or replaced. This program is established under the authority provided by the Code of Virginia §58.1-3221. Upon approval, the partial exemption will be in effect for seven years. The amount of the exemption is based solely on the increase in assessed value and does not change over the seven-year period. Generally, to qualify, the commercial or industrial structures must be no less than 25 years of age, the increase in assessed value must be 15% or more and the taxpayer must apply for the exemption within 12 months after the filing date of the building permit application for the rehabilitation, renovation or replacement structure. Because real property taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. In fiscal year 2021, tax abatements for the County's incentive program for rehabilitation of commercial properties totaled \$251,506. No other commitments are made by the County as part of these agreements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

B. Technology Zone Programs

The County has five technology zones, which are distinct geographical areas of the County, that provide a package of incentives designed to encourage business expansion and recruitment. This program is established under the authority provided by the Code of Virginia §58.1-3245.

Machinery and Tools – Any business which after January 1, 2006 either locates in a technology zone or undergoes a facility expansion or renovation which results in an increase of 15% or \$50,000, whichever is greater, in the assessed value of its machinery and tools over the value of its machinery and tools from the previous year can qualify for a 100% rebate of the increase in machinery and tools taxes for five consecutive years. The taxpayer must apply for and access the rebate within one year of start of operations in the technology zone, or within one year of a qualifying facility expansion or renovation in order to receive the rebate. In fiscal year 2021, tax abatements for the County's Technology Zone Programs for Machinery and Tools taxes totaled \$110,520. No other commitments are made by the County as part of these agreements.

Business License – Any business required to obtain a license based on gross receipts or purchases and is located in or makes improvements to a building within a technology zone, on or after the date on which the technology zone was established, may be qualified to receive tax relief of the increase in gross receipts or purchases over the business' gross receipts or purchase during the base year. To qualify for the relief, the business must apply within one year of start of operations in the zone. The tax and fee relief period will begin in the tax year after the business qualifies for the relief and will last for four additional tax years, or for so long as the business remains within any technology zone, whichever period is shorter. In fiscal year 2021, tax abatements for the County's Technology Zone Programs for Business License fees totaled \$44,392. No other commitments are made by the County as part of these agreements.

C. Tourism, Public Entertainment and Recreation, and Other Grants

Under the authority provided by the Code of Virginia §15.2-4905, the Board may approve, through local resolution, individual incentive packages to encourage growth that provides significant economic benefits to the County in terms of capital investment, sports tourism and/or public entertainment and recreation. Economic Development staff negotiate the terms of these agreements and the County agrees to rebate a portion of agreed upon taxes and, in exchange, the taxpayer agrees to meet certain performance measures, which typically include a minimum capital investment and the creation of a minimum number of new, full-time jobs. Each performance agreement specifies the duration of the tax abatement period and other any terms or conditions that apply to the transaction. In fiscal year 2021 the County rebated \$10,906 under this program.

D. Tax Increment Financing

Under the authority of Code of Virginia §58.1-3245.2, the County adopted various tax increment financing agreements with community development authorities that were created by the County for the purpose of financing, planning, acquisition and construction of infrastructure improvements within each authority's designated development district. The authorities have pledged the tax increments to pay debt service on long-term debt issued to finance infrastructure improvements. Based on the individual agreements, the County has agreed to pay a range of 64% to 100% of incremental real estate taxes that exceed base amounts to each authority. In fiscal year 2021, the County paid \$800,093 in real property tax increments. The County also agreed to pay from 34% to 100% of its the local portion of sales tax revenue collected each calendar year from retail establishments within the districts to each authority. For fiscal year 2021, the County paid \$536,592 in sales tax revenues related to calendar year 2020.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

E. Land Trust

Under the authority of Code of Virginia §15.2-7501 the County designated Maggie Walker Community Land Trust to carry out the functions of a land bank entity for the purpose of assisting the county to address vacant, abandoned, and tax delinquent properties in the county. Under the authority of Code of Virginia §15.2-7509 when real property is conveyed by the land bank entity, fifty percent of the real property taxes collected on such property shall be remitted to the land bank entity. Such remittance of real property taxes collected shall commence with the first taxable year following the date of conveyance and continue for a period of ten years. The remittance shall not be renewed at the conclusion of the ten-year period. The County will make the first remittance in fiscal year 2022.

15. Joint Ventures

A. Appomattox River Water Authority

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority and for improvements and expansion to meet the current and future demands of the participating jurisdictions.

The County retains an ongoing financial responsibility for the joint venture due to the requirement to purchase water and the capacity rights, (note 1.D.6), received in connection with the expansion of the treatment plant. The County's purchases of water for the year ended June 30, 2021, were \$9,106,186. Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, South Chesterfield, Virginia 23803.

B. Capital Region Airport Commission

The County, together with the City of Richmond and the Counties of Henrico and Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, 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 Commission generates 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 Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. The Commission's budget submittal must identify any deficits and the proportion of the deficit to be borne by, or requested of, each participating locality's governing body. Allocation of the Commission's deficit among the participating localities shall be proportionate to their respective populations. If a participating locality's governing body approves the Commission's operating and capital budgets with deficits, the locality shall appropriate to the Commission its share of the deficit. If during any fiscal year the Commission shall receive general fund revenues in excess of those estimated in its approved operating budget, the budgeted deficit shall be reduced and so shall the proportionate appropriation of the participating localities unless otherwise agreed upon by the parties. No contribution was made by the County in fiscal year 2021. Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, 1 Richard E. Byrd Terminal Dr., Suite A, Richmond, VA 23250.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

C. Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

Each participating jurisdiction is authorized to levy an 8% transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of \$4,583,087 for transient occupancy tax to the Convention Authority during the year ended June 30, 2021.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Interlocal Agreement. The County received \$2,859,242 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2021.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting and financial advisory services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of \$129,000 to the County for the year ended June 30, 2021. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement. Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, VA 23832.

D. Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

A Board of Directors comprised of six members, with three members each being appointed by the respective governing bodies, manages GRTC. The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2021, there were two fixed GRTC routes in the County and a \$756,960 contribution was made by the County in fiscal year 2021. Complete financial statements for GRTC can be obtained from GRTC at 301 East Belt Blvd., Richmond, VA, 23224.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

E. Riverside Regional Jail Authority

The Riverside Regional Jail Authority (RRJA) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. RRJA is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs RRJA. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2021, were \$8,990,608. In addition, the County granted \$25,000 of CARES federal funding to the regional jail to provide relief for increased operational costs due to responding to the COVID-19 pandemic. Complete financial statements for RRJA can be obtained from the Riverside Regional Jail Authority's office at 500 Folar Trail, North Prince George, VA 23860.

F. South Central Wastewater Authority

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Authorities Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

The County paid \$4,786,709 on July 2, 1996, representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement. The County's purchases of wastewater services for the year ended June 30, 2021 were \$751,989. Complete financial statements for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

16. Related Organizations and Jointly Governed Organizations

A. Health Center Commission for the County of Chesterfield

The Health Center Commission for the County of Chesterfield (Health Center Commission) was created on January 13, 1993 by the County Board, pursuant to Chapter 37, Title 15.1 of the Code of Virginia, for the purpose of operating a long-term care facility and independent living campus (Lucy Corr Village). The seven members of the Health Center Commission are appointed by the Board; however there is no ability of the Board to direct the members of the Health Center Commission with respect to carrying out the Health Center Commission's fiscal and management functions and the Health Center Commission has no significant financial benefit or financial burden relationship with the County. The County provides support services to the Health Center Commission on a cost basis. For fiscal year 2021, the County received \$24,305 from the Health Center Commission for providing support services.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

B. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision 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, Petersburg, Hopewell and Richmond and the Town of Ashland. The twenty-one member board is comprised of no less than one and up to no more than four members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. 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. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2021, were \$4,226,912.

C. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has two representatives serving on the Greater Richmond Partnership's sixteen-member Board of Directors and contributed \$335,000 for the year ended June 30, 2021.

D. Petersburg Area Regional Tourism Corporation

The Petersburg Area Regional Tourism Corporation (PART) is comprised of sixteen members from the Counties of Chesterfield, Dinwiddie, Prince George, the Cities of Colonial Heights, Hopewell and Petersburg. The major function of the PART is to develop a regional tourism marketing initiative that will result in increased tourism visitation and spending. In addition, the PART will assist member localities in strategic product development planning. The County has two representatives serving on the PART, and paid a contribution of \$50,000 for the year ended June 30, 2021. The County withdrew its membership as of December 31, 2020.

E. Richmond Region Tourism

Richmond Region Tourism (RRT), formerly the Richmond Metropolitan Convention and Visitors Bureau, serves the Cities of Richmond and Colonial Heights, the Town of Ashland and the Counties of Chesterfield, Hanover, Henrico, and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The RRT has twenty-four members and the County has two representatives serving on RRT's Board of Directors and contributed \$1,230,800 for the year ended June 30, 2021.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2021

F. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (RRPDC) is comprised of thirty-eight members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major objectives of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has seven representatives and one alternate serving on the RRPDC and paid total dues of \$217,246 for the year ended June 30, 2021.

G. Virginia's Gateway Region Board

The County withdrew its membership and paid no dues in FY2021.

H. Lower Magnolia Green Community Development Authority

Lower Magnolia Green Community Development Authority (LMGCDA) was established by an ordinance adopted by the County's Board of Supervisors on August 22, 2007 at the request of the owner of the property at that time, and pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5152 of the Code of Virginia. The sole purpose of the LMGCD is to finance, construct and maintain certain public improvements within the Lower Magnolia Green Special Assessment District (LMGSAD). The operating revenue of LMGCD is primarily from Special Assessments collected by the County on behalf of LMGCD against the taxable real property in the LMGSAD. The County agreed to manage the construction of road improvements to be paid for by LMGCD. The total cost of the project is estimated to be \$25,000,000. In fiscal year 2021 the County received reimbursements for expenditures relating to the LMGCD road widening project in the amount of \$3,620,880.



REQUIRED SUPPLEMENTARY INFORMATION

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

| Total pension liability | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Service cost | \$ 22,359,979 | \$ 22,190,584 | \$ 22,272,468 | \$ 23,239,284 | \$ 23,782,639 | \$ 23,887,734 | \$ 26,311,332 |
| Interest | 60,537,206 | 63,626,498 | 65,494,255 | 67,908,912 | 70,546,359 | 73,176,982 | 75,395,644 |
| Changes of assumptions | - | - | - | 2,022,586 | - | 33,012,481 | - |
| Difference between expected and actual experience | - | (17,191,373) | (8,183,531) | (6,527,022) | (3,619,063) | (2,807,910) | 20,446,165 |
| Benefit payments, including refunds of member contributions | (37,609,453) | (39,919,429) | (43,967,501) | (46,208,684) | (51,723,215) | (54,535,995) | (56,828,478) |
| Net change in total pension liability | 45,287,732 | 28,706,280 | 35,615,691 | 40,435,076 | 38,986,720 | 72,733,292 | 65,324,663 |
| Plan total pension liability - beginning | 883,621,959 | 928,909,691 | 957,615,971 | 993,231,662 | 1,033,666,738 | 1,072,653,458 | 1,145,386,750 |
| Plan total pension liability - ending | <u>\$ 928,909,691</u> | <u>\$ 957,615,971</u> | <u>\$ 993,231,662</u> | <u>\$ 1,033,666,738</u> | <u>\$ 1,072,653,458</u> | <u>\$ 1,145,386,750</u> | <u>\$ 1,210,711,413</u> |
| Plan fiduciary net position | | | | | | | |
| Contributions - employer | \$ 26,084,703 | \$ 26,685,876 | \$ 27,306,288 | \$ 23,642,700 | \$ 24,044,622 | \$ 25,567,311 | \$ 26,735,004 |
| Contributions - employee | 8,820,383 | 8,787,349 | 9,096,346 | 9,245,876 | 9,212,218 | 9,462,407 | 9,910,875 |
| Net investment income | 103,473,934 | 34,502,076 | 13,653,023 | 95,910,844 | 64,159,374 | 60,814,725 | 18,184,370 |
| Benefit payments, including refunds of member contributions | (37,609,453) | (39,919,429) | (43,967,501) | (46,208,684) | (51,723,215) | (54,535,995) | (56,828,478) |
| Administrative expense | (554,506) | (469,584) | (484,906) | (555,458) | (558,774) | (606,813) | (625,503) |
| Other changes | 5,455 | (7,320) | (5,789) | (85,337) | (56,997) | (38,278) | (21,791) |
| Net change in Plan fiduciary net position | 100,220,516 | 29,578,968 | 5,597,461 | 81,949,941 | 45,077,228 | 40,663,357 | (2,645,523) |
| Plan fiduciary net position - beginning | 655,888,263 | 756,108,779 | 785,687,747 | 791,285,208 | 873,235,149 | 918,312,377 | 958,975,734 |
| Plan fiduciary net position - ending | <u>\$ 756,108,779</u> | <u>\$ 785,687,747</u> | <u>\$ 791,285,208</u> | <u>\$ 873,235,149</u> | <u>\$ 918,312,377</u> | <u>\$ 958,975,734</u> | <u>\$ 956,330,211</u> |
| Plan net pension liability - ending | <u>\$ 172,800,912</u> | <u>\$ 171,928,224</u> | <u>\$ 201,946,454</u> | <u>\$ 160,431,589</u> | <u>\$ 154,341,081</u> | <u>\$ 186,411,016</u> | <u>\$ 254,381,202</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 81.40% | 82.05% | 79.67% | 84.48% | 85.61% | 83.73% | 78.99% |
| Covered payroll | \$ 173,942,815 | \$ 175,451,036 | \$ 181,566,910 | \$ 184,361,751 | \$ 187,590,142 | \$ 202,738,683 | \$ 202,618,965 |
| Plan net pension liability as a percentage of covered payroll | 99.34% | 97.99% | 111.22% | 87.02% | 82.28% | 91.95% | 125.55% |

Notes to Schedule:

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

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability | | | | | | | |
| Service cost | \$ 2,949,849 | \$ 2,915,998 | \$ 2,651,127 | \$ 2,018,689 | \$ 1,479,580 | \$ 1,744,280 | \$ 1,829,998 |
| Interest | 7,295,839 | 7,583,876 | 7,846,485 | 7,895,142 | 7,789,094 | 7,694,378 | 7,676,782 |
| Difference between expected and actual experience | - | 406,101 | (1,687,860) | (2,853,536) | (2,665,360) | (532,711) | (211,953) |
| Changes of assumptions | - | - | - | (400,345) | - | 2,931,319 | - |
| Benefit payments, including refunds of member contributions | (5,762,476) | (6,499,271) | (7,809,560) | (8,419,736) | (7,930,103) | (7,982,718) | (8,070,970) |
| Net change in total pension liability | 4,483,212 | 4,406,704 | 1,000,192 | (1,759,786) | (1,326,789) | 3,854,548 | 1,223,857 |
| Plan total pension liability - beginning | 107,107,506 | 111,590,718 | 115,997,422 | 116,997,614 | 115,237,828 | 113,911,039 | 117,765,587 |
| Plan total pension liability - ending | <u>\$ 111,590,718</u> | <u>\$ 115,997,422</u> | <u>\$ 116,997,614</u> | <u>\$ 115,237,828</u> | <u>\$ 113,911,039</u> | <u>\$ 117,765,587</u> | <u>\$ 118,989,444</u> |
| Plan fiduciary net position | | | | | | | |
| Contributions - employer | \$ 3,168,042 | \$ 2,839,204 | \$ 2,166,394 | \$ 1,485,751 | \$ 1,585,825 | \$ 2,490,225 | \$ 2,478,507 |
| Contributions - employee | 1,388,336 | 1,317,080 | 994,249 | 772,643 | 815,103 | 999,604 | 970,747 |
| Net investment income | 12,967,640 | 4,266,413 | 1,577,265 | 10,957,663 | 7,077,891 | 6,456,989 | 1,896,056 |
| Benefit payments, including refunds of member contributions | (5,762,476) | (6,499,271) | (7,809,560) | (8,419,736) | (7,930,103) | (7,982,718) | (8,070,970) |
| Administrative expense | (70,338) | (59,811) | (61,331) | (67,765) | (64,350) | (66,968) | (67,564) |
| Other changes | 683 | (897) | (685) | (9,587) | (6,181) | (4,052) | (3,378) |
| Net change in Plan fiduciary net position | 11,691,887 | 1,862,718 | (3,133,668) | 4,718,969 | 1,478,185 | 1,893,080 | (2,796,602) |
| Plan fiduciary net position - beginning | 82,963,489 | 94,655,376 | 96,518,094 | 93,384,426 | 98,103,395 | 99,581,580 | 101,474,660 |
| Plan fiduciary net position - ending | <u>\$ 94,655,376</u> | <u>\$ 96,518,094</u> | <u>\$ 93,384,426</u> | <u>\$ 98,103,395</u> | <u>\$ 99,581,580</u> | <u>\$ 101,474,660</u> | <u>\$ 98,678,058</u> |
| Plan net pension liability - ending | <u>\$ 16,935,342</u> | <u>\$ 19,479,328</u> | <u>\$ 23,613,188</u> | <u>\$ 17,134,433</u> | <u>\$ 14,329,459</u> | <u>\$ 16,290,927</u> | <u>\$ 20,311,386</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 84.82% | 83.21% | 79.82% | 85.13% | 87.42% | 86.17% | 82.93% |
| Covered payroll | \$ 27,158,776 | \$ 25,240,789 | \$ 19,762,536 | \$ 16,006,363 | \$ 17,089,386 | \$ 20,822,912 | \$ 21,813,838 |
| Plan net pension liability as a percentage of covered payroll | 62.36% | 77.17% | 119.48% | 107.05% | 83.85% | 78.24% | 93.11% |

Notes to Schedule:

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

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teachers' Pool

Schedule of School Board's Proportionate Share of the Net Pension Liability*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Employer's proportion of the Net Pension Liability | 3.65792% | 3.68087% | 3.64488% | 3.68164% | 3.75075% | 3.72883% | 3.70121% |
| Employer's proportionate share of the Net Pension Liability | \$ 442,048,000 | \$ 463,287,000 | \$ 510,798,000 | \$ 452,768,000 | \$ 441,087,000 | \$ 490,735,218 | \$ 538,623,255 |
| Employer's covered payroll | 267,338,117 | 273,364,177 | 277,791,240 | 290,256,816 | 303,034,105 | 312,334,155 | 323,215,546 |
| Employer's proportionate share of the Net Pension Liability as a percentage of its covered payroll | 165.35% | 169.48% | 183.88% | 155.99% | 145.56% | 157.12% | 166.65% |
| Plan Fiduciary Net Position as a percentage of the Total Pension Liability | 70.88% | 70.68% | 68.28% | 72.92% | 74.81% | 73.51% | 71.48% |

Notes to Schedule:

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2014 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
 Required Supplementary Information (Unaudited)
 Primary Government & School Board Component Unit
 (See Accompanying Report of the Independent Auditor)
 Schedule of Employer VRS Contributions

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|---|--|--|-------------------------------|---|
| Primary Government* | | | | | |
| 2015 | \$ 26,685,876 | \$ 26,685,876 | \$ - | \$ 175,451,036 | 15.21% |
| 2016 | 27,306,288 | 27,306,288 | - | 181,566,910 | 15.04 |
| 2017 | 23,642,700 | 23,642,700 | - | 184,361,751 | 12.82 |
| 2018 | 24,044,622 | 24,044,622 | - | 187,590,142 | 12.82 |
| 2019 | 25,567,311 | 25,567,311 | - | 202,738,683 | 12.61 |
| 2020 | 26,735,004 | 26,735,004 | - | 202,618,965 | 13.19 |
| 2021 | 29,952,322 | 29,952,322 | - | 206,582,556 | 14.50 |
| School Board Component Unit - Non-professional* | | | | | |
| 2015 | \$ 2,839,204 | \$ 2,839,204 | \$ - | \$ 25,240,789 | 11.25% |
| 2016 | 2,166,394 | 2,166,394 | - | 19,762,536 | 10.96 |
| 2017 | 1,485,751 | 1,485,751 | - | 16,006,363 | 9.28 |
| 2018 | 1,585,825 | 1,585,825 | - | 20,167,901 | 9.25 |
| 2019 | 2,490,225 | 2,490,225 | - | 20,822,912 | 11.96 |
| 2020 | 2,478,507 | 2,478,507 | - | 21,813,838 | 11.36 |
| 2021 | 1,775,565 | 1,775,565 | - | 20,570,477 | 8.63 |
| School Board Component Unit - Professional (Teachers)* | | | | | |
| 2015 | \$ 39,521,472 | \$ 39,521,472 | \$ - | \$ 273,364,177 | 14.46% |
| 2016 | 38,757,881 | 38,757,881 | - | 277,791,240 | 13.95 |
| 2017 | 41,864,534 | 41,864,534 | - | 290,256,816 | 14.42 |
| 2018 | 48,478,812 | 48,478,812 | - | 303,034,105 | 16.00 |
| 2019 | 47,755,750 | 47,755,750 | - | 312,334,155 | 15.29 |
| 2020 | 48,971,623 | 48,971,623 | - | 323,215,546 | 15.15 |
| 2021 | 53,746,776 | 53,746,776 | - | 336,644,633 | 15.97 |

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

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System
Notes to VRS Required Supplemental Information

Change in benefit terms -

Primary Government and School Board Component Unit Non-professional:

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

Changes of assumptions -

Primary Government and School Board Component Unit Non-professional:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

Largest 10 - Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

VRS Teachers Pool:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

Methods and assumptions used to determine contribution rates:

Primary Government and School Board Component Unit - Non-professional:

| | <u>Non-Hazardous</u> | <u>Hazardous Duty</u> |
|-------------------------------|--|--|
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level percent closed | Level percent closed |
| Remaining amortization period | 2-24 years | 16-25 years |
| Asset valuation method | 5-year smoothed market | 5-year smoothed market |
| Inflation rate | 2.5% | 2.5% |
| Projected salary increases | 3.50% - 5.35 % per annum, compounded annually | 3.50% - 4.75 % per annum, compounded annually |
| Investment rate of return | 6.75% per annum, compounded annually | 6.75% per annum, compounded annually |

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 436,406 | \$ 403,634 | \$ 389,168 | \$ 341,753 | \$ 276,487 | \$ 278,100 | \$ 282,413 | \$ 267,803 |
| Interest | 2,175,203 | 2,230,938 | 2,246,553 | 2,356,749 | 2,328,557 | 2,390,185 | 2,474,123 | 2,623,719 |
| Difference between expected and actual experience | (326,029) | (771,910) | 314,521 | (1,267,047) | 272,174 | 690,599 | (1,741,882) | 6,964,276 |
| Changes of assumptions | - | - | - | - | - | - | 3,491,791 | - |
| Benefit payments, including refunds of member contributions | (1,380,465) | (1,467,615) | (1,574,809) | (1,753,487) | (1,846,337) | (2,015,074) | (2,128,601) | (2,252,109) |
| Net change in total pension liability | 905,115 | 395,047 | 1,375,433 | (322,032) | 1,030,881 | 1,343,810 | 2,377,844 | 7,603,689 |
| Plan total pension liability - beginning | 34,117,066 | 35,022,181 | 35,417,228 | 36,792,661 | 36,470,629 | 37,501,510 | 38,845,320 | 41,223,164 |
| Plan total pension liability - ending | <u>\$ 35,022,181</u> | <u>\$ 35,417,228</u> | <u>\$ 36,792,661</u> | <u>\$ 36,470,629</u> | <u>\$ 37,501,510</u> | <u>\$ 38,845,320</u> | <u>\$ 41,223,164</u> | <u>\$ 48,826,853</u> |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 2,400,000 | \$ 2,200,000 | \$ 1,779,372 | \$ 1,614,144 | \$ 1,210,600 | \$ 734,151 | \$ 711,711 | \$ 1,554,869 |
| Net investment income (loss) | 3,988,515 | 836,727 | (68,103) | 3,212,058 | 2,482,713 | 2,287,966 | 1,197,704 | 8,807,696 |
| Benefit payments, including refunds of member contributions | (1,292,402) | (1,467,615) | (1,574,809) | (1,753,487) | (1,846,337) | (2,015,074) | (2,128,601) | (2,252,109) |
| Administrative expense | (88,063) | (76,370) | (77,676) | (78,142) | (92,337) | (81,499) | (82,843) | (84,400) |
| Net change in Plan fiduciary net position | 5,008,050 | 1,492,742 | 58,784 | 2,994,573 | 1,754,639 | 925,544 | (302,029) | 8,026,056 |
| Plan fiduciary net position - beginning | 26,134,199 | 31,142,249 | 32,634,991 | 32,693,775 | 35,688,348 | 37,442,987 | 38,368,531 | 38,066,502 |
| Plan fiduciary net position - ending | <u>\$ 31,142,249</u> | <u>\$ 32,634,991</u> | <u>\$ 32,693,775</u> | <u>\$ 35,688,348</u> | <u>\$ 37,442,987</u> | <u>\$ 38,368,531</u> | <u>\$ 38,066,502</u> | <u>\$ 46,092,558</u> |
| Plan net pension liability - ending | <u>\$ 3,879,932</u> | <u>\$ 2,782,237</u> | <u>\$ 4,098,886</u> | <u>\$ 782,281</u> | <u>\$ 58,523</u> | <u>\$ 476,789</u> | <u>\$ 3,156,662</u> | <u>\$ 2,734,295</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 88.92% | 92.14% | 88.86% | 97.86% | 99.84% | 98.77% | 92.34% | 94.40% |
| Covered payroll | \$ 152,639,449 | \$ 146,058,394 | \$ 137,953,101 | \$ 127,044,622 | \$ 126,065,622 | \$ 122,908,897 | \$ 113,542,877 | \$ 111,878,471 |
| Plan net pension liability as a percentage of covered payroll | 2.54% | 1.90% | 2.97% | 0.62% | 0.05% | 0.39% | 2.78% | 2.44% |

Notes to Schedule:

There were no benefit changes or changes to actuarial assumptions or methods for the 2014-2016 Plan year. In 2017, the inflation rate was changed to 2%.

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return | 16.08% | 3.37% | 0.30% | 11.34% | 6.94% | 6.39% | 3.02% | 23.60% |

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Program

Schedule of Changes in Net Pension Liability and Related Ratios*

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| Total pension liability | | | | | | | | |
| Service cost | \$ 1,938,164 | \$ 1,668,165 | \$ 1,915,218 | \$ 2,888,145 | \$ 1,000,515 | \$ 926,887 | \$ 874,851 | \$ 860,716 |
| Interest | 6,885,837 | 5,057,421 | 4,964,736 | 5,476,927 | 6,582,063 | 5,110,745 | 4,864,125 | 4,704,307 |
| Change in benefit terms | - | - | - | - | (7,428,337) | - | - | - |
| Difference between expected and actual experience | (5,862,476) | - | 8,053,289 | 3,425,955 | (5,915,675) | 3,648,076 | 1,465,604 | 3,510,913 |
| Changes of assumptions | 3,954,534 | (2,088,417) | 10,225,013 | (11,095,641) | (2,062,950) | - | 1,021,847 | - |
| Benefit payments, including refunds of member contributions | (12,252,008) | (12,268,111) | (11,252,201) | (12,270,541) | (14,402,588) | (15,072,710) | (11,782,929) | (9,559,129) |
| Net change in total pension liability | (5,335,949) | (7,630,942) | 13,906,055 | (11,575,155) | (22,226,972) | (5,387,002) | (3,556,502) | (483,193) |
| Program total pension liability - beginning | 91,811,165 | 86,475,216 | 105,132,384 | 119,038,439 | 107,463,284 | 85,236,312 | 79,849,310 | 76,292,808 |
| Program total pension liability - ending | <u>\$ 86,475,216</u> | <u>\$ 78,844,274</u> | <u>\$ 119,038,439</u> | <u>\$ 107,463,284</u> | <u>\$ 85,236,312</u> | <u>\$ 79,849,310</u> | <u>\$ 76,292,808</u> | <u>\$ 75,809,615</u> |
| Program fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 9,386,241 | \$ 11,161,699 | \$ 10,305,625 | \$ 14,840,273 | \$ 16,270,315 | \$ 15,947,949 | \$ 14,523,844 | \$ 13,123,712 |
| Net investment income | 3,277,353 | 522,611 | 72,592 | 1,954,218 | 1,965,443 | 2,580,666 | 1,509,679 | 10,428,903 |
| Benefit payments, including refunds of member contributions | (12,252,008) | (12,268,111) | (11,252,201) | (12,270,641) | (14,402,588) | (15,072,710) | (11,782,929) | (9,559,129) |
| Other | - | - | - | - | 2,187 | - | - | - |
| Administrative expense | (63,582) | (84,314) | (73,670) | (85,363) | (109,809) | (140,253) | (181,632) | (210,888) |
| Net change in Program fiduciary net position | 348,004 | (668,115) | (947,654) | 4,438,487 | 3,725,548 | 3,315,652 | 4,068,962 | 13,782,598 |
| Program fiduciary net position - beginning | 21,108,004 | 21,456,008 | 20,787,893 | 19,840,239 | 24,278,726 | 28,004,274 | 31,319,926 | 35,388,888 |
| Program fiduciary net position - ending | <u>\$ 21,456,008</u> | <u>\$ 20,787,893</u> | <u>\$ 19,840,239</u> | <u>\$ 24,278,726</u> | <u>\$ 28,004,274</u> | <u>\$ 31,319,926</u> | <u>\$ 35,388,888</u> | <u>\$ 49,171,486</u> |
| Program net pension liability - ending | <u>\$ 65,019,208</u> | <u>\$ 58,056,381</u> | <u>\$ 99,198,200</u> | <u>\$ 83,184,558</u> | <u>\$ 57,232,038</u> | <u>\$ 48,529,384</u> | <u>\$ 40,903,920</u> | <u>\$ 26,638,129</u> |
| Program fiduciary net position as a percentage of the total pension liability | 24.81% | 26.37% | 16.67% | 22.59% | 32.85% | 39.22% | 46.39% | 64.86% |
| Covered payroll | \$ 258,789,820 | \$ 267,847,464 | \$ 205,589,540 | \$ 212,785,174 | \$ 188,769,652 | \$ 176,753,714 | \$ 167,675,124 | \$ 163,038,026 |
| Program net pension liability as a percentage of covered payroll | 25.12% | 21.68% | 48.25% | 39.09% | 30.32% | 27.46% | 24.39% | 16.34% |

Notes to Schedule:

Beginning balance for FY2016 was adjusted to correct for the application of retirement eligibility criteria consistent with the Program.

Changes in assumptions: Projected salary increases were changed from 3.5% to 3.0% effective June 30, 2016.

The increase in assumed contribution as a percentage of the recommended contribution is based on the actual experience over the last five years. Eligibility criteria and benefits were amended July 1, 2018.

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Discount rate used to estimate total pension liability | 6.16% | 6.60% | 4.73% | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% |
| Annual money-weighted rate of return | 15.75% | 2.36% | 0.33% | 9.63% | 6.30% | 6.45% | 4.49% | 29.49% |

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer SRP Contributions

| Date | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|-------------------------------------|---|--|--|-------------------------------|---|
| Primary Government* | | | | | |
| 2014 | \$ 1,850,332 | \$ 2,400,000 | \$ (549,668) | \$ 152,639,449 | 1.57% |
| 2015 | 1,703,209 | 2,200,000 | (496,791) | 146,058,394 | 1.51 |
| 2016 | 1,579,372 | 1,779,372 | (200,000) | 137,953,101 | 1.29 |
| 2017 | 1,614,144 | 1,614,144 | - | 127,044,622 | 1.27 |
| 2018 | 736,003 | 1,210,600 | (474,597) | 126,065,622 | 0.96 |
| 2019 | 734,151 | 734,151 | - | 122,908,697 | 0.60 |
| 2020 | 711,711 | 711,711 | - | 113,542,877 | 0.63 |
| 2021 | 854,869 | 1,554,869 | (700,000) | 111,878,471 | 1.39 |
| School Board Component Unit* | | | | | |
| 2014 | \$ 14,424,056 | \$ 9,386,241 | \$ 5,037,815 | \$ 258,789,820 | 3.63% |
| 2015 | 13,306,271 | 11,161,699 | 2,144,572 | 267,847,464 | 4.17 |
| 2016 | 13,352,847 | 10,305,625 | 3,047,222 | 205,589,540 | 5.01 |
| 2017 | 12,367,273 | 14,840,273 | (2,473,000) | 212,785,174 | 6.97 |
| 2018 | 9,965,431 | 16,270,315 | (6,304,884) | 188,769,652 | 8.62 |
| 2019 | 9,028,451 | 15,947,949 | (6,919,498) | 176,753,714 | 9.02 |
| 2020 | 8,240,043 | 14,523,844 | (6,283,801) | 167,675,127 | 8.66 |
| 2021 | 7,536,373 | 13,123,712 | (5,587,339) | 163,038,026 | 8.05 |

Notes to Schedule:

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

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

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Notes to Supplemental Retirement Plan

Methods and assumptions used to determine contribution rates:

The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

| | <u>Primary Government:</u> | | | | <u>School Board Component Unit:</u> | | | |
|----------------------------|--|----------|-------------------------------|---------|--|-----|----------------------|-----|
| Actuarial cost method | Entry age normal | | | | Entry age normal | | | |
| Amortization method | Level dollar | | | | Level dollar | | | |
| Amortization period | 20 years | | | | 12 years closed | | | |
| Asset valuation method | Adjusted Market Value Smoothed over 5 years with a corridor of 80% and 120% | | | | Fair Market Value | | | |
| Inflation rate | 3% (2014-2016); 2% (2017-2021) | | | | No inflation rate assumed | | | |
| Projected salary increases | 3.5% per year | | | | 3.5% (2014-2016); 3.0% (2017); 3.0-4.5% (2018-2021) | | | |
| Investment rate of return | 6.5% net of investment expenses | | | | 7.5% (2014-2017); 6.5% (2018-2021) | | | |
| Retirement age | Less than 30 years of service | | More than 30 years of service | | Reduced retirement | | Unreduced retirement | |
| | <u>Age</u> | | <u>Age</u> | | <u>Age</u> | | <u>Age</u> | |
| | 50 | 3% | 50 | 10% | 50-54 | 2% | 50-54 | 10% |
| | 55 | 5% | 55 | 10% | 55-59 | 10% | 55-59 | 30% |
| | 59 | 5% | 59 | 10% | 60-64 | 10% | 60-64 | 20% |
| | 61 | 10% | 61 | 20% | 65-69 | 20% | 65-69 | 20% |
| | 62 | 15% | 62 | 30% | | | | |
| | 65 | 80% | 65 | 35%-45% | | | | |
| | 67 | 70%-100% | 67 | 30% | | | | |
| | 70 | 100% | 70 | 100% | | | | |
| Post-retirement Mortality | Based on the PUB-2010 General Amount-Weighted mortality table, with generational improvements projected according to Scale MP-19 | | | | Based on the PUB-2010 General Amount-Weighted mortality table, with generational improvements projected according to Scale MP-19 | | | |

Other information:

The Plan was closed to all Primary Government employees hired or rehired with an effective date on or after July 1, 2012. The Program was closed to all School Board Component Unit employees hired or rehired with an effective date on or after July 1, 2013.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Retiree Healthcare
Schedule of Changes in Net OPEB Liability and Related Ratios*

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 927,910 | \$ 890,903 | \$ 861,270 | \$ 960,293 | \$ 969,038 |
| Interest | 8,038,741 | 8,564,885 | 7,081,545 | 6,335,601 | 6,183,125 |
| Difference between expected and actual experience | - | (2,083,231) | (3,376,015) | 756,151 | 838,797 |
| Changes of assumptions | - | (13,070,740) | (7,295,365) | (1,639,704) | 357,028 |
| Benefit payments, including refunds of member contributions | <u>(8,620,676)</u> | <u>(8,738,195)</u> | <u>(7,786,765)</u> | <u>(8,275,080)</u> | <u>(8,934,721)</u> |
| Net change in total OPEB liability | 345,975 | (14,436,378) | (10,515,330) | (1,862,739) | (586,733) |
| Plan total OPEB liability - beginning | <u>118,221,591</u> | <u>118,567,566</u> | <u>104,131,188</u> | <u>93,615,858</u> | <u>91,753,119</u> |
| Plan total OPEB liability - ending | <u>\$ 118,567,566</u> | <u>\$ 104,131,188</u> | <u>\$ 93,615,858</u> | <u>\$ 91,753,119</u> | <u>\$ 91,166,386</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 9,120,677 | \$ 9,368,195 | \$ 8,186,765 | \$ 8,612,080 | \$ 9,841,721 |
| Net investment income | 2,954,980 | 2,519,903 | 1,341,593 | 934,117 | 9,817,235 |
| Benefit payments, including refunds of member contributions | <u>(8,620,677)</u> | <u>(8,738,195)</u> | <u>(7,786,765)</u> | <u>(8,275,080)</u> | <u>(8,934,721)</u> |
| Administrative expense | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> |
| Net change in Plan fiduciary net position | 3,454,480 | 3,149,403 | 1,741,093 | 1,270,617 | 10,723,735 |
| Plan fiduciary net position - beginning | <u>23,142,627</u> | <u>26,597,107</u> | <u>29,746,510</u> | <u>31,487,603</u> | <u>32,758,220</u> |
| Plan fiduciary net position - ending | <u>\$ 26,597,107</u> | <u>\$ 29,746,510</u> | <u>\$ 31,487,603</u> | <u>\$ 32,758,220</u> | <u>\$ 43,481,955</u> |
| Plan net OPEB liability - ending | <u>\$ 91,970,459</u> | <u>\$ 74,384,678</u> | <u>\$ 62,128,255</u> | <u>\$ 58,994,899</u> | <u>\$ 47,684,431</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 22.43% | 28.57% | 33.63% | 35.70% | 47.70% |
| Covered payroll | \$ 181,884,658 | \$ 188,928,493 | 193,640,564 | 203,568,979 | 202,192,740 |
| Plan net OPEB liability as a percentage of covered payroll | 50.57% | 39.37% | 32.08% | 28.98% | 23.58% |

Notes to Schedule:

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

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return | 13.04% | 9.52% | 4.67% | 3.01% | 30.00% |

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Line of Duty
Schedule of Changes in Net OPEB Liability and Related Ratios*

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 601,750 | \$ 792,650 | \$ 766,287 | \$ 1,017,086 | \$ 1,026,697 |
| Interest | 945,421 | 975,937 | 852,476 | 1,126,955 | 1,116,343 |
| Difference between expected and actual experience | - | 1,125,285 | 1,928,493 | (1,459,176) | (1,163,500) |
| Changes of assumptions | - | (4,886,754) | 689,110 | (70,620) | 701,804 |
| Benefit payments | <u>(368,000)</u> | <u>(650,950)</u> | <u>(430,589)</u> | <u>(706,164)</u> | <u>(847,139)</u> |
| Net change in total OPEB liability | 1,179,171 | (2,643,832) | 3,805,777 | (91,919) | 834,205 |
| Plan total OPEB liability - beginning | <u>13,088,262</u> | <u>14,267,433</u> | <u>11,623,601</u> | <u>15,429,378</u> | <u>15,337,459</u> |
| Plan total OPEB liability - ending | <u>\$ 14,267,433</u> | <u>\$ 11,623,601</u> | <u>\$ 15,429,378</u> | <u>\$ 15,337,459</u> | <u>\$ 16,171,664</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 959,000 | \$ 1,080,950 | \$ 730,589 | \$ 1,432,164 | \$ 1,647,139 |
| Net investment income | 773,132 | 702,889 | 385,669 | 274,013 | 3,067,393 |
| Benefit payments | (368,000) | (650,950) | (430,589) | (706,164) | (847,139) |
| Administrative expense | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> | <u>(500)</u> |
| Net change in Plan fiduciary net position | 1,363,632 | 1,132,389 | 685,169 | 999,513 | 3,866,893 |
| Plan fiduciary net position - beginning | <u>6,054,348</u> | <u>7,417,980</u> | <u>8,550,369</u> | <u>9,235,538</u> | <u>10,235,051</u> |
| Plan fiduciary net position - ending | <u>\$ 7,417,980</u> | <u>\$ 8,550,369</u> | <u>\$ 9,235,538</u> | <u>\$ 10,235,051</u> | <u>\$ 14,101,944</u> |
| Plan net OPEB liability - ending | <u>\$ 6,849,453</u> | <u>\$ 3,073,232</u> | <u>\$ 6,193,840</u> | <u>\$ 5,102,408</u> | <u>\$ 2,069,720</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 51.99% | 73.56% | 59.86% | 66.73% | 87.20% |
| Covered payroll | \$ 65,181,494 | \$ 67,756,971 | \$ 67,615,562 | \$ 73,410,549 | \$ 75,017,926 |
| Plan net OPEB liability as a percentage of covered payroll | 10.51% | 4.54% | 9.16% | 6.95% | 2.76% |

Notes to Schedule:

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

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return | 13.04% | 9.52% | 4.67% | 3.01% | 30.00% |

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Retiree Healthcare
Schedule of Changes in Net OPEB Liability and Related Ratios*

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 1,806,182 | \$ 1,342,954 | \$ 1,298,283 | \$ 1,695,437 | \$ 1,507,807 |
| Interest | 14,953,724 | 14,878,280 | 13,615,717 | 12,490,441 | 12,061,650 |
| Difference between expected and actual experience | - | 2,742,227 | (20,512,870) | (2,322,927) | (115,678) |
| Changes of assumptions | - | (22,407,529) | 4,990,088 | (1,932,185) | (5,284,318) |
| Benefit payments, including refunds of member contributions | (15,784,000) | (16,279,013) | (15,769,337) | (15,961,410) | (15,772,821) |
| Net change in total OPEB liability | 975,906 | (19,723,081) | (16,378,119) | (6,030,644) | (7,603,360) |
| Plan total OPEB liability - beginning | 219,710,450 | 220,686,356 | 200,963,275 | 184,585,156 | 178,554,512 |
| Plan total OPEB liability - ending | <u>\$ 220,686,356</u> | <u>\$ 200,963,275</u> | <u>\$ 184,585,156</u> | <u>\$ 178,554,512</u> | <u>\$ 170,951,152</u> |
| Plan fiduciary net position | | | | | |
| Contributions - employer | \$ 17,652,329 | \$ 17,279,013 | \$ 16,769,337 | \$ 16,961,410 | \$ 16,772,821 |
| Net investment income | 1,403,555 | 1,351,473 | 749,403 | 544,814 | 5,965,480 |
| Benefit payments, including refunds of member contributions | (15,784,000) | (16,279,013) | (15,769,337) | (15,961,410) | (15,772,821) |
| Administrative expense | (500) | (500) | (500) | (500) | (500) |
| Net change in Plan fiduciary net position | 3,271,384 | 2,350,973 | 1,748,903 | 1,544,314 | 6,964,980 |
| Plan fiduciary net position - beginning | 10,989,579 | 14,260,963 | 16,611,936 | 18,360,839 | 19,905,153 |
| Plan fiduciary net position - ending | <u>\$ 14,260,963</u> | <u>\$ 16,611,936</u> | <u>\$ 18,360,839</u> | <u>\$ 19,905,153</u> | <u>\$ 26,870,133</u> |
| Plan net OPEB liability - ending | <u>\$ 206,425,393</u> | <u>\$ 184,351,339</u> | <u>\$ 166,224,317</u> | <u>\$ 158,649,359</u> | <u>\$ 144,081,019</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 6.46% | 8.27% | 9.95% | 11.15% | 15.72% |
| Covered payroll | \$ 319,003,486 | \$ 323,355,357 | 335,848,117 | 343,080,214 | 354,671,638 |
| Plan net OPEB liability as a percentage of covered payroll | 64.71% | 57.01% | 49.49% | 46.24% | 40.62% |

Notes to Schedule:

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

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|--------------------------------------|--------|-------|-------|-------|--------|
| Annual money-weighted rate of return | 13.04% | 9.52% | 4.67% | 3.01% | 30.00% |

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer OPEB Contributions - Retiree Healthcare and Line of Duty

| Date | Actuarially Determined Contribution | Contributions in Relation to Actuarially Determined Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|--|--|---|---|---------------------------------------|--|
| Primary Government - Retiree Healthcare* | | | | | |
| 2017 | \$ 8,409,418 | \$ 9,120,677 | \$ (711,259) | \$ 181,884,658 | 5.01% |
| 2018 | 8,534,872 | 9,368,195 | (833,323) | 188,928,493 | 4.96 |
| 2019 | 7,299,000 | 8,186,765 | (887,765) | 193,640,564 | 4.23 |
| 2020 | 6,869,000 | 8,612,080 | (1,743,080) | 203,568,979 | 4.23 |
| 2021 | 6,919,000 | 9,841,721 | (2,922,721) | 202,192,740 | 4.87 |
| School Board Component Unit - Retiree Healthcare* | | | | | |
| 2017 | \$ 15,478,605 | \$ 17,652,329 | \$ (2,173,724) | \$ 319,003,486 | 5.53% |
| 2018 | 15,895,413 | 17,279,013 | (1,383,600) | 323,355,357 | 5.34 |
| 2019 | 14,183,000 | 16,769,337 | (2,586,337) | 335,848,117 | 4.99 |
| 2020 | 14,234,000 | 16,961,410 | (2,727,410) | 343,080,214 | 4.94 |
| 2021 | 13,941,000 | 16,772,821 | (2,831,821) | 354,671,638 | 4.73 |
| Primary Government - Line of Duty* | | | | | |
| 2017 | \$ 999,464 | \$ 959,000 | \$ 40,464 | \$ 65,181,494 | 1.47% |
| 2018 | 1,011,363 | 1,080,950 | (69,587) | 67,756,971 | 1.60 |
| 2019 | 957,000 | 730,589 | 226,411 | 67,615,562 | 1.08 |
| 2020 | 1,432,000 | 1,432,164 | (164) | 73,410,549 | 1.95 |
| 2021 | 1,387,000 | 1,647,139 | (260,139) | 75,017,926 | 2.20 |

Notes to Schedule

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

Methods and assumptions used to determine contribution rates:

| | |
|--------------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent closed |
| Asset valuation method | Market value |
| Healthcare cost trend rate | 5.80-4.14% (2017); 5.50-3.84% (2018); 5.40-3.94% (2019); 4.70-4.04% (2020) 6.00-4.04% (2021) |
| Projected long-term salary increases | 3.50-5.35% Primary Government 3.50-5.95% School Board Component Unit |
| Investment rate of return | 7.0% per annum, compounded annually |

Remaining amortization period:

| | |
|--|----------|
| Primary Government-Retiree Healthcare | 13 years |
| School Board Component Unit-Retiree Healthcare | 18 years |
| Primary Government-Line of Duty | 29 years |

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

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Group Life Insurance Program
Schedule of Employers' Proportionate Share of the Net OPEB Liability*

Primary Government

| | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|
| Employer's proportion of the Net GLI OPEB Liability | 1.00018% | 0.99337% | 0.99219% | 0.99689% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 15,052,000 | \$ 15,087,000 | \$ 16,145,572 | \$ 16,636,462 |
| Employer's covered payroll | 184,488,316 | 188,887,754 | 194,504,842 | 205,164,275 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.16% | 7.99% | 8.30% | 8.11% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 48.86% | 51.22% | 52.00% | 52.64% |

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

Component Unit - School Board - Non-professional Plan

| | 2017 | 2018 | 2019 | 2020 |
|---|--------------|--------------|--------------|--------------|
| Employer's proportion of the Net GLI OPEB Liability | 0.08521% | 0.09024% | 0.10825% | 0.10526% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 1,282,000 | \$ 1,371,000 | \$ 1,761,516 | \$ 1,756,617 |
| Employer's covered payroll | 15,718,215 | 17,158,846 | 21,219,445 | 21,663,068 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.16% | 7.99% | 8.30% | 8.11% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 48.86% | 51.22% | 52.00% | 52.64% |

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

Component Unit - School Board - Professional Plan

| | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|
| Employer's proportion of the Net GLI OPEB Liability | 1.57670% | 1.59756% | 1.59763% | 1.57354% |
| Employer's proportionate share of the Net GLI OPEB Liability | \$ 23,727,000 | \$ 24,263,000 | \$ 25,997,693 | \$ 26,259,806 |
| Employer's covered payroll | 290,828,580 | 303,772,620 | 313,188,521 | 323,840,126 |
| Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll | 8.16% | 7.99% | 8.30% | 8.11% |
| Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability | 48.86% | 51.22% | 52.00% | 52.64% |

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer OPEB-VRS Group Life Insurance Contributions

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|---|--|---|---|---------------------------------------|--|
| Primary Government* | | | | | |
| 2017 | \$ 959,339 | \$ 959,339 | \$ - | \$ 184,488,316 | 0.52% |
| 2018 | 982,216 | 982,216 | - | 188,887,754 | 0.52 |
| 2019 | 1,011,422 | 1,011,422 | - | 194,504,842 | 0.52 |
| 2020 | 1,066,854 | 1,066,854 | - | 205,164,275 | 0.52 |
| 2021 | 1,121,759 | 1,121,759 | - | 207,726,561 | 0.54 |
| School Board Component Unit - Non-professional* | | | | | |
| 2017 | \$ 81,735 | \$ 81,735 | \$ - | \$ 15,718,215 | 0.52% |
| 2018 | 89,226 | 89,226 | - | 17,158,846 | 0.52 |
| 2019 | 110,341 | 110,341 | - | 21,219,445 | 0.52 |
| 2020 | 112,648 | 112,648 | - | 21,663,068 | 0.52 |
| 2021 | 111,344 | 111,344 | - | 20,663,804 | 0.54 |
| School Board Component Unit - Professional (Teachers)* | | | | | |
| 2017 | \$ 1,512,309 | \$ 1,512,309 | \$ - | \$ 290,828,580 | 0.52% |
| 2018 | 1,579,618 | 1,579,618 | - | 303,772,620 | 0.52 |
| 2019 | 1,628,580 | 1,628,580 | - | 313,188,521 | 0.52 |
| 2020 | 1,683,969 | 1,683,969 | - | 323,840,126 | 0.52 |
| 2021 | 1,822,228 | 1,822,228 | - | 337,481,425 | 0.54 |

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

**County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits - Group Life Insurance Program
Notes to VRS Required Supplemental Information**

Change in benefit terms -

Primary Government and School Board Component Unit:

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

Changes of assumptions -

Primary Government and School Board Component Unit Non-professional:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted termination rates to better fit experience at each age and service year
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

Largest 10 - Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages
- Adjusted termination rates to better fit experience at each age and service year
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

VRS Teachers Pool:

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

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Component Unit - School Board
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teacher Health Insurance Credit Plan
Schedule of School Board's Proportionate Share of the Net OPEB Liability*

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| Employer's proportion of the Net HIC OPEB Liability | 3.68064% | 3.74939% | 3.72923% | 3.68972% |
| Employer's proportionate share of the Net HIC OPEB Liability | \$ 46,693,000 | \$ 47,605,000 | \$ 48,819,247 | \$ 48,133,006 |
| Employer's covered payroll | 290,476,817 | 303,227,835 | 312,796,215 | 323,468,947 |
| Employer's proportionate share of the Net HIC OPEB Liability as a percentage of its covered payroll | 16.07% | 15.70% | 15.61% | 14.88% |
| Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability | 7.04% | 8.08% | 8.97% | 9.95% |

Notes to Schedule:

Per GAAP, Net HIC OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date. Schedule is intended to show information for 10 years.

*Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer VRS Teacher Health Insurance Credit Plan Contributions

| Date | Contractually Required Contribution | Contributions in Relation to Contractually Required Contribution | Contribution Deficiency (Excess) | Employer's Covered Payroll | Contributions as a % of Covered Payroll |
|------------------------------------|--|---|---|---------------------------------------|--|
| School Board Component Unit | | | | | |
| 2017 | \$ 3,224,293 | \$ 3,224,293 | \$ - | \$ 290,476,817 | 1.11% |
| 2018 | 3,729,702 | 3,729,702 | - | 303,227,835 | 1.23 |
| 2019 | 3,753,555 | 3,753,555 | - | 312,796,215 | 1.20 |
| 2020 | 3,881,627 | 3,881,627 | - | 323,468,947 | 1.20 |
| 2021 | 4,074,045 | 4,074,045 | - | 336,718,341 | 1.21 |

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

**County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teacher Health Insurance Credit Plan
Notes to VRS Required Supplemental Information**

Change in benefit terms -

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

Changes of assumptions -

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

SUPPLEMENTARY INFORMATION



Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of revenue sources that are legally restricted to expenditure for specified purposes.

Grants Fund - This fund reflects revenues and expenditures related to various federal and state programs such as the federal government's Department of Housing and Urban Development grants, Community Corrections and Supervision grants and Virginia Juvenile Community Crime Control Act.

Children's Services Fund - This fund reflects the revenues and expenditures of providing child-centered, family focused and locally based services for at-risk youth.

Stormwater Fund - This fund reflects revenues collected from stormwater utility fees and expenditures related to meeting initiatives related to the County's stormwater management program.

Mental Health Support Services - This fund reflects the revenues and expenditures for providing mental health, developmental disabilities and substance abuse disorder services for children and adults in the County.

Jail Canteen - This fund reflects commissions received from sales of snacks, toiletries, and the like. Commissions are used to fund expenses that benefit inmates within the facility.

Central Virginia Transportation Authority - Local - This fund was established to receive sales and vehicle fuel tax collected by the CVTA where use is restricted to funding approved transportation projects.

County of Chesterfield, Virginia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2021

Special Revenue Funds

| | Central Virginia Transportation Authority - Local | Stormwater | Grants | Mental Health | Children's Services | Jail Canteen | Total Non-major Governmental Funds |
|---|--|----------------------|----------------------|----------------------|--------------------------------|-------------------------|---|
| ASSETS | | | | | | | |
| Cash and cash equivalents | \$ 15,987,224 | \$ 14,295,479 | \$ 13,206,583 | \$ 12,009,243 | \$ 3,178,670 | \$ 260,885 | \$ 58,938,084 |
| Accounts receivable, net | - | 2,487,192 | 1,126,479 | 3,407,204 | 256,063 | 18,065 | 7,295,003 |
| Due from other governments | 3,907,944 | - | 2,824,869 | 54,202 | 2,094,906 | - | 8,881,921 |
| Total assets | <u>\$ 19,895,168</u> | <u>\$ 16,782,671</u> | <u>\$ 17,157,931</u> | <u>\$ 15,470,649</u> | <u>\$ 5,529,639</u> | <u>\$ 278,950</u> | <u>\$ 75,115,008</u> |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ - | \$ 1,304,156 | \$ 2,321,840 | \$ 391,158 | \$ 1,713,543 | \$ 6,324 | \$ 5,737,021 |
| Due to other governments | - | - | 80,168 | - | - | - | 80,168 |
| Accrued liabilities | - | 4,636 | 421,543 | 1,951,447 | 142 | - | 2,377,768 |
| Retainages payable | - | 183,981 | 9,150 | - | - | - | 193,131 |
| Unearned revenues | - | - | 4,172,043 | - | - | - | 4,172,043 |
| Total liabilities | <u>-</u> | <u>1,492,773</u> | <u>7,004,744</u> | <u>2,342,605</u> | <u>1,713,685</u> | <u>6,324</u> | <u>12,560,131</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred revenues | - | 2,329,417 | - | - | - | - | 2,329,417 |
| Unavailable revenues | - | 157,775 | 368,522 | 649,647 | 115,395 | - | 1,291,339 |
| Total deferred inflows of resources | <u>-</u> | <u>2,487,192</u> | <u>368,522</u> | <u>649,647</u> | <u>115,395</u> | <u>-</u> | <u>3,620,756</u> |
| FUND BALANCES | | | | | | | |
| Restricted | 19,895,168 | 12,802,706 | 1,943,988 | - | - | - | 34,641,862 |
| Assigned | - | - | 7,840,677 | 12,478,397 | 3,700,559 | 272,626 | 24,292,259 |
| Total fund balances | <u>19,895,168</u> | <u>12,802,706</u> | <u>9,784,665</u> | <u>12,478,397</u> | <u>3,700,559</u> | <u>272,626</u> | <u>58,934,121</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 19,895,168</u> | <u>\$ 16,782,671</u> | <u>\$ 17,157,931</u> | <u>\$ 15,470,649</u> | <u>\$ 5,529,639</u> | <u>\$ 278,950</u> | <u>\$ 75,115,008</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2021

| | Special Revenue Funds | | | | | | Total Non-major Governmental Funds |
|--|---|----------------------|---------------------|----------------------|------------------------|-------------------|--|
| | Central Virginia Transportation Authority - Local | Stormwater | Grants | Mental Health | Children's Services | Jail Canteen | |
| Revenues | | | | | | | |
| From local sources: | | | | | | | |
| Use of money and property | \$ - | \$ - | \$ 258 | \$ - | \$ - | \$ - | \$ 258 |
| Charges for services | - | 4,736,601 | 8,834,994 | 21,489,279 | 60,000 | - | 35,120,874 |
| Miscellaneous | - | - | 174,009 | 33,006 | - | 215,003 | 422,018 |
| Recovered costs | - | - | 98,360 | 140,547 | 534,680 | - | 773,587 |
| Donations and contributions | - | - | 90,424 | - | - | 500 | 90,924 |
| From component unit - School Board | - | - | - | - | 4,843,200 | - | 4,843,200 |
| Local sales and use tax | 13,098,818 | - | - | - | - | - | 13,098,818 |
| Local vehicle fuels tax | 7,040,253 | - | - | - | - | - | 7,040,253 |
| From other governments | - | 454,557 | 20,372,098 | 6,228,990 | 10,620,650 | - | 37,676,295 |
| Total revenues | <u>20,139,071</u> | <u>5,191,158</u> | <u>29,570,143</u> | <u>27,891,822</u> | <u>16,058,530</u> | <u>215,503</u> | <u>99,066,227</u> |
| Expenses | | | | | | | |
| Administration of justice | - | - | 1,189,243 | - | - | - | 1,189,243 |
| Public safety | - | - | 10,816,204 | - | - | 91,303 | 10,907,507 |
| Public works | - | 3,395,474 | - | - | - | - | 3,395,474 |
| Health and welfare | - | - | 3,402,985 | 37,182,796 | 17,452,670 | - | 58,038,451 |
| Parks, recreation and cultural | - | - | 39,535 | - | - | - | 39,535 |
| Community development | - | - | 13,227,824 | - | - | - | 13,227,824 |
| Total expenditures | <u>-</u> | <u>3,395,474</u> | <u>28,675,791</u> | <u>37,182,796</u> | <u>17,452,670</u> | <u>91,303</u> | <u>86,798,034</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>20,139,071</u> | <u>1,795,684</u> | <u>894,352</u> | <u>(9,290,974)</u> | <u>(1,394,140)</u> | <u>124,200</u> | <u>12,268,193</u> |
| Other financing sources (uses) | | | | | | | |
| Transfers in | - | - | 2,076,198 | 12,976,200 | 1,816,900 | - | 16,869,298 |
| Transfers out | (243,903) | - | (3,295,056) | (721,811) | - | (66,000) | (4,326,770) |
| Total other financing sources (uses), net | <u>(243,903)</u> | <u>-</u> | <u>(1,218,858)</u> | <u>12,254,389</u> | <u>1,816,900</u> | <u>(66,000)</u> | <u>12,542,528</u> |
| Net change in fund balances | 19,895,168 | 1,795,684 | (324,506) | 2,963,415 | 422,760 | 58,200 | 24,810,721 |
| Total fund balances, July 1, 2020, restated | - | 11,007,022 | 10,109,171 | 9,514,982 | 3,277,799 | 214,426 | 34,123,400 |
| Total fund balances, June 30, 2021 | <u>\$ 19,895,168</u> | <u>\$ 12,802,706</u> | <u>\$ 9,784,665</u> | <u>\$ 12,478,397</u> | <u>\$ 3,700,559</u> | <u>\$ 272,626</u> | <u>\$ 58,934,121</u> |

See accompanying independent auditors' report.



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

General Fund

This fund reflects the general operations of the government and is used to account for all financial resources except those required to be accounted for in another fund.

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|---|---|
| Revenues | | | | |
| From local sources: | | | | |
| General property taxes: | | | | |
| Real property taxes | \$ 381,684,000 | \$ 393,912,200 | \$ 407,965,771 | \$ 14,053,571 |
| Real and personal public service corporation taxes | 15,519,600 | 15,519,600 | 16,980,324 | 1,460,724 |
| Personal property taxes | 75,405,000 | 77,556,300 | 96,013,259 | 18,456,959 |
| Machinery and tools taxes | 4,751,000 | 4,751,000 | 6,094,602 | 1,343,602 |
| Penalties and interest | 2,874,500 | 2,874,500 | 5,044,099 | 2,169,599 |
| Special assessments and service districts | 2,405,000 | 2,405,000 | 3,917,962 | 1,512,962 |
| Total general property taxes | 482,639,100 | 497,018,600 | 536,016,017 | 38,997,417 |
| Other local taxes: | | | | |
| Bank stock tax | 2,670,000 | 2,670,000 | 2,648,157 | (21,843) |
| Business license taxes | 19,158,300 | 19,158,300 | 24,184,161 | 5,025,861 |
| Consumer utility taxes | 8,494,700 | 8,494,700 | 8,498,528 | 3,828 |
| Incremental sales tax | 525,000 | 525,000 | 536,592 | 11,592 |
| Local sales and use taxes | 40,210,500 | 40,210,500 | 62,333,768 | 22,123,268 |
| Motor vehicle licenses | 15,056,400 | 15,056,400 | 15,882,533 | 826,133 |
| Recordation tax | 6,807,900 | 6,807,900 | 11,065,086 | 4,257,186 |
| Short-term rental tax | 583,200 | 583,200 | 633,625 | 50,425 |
| Telecommunications tax | 11,910,100 | 11,910,100 | 10,920,964 | (989,136) |
| Transient occupancy tax | 2,310,800 | 3,236,000 | 4,583,087 | 1,347,087 |
| Total other local taxes | 107,726,900 | 108,652,100 | 141,286,501 | 32,634,401 |
| Permits, privilege fees and regulatory licenses: | | | | |
| Animal licenses | 40,000 | 100,000 | 86,055 | (13,945) |
| Building permits | 5,540,700 | 7,540,700 | 7,820,700 | 280,000 |
| Erosion control fees | 101,050 | 101,050 | 156,375 | 55,325 |
| Permits and other licenses | 555,200 | 555,200 | 723,654 | 168,454 |
| Plan review fees | 248,600 | 248,600 | 323,846 | 75,246 |
| Planning fees | 826,624 | 826,624 | 894,578 | 67,954 |
| Total permits, privilege fees and regulatory licenses | 7,312,174 | 9,372,174 | 10,005,208 | 633,034 |
| Fines and forfeitures | 1,309,900 | 2,024,643 | 2,932,862 | 908,219 |
| Use of money and property: | | | | |
| Use of money | 1,815,000 | 1,815,000 | 1,298,443 | (516,557) |
| Use of property | 1,325,800 | 1,325,800 | 1,044,425 | (281,375) |
| Total use of money and property | 3,140,800 | 3,140,800 | 2,342,868 | (797,932) |
| Charges for services: | | | | |
| Annual recycling fees | 2,632,000 | 2,632,000 | 2,633,189 | 1,189 |
| Building inspection administrative fee | 45,800 | 45,800 | 45,064 | (736) |
| Building rental | 447,000 | 447,000 | 726,081 | 279,081 |
| Courthouse maintenance fees | 70,000 | 70,000 | 43,708 | (26,292) |
| DMV stop fees | 550,000 | 550,000 | 528,511 | (21,489) |
| Employee Medical Center | 593,100 | 593,100 | 573,388 | (19,712) |
| False alarm charges | 100,000 | 100,000 | 59,781 | (40,219) |
| Juvenile Detention Home fees | 76,300 | 76,300 | 26,000 | (50,300) |
| Landfill fees | 1,657,000 | 2,057,000 | 2,017,987 | (39,013) |
| Law Library | 122,500 | 122,500 | 92,026 | (30,474) |
| Library fines and services | 176,300 | 176,300 | 20,695 | (155,605) |
| Med-flight services | 469,200 | 469,200 | 469,766 | 566 |

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|----------------------------|-------------------------|---|---|
| Charges for services: (continued) | | | | |
| Parks and Recreation fees | \$ 663,300 | \$ 663,300 | \$ 562,599 | \$ (100,701) |
| Police miscellaneous fees | 109,200 | 109,200 | 82,192 | (27,008) |
| Police officers fees | 1,149,100 | 1,149,100 | 1,182,931 | 33,831 |
| Recycling proceeds | 109,125 | 109,125 | 239,909 | 130,784 |
| Sale of publications and maps | 3,300 | 3,300 | 564 | (2,736) |
| Sheriff fees | 1,086,900 | 1,086,900 | 642,540 | (444,360) |
| Traffic offenses | 345,000 | 345,000 | 369,094 | 24,094 |
| Treasurer's administrative fees | 1,608,300 | 1,758,300 | 1,995,845 | 237,545 |
| Other | 3,570,800 | 3,570,800 | 2,745,603 | (825,197) |
| Total charges for services | 15,584,225 | 16,134,225 | 15,057,473 | (1,076,752) |
| Miscellaneous: | | | | |
| Public phone commission | 55,000 | 55,000 | 126,241 | 71,241 |
| Other miscellaneous | 413,867 | 894,737 | 2,886,868 | 1,992,131 |
| Total miscellaneous | 468,867 | 949,737 | 3,013,109 | 2,063,372 |
| Recovered costs: | | | | |
| Interfund reimbursements | 932,700 | 1,016,766 | 1,004,656 | (12,110) |
| Reimbursed by other localities | 673,300 | 673,300 | 838,539 | 165,239 |
| Other | 2,074,000 | 2,074,000 | 2,928,460 | 854,460 |
| Total recovered costs | 3,680,000 | 3,764,066 | 4,771,655 | 1,007,589 |
| Donations and contributions | 47,100 | 49,962 | 58,349 | 8,387 |
| Total revenues from local sources | 621,909,066 | 641,106,307 | 715,484,042 | 74,377,735 |
| From other governments: | | | | |
| From the Commonwealth: | | | | |
| Non-categorical aid: | | | | |
| Clerk's excess fees | 395,300 | 395,300 | 815,647 | 420,347 |
| Games of skill tax | - | - | 638,496 | 638,496 |
| Mobile home sales tax | 44,400 | 44,400 | 33,912 | (10,488) |
| Personal property tax relief | 41,092,000 | 41,092,000 | 41,092,048 | 48 |
| Rolling stock tax | 101,800 | 101,800 | 91,422 | (10,378) |
| Vehicle rental tax | 1,105,000 | 1,105,000 | 1,659,147 | 554,147 |
| Total non-categorical aid | 42,738,500 | 42,738,500 | 44,330,672 | 1,592,172 |
| Shared expenditures: | | | | |
| Clerk of Circuit Court | 1,191,000 | 1,191,000 | 1,231,033 | 40,033 |
| Commissioner of the Revenue | 511,000 | 511,000 | 531,042 | 20,042 |
| Commonwealth's Attorney | 2,163,800 | 2,323,800 | 2,316,483 | (7,317) |
| Sheriff | 3,493,500 | 3,493,500 | 3,800,661 | 307,161 |
| Treasurer | 454,700 | 454,700 | 487,336 | 32,636 |
| Other | 76,000 | 119,200 | 122,288 | 3,088 |
| Total shared expenditures | 7,890,000 | 8,093,200 | 8,488,843 | 395,643 |
| From other governments: | | | | |
| From the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Annexation House Bill 599 | 8,295,100 | 8,295,100 | 8,295,160 | 60 |
| Chesterfield County Jail | 500,000 | 700,000 | 686,549 | (13,451) |
| Emergency medical services | 331,500 | 356,500 | 356,594 | 94 |

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|---|---|
| From other governments: (continued) | | | | |
| From the Commonwealth: | | | | |
| Categorical aid: | | | | |
| Fire programs | \$ 1,094,500 | \$ 1,194,500 | \$ 1,205,180 | \$ 10,680 |
| Juvenile Detention Home | 1,805,000 | 1,805,000 | 1,832,184 | 27,184 |
| Library | 203,000 | 203,000 | 235,974 | 32,974 |
| Sheriff programs | 1,940,300 | 1,940,300 | 2,014,889 | 74,589 |
| Welfare | 5,346,400 | 5,346,400 | 5,361,506 | 15,106 |
| Other | 3,120,700 | 3,127,494 | 4,718,023 | 1,590,529 |
| Total categorical aid | 22,636,500 | 22,968,294 | 24,706,059 | 1,737,765 |
| Total from the Commonwealth | 73,265,000 | 73,799,994 | 77,525,574 | 3,725,580 |
| From the federal government: | | | | |
| Categorical aid: | | | | |
| Coronavirus Aid, Relief and Economic Security Act | - | 56,721,098 | 56,814,012 | 92,914 |
| Public safety | 26,400 | 26,400 | 27,495 | 1,095 |
| Welfare | 9,567,300 | 9,567,300 | 10,231,825 | 664,525 |
| Other | 81,500 | 81,500 | 6,187 | (75,313) |
| Total from the federal government | 9,675,200 | 66,396,298 | 67,079,519 | 683,221 |
| Total revenues from other governments | 82,940,200 | 140,196,292 | 144,605,093 | 4,408,801 |
| Total revenues | 704,849,266 | 781,302,599 | 860,089,135 | 78,786,536 |
| Expenditures | | | | |
| General government: | | | | |
| Accounting | 4,226,773 | 4,134,273 | 3,898,048 | 236,225 |
| Board of Supervisors | 366,800 | 440,900 | 353,106 | 87,794 |
| Budget and Management | 1,021,600 | 918,500 | 806,060 | 112,440 |
| Clerk to the Board | 291,900 | 295,000 | 235,119 | 59,881 |
| Commissioner of the Revenue | 3,170,500 | 3,134,600 | 2,937,125 | 197,475 |
| Communications and Media | 677,200 | 976,100 | 855,764 | 120,336 |
| County Administration | 2,816,900 | 2,846,400 | 2,733,571 | 112,829 |
| County Attorney | 1,933,647 | 2,034,847 | 1,940,830 | 94,017 |
| Document Services | 459,600 | 369,600 | 215,099 | 154,501 |
| Employee benefits | 10,098,400 | 10,788,500 | 10,077,412 | 711,088 |
| General Services | 579,000 | 632,700 | 593,388 | 39,312 |
| Human Resource Management | 3,438,200 | 3,725,100 | 3,515,471 | 209,629 |
| Information Systems Technology | 18,104,086 | 24,686,986 | 23,621,435 | 1,065,551 |
| Interest paid on tax refunds | 30,000 | 120,000 | 167,659 | (47,659) |
| Internal Audit | 1,016,000 | 986,200 | 794,584 | 191,616 |
| Learning and Performance Center | 1,369,100 | 1,442,300 | 1,322,905 | 119,395 |
| Non-departmental | - | 16,086,005 | 14,802 | 16,071,203 |
| Procurement | 1,813,100 | 1,982,000 | 1,844,493 | 137,507 |
| Real Estate Assessments | 2,816,200 | 2,608,000 | 2,479,335 | 128,665 |
| Registrar | 1,718,507 | 2,471,077 | 2,424,985 | 46,092 |
| Treasurer | 3,948,500 | 4,279,800 | 4,255,768 | 24,032 |
| Total general government | 59,896,013 | 84,958,888 | 65,086,959 | 19,871,929 |

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|----------------------------|-------------------------|---|---|
| Administration of justice: | | | | |
| Circuit Court Clerk | \$ 3,946,120 | \$ 4,292,420 | \$ 4,209,485 | \$ 82,935 |
| Circuit Court Judges | 815,400 | 843,100 | 733,318 | 109,782 |
| Commonwealth's Attorney | 5,177,482 | 5,419,184 | 5,216,360 | 202,824 |
| General District Court | 205,817 | 344,117 | 227,764 | 116,353 |
| Juvenile and Domestic Relations Court | 121,400 | 244,300 | 168,633 | 75,667 |
| Law Library | 114,000 | 172,400 | 112,504 | 59,896 |
| Magistrate | 6,400 | 9,400 | 6,684 | 2,716 |
| Total administration of justice | <u>10,386,619</u> | <u>11,324,921</u> | <u>10,674,748</u> | <u>650,173</u> |
| Public safety: | | | | |
| Building Inspections | 4,765,789 | 4,815,589 | 4,747,000 | 68,589 |
| Community Corrections | 3,175,482 | 3,178,565 | 3,107,738 | 70,827 |
| Emergency Communications Center | 7,619,509 | 7,183,609 | 6,969,929 | 213,680 |
| Fire and EMS | 61,961,979 | 70,042,039 | 67,015,398 | 3,026,641 |
| Juvenile Detention Home | 5,466,155 | 5,525,555 | 5,308,873 | 216,682 |
| Juvenile Probation | 61,123 | 101,123 | 40,416 | 60,707 |
| Police | 73,072,839 | 81,979,446 | 79,935,978 | 2,043,468 |
| Regional Jail | 9,534,500 | 9,384,500 | 8,990,608 | 393,892 |
| Sheriff and Jail | 24,345,214 | 27,525,614 | 27,361,472 | 164,142 |
| Total public safety | <u>190,002,590</u> | <u>209,736,040</u> | <u>203,477,412</u> | <u>6,258,628</u> |
| Public works: | | | | |
| Buildings and Grounds | 7,778,284 | 8,554,984 | 8,106,897 | 448,087 |
| Capital Projects Management | 769,900 | 782,400 | 757,217 | 25,183 |
| Environmental Engineering | 5,611,253 | 5,590,253 | 5,493,554 | 96,699 |
| Right of Way | 20,000 | 100,000 | 27,169 | 72,831 |
| Street lights and road improvements | 899,115 | 948,568 | 886,584 | 61,984 |
| Waste and Resource Recovery | 5,596,264 | 6,404,964 | 6,308,843 | 96,121 |
| Total public works | <u>20,674,816</u> | <u>22,381,169</u> | <u>21,580,264</u> | <u>800,905</u> |
| Health and welfare: | | | | |
| Citizen Information | 2,883,000 | 3,778,300 | 2,998,784 | 779,516 |
| Health | 2,418,400 | 2,568,400 | 2,500,046 | 68,354 |
| Social Services | 20,984,035 | 20,570,635 | 19,756,108 | 814,527 |
| Tax relief for the elderly | 9,616,700 | 12,903,200 | 10,756,426 | 2,146,774 |
| Total health and welfare | <u>35,902,135</u> | <u>39,820,535</u> | <u>36,011,364</u> | <u>3,809,171</u> |
| Parks, recreation and cultural: | | | | |
| Community Contracts | 856,300 | 926,300 | 886,701 | 39,599 |
| District Improvements Funds | 167,500 | 113,425 | - | 113,425 |
| Library | 8,281,463 | 9,371,162 | 9,189,922 | 181,240 |
| Parks and Recreation | 11,354,381 | 12,025,481 | 10,939,411 | 1,086,070 |
| Total parks, recreation and cultural | <u>20,659,644</u> | <u>22,436,368</u> | <u>21,016,034</u> | <u>1,420,334</u> |

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2021

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual Amounts (Budgetary Basis)</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------------|----------------------------|-------------------------|---|---|
| Community development: | | | | |
| Community Enhancement | \$ 1,958,685 | \$ 3,379,385 | \$ 3,191,126 | \$ 188,259 |
| Convention Center | 2,310,800 | 3,236,000 | 4,583,087 | (1,347,087) |
| Cooperative Extension | 380,517 | 385,717 | 324,606 | 61,111 |
| Economic Development | 3,590,801 | 34,011,901 | 23,030,990 | 10,980,911 |
| Economic development incentives | 210,000 | 210,000 | 75,000 | 135,000 |
| Planning | 4,420,499 | 4,241,299 | 3,816,814 | 424,485 |
| Tax increment financing payments | 2,821,200 | 3,121,200 | 2,937,033 | 184,167 |
| Transportation | 1,519,977 | 1,380,577 | 1,233,627 | 146,950 |
| Total community development | 17,212,479 | 49,966,079 | 39,192,283 | 10,773,796 |
| Non-departmental | 500,000 | 862,716 | 597,000 | 265,716 |
| Debt service: | | | | |
| Retirement of principal | 18,641,800 | 18,641,800 | 19,493,846 | (852,046) |
| Interest | 8,787,500 | 8,787,500 | 8,739,666 | 47,834 |
| Other | 899,800 | 3,572,700 | 468,272 | 3,104,428 |
| Total debt service | 28,329,100 | 31,002,000 | 28,701,784 | 2,300,216 |
| Total expenditures | 383,563,396 | 472,488,716 | 426,337,848 | 46,150,868 |
| Excess of revenues over expenditures | 321,285,870 | 308,813,883 | 433,751,287 | 124,937,404 |
| Other financing sources (uses) | | | | |
| Transfers in: | | | | |
| Grants Fund | 2,351,000 | 3,647,828 | 3,295,056 | (352,772) |
| Mental Health Fund | 334,800 | 334,800 | 334,800 | - |
| Total transfers in | 2,685,800 | 3,982,628 | 3,629,856 | (352,772) |
| Transfers out: | | | | |
| County Capital Projects Fund | (14,141,700) | (125,022,979) | (16,679,042) | 108,343,937 |
| Stormwater Fund | - | (3,511,619) | - | 3,511,619 |
| School Capital Projects Fund | - | (1,228,493) | (1,038,282) | 190,211 |
| Grants Fund | (1,095,800) | (1,317,635) | (989,047) | 328,588 |
| Children's Services Fund | (1,816,900) | (1,816,900) | (1,816,900) | - |
| Mental Health Fund | (12,976,200) | (12,976,200) | (12,976,200) | - |
| Vehicle and Communications Fund | - | (1,732,000) | - | 1,732,000 |
| Airport Fund | (462,900) | (2,865,724) | (217,029) | 2,648,695 |
| School Operating Fund | (311,704,300) | (336,865,381) | (294,822,413) | 42,042,968 |
| Total transfers out | (342,197,800) | (487,336,931) | (328,538,913) | 158,798,018 |
| Premium on refunding bonds issued | - | - | 16,112 | 16,112 |
| Premium on bonds issued | - | 2,672,900 | 277,941 | (2,394,959) |
| Payment to refunded bond escrow agent | - | - | (20,931,627) | (20,931,627) |
| Refunding bonds issued | - | - | 20,692,633 | 20,692,633 |
| Total other financing uses, net | (339,512,000) | (480,681,403) | (324,853,998) | 155,827,405 |
| Net change in fund balance | (18,226,130) | (171,867,520) | 108,897,289 | 280,764,809 |
| Fund balance, July 1, 2020 | 439,343,726 | 439,343,726 | 439,343,726 | - |
| Fund balance, June 30, 2021 | \$ 421,117,596 | \$ 267,476,206 | \$ 548,241,015 | \$ 280,764,809 |

See accompanying independent auditors' report.

Non-major Enterprise Funds

Enterprise Funds are used to account for the County's ongoing organizations and activities similar to those often found in the private sector.

Economic Development Authority of the County of Chesterfield (EDA) - This fund reflects the operations of the EDA, a blended component unit of the County. The EDA was created to, among other activities, issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth of Virginia.

Airport Fund - This fund reflects the operations of the County's Airport.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2021

| | Enterprise Funds | | |
|--|---|----------------------|----------------------|
| | Economic Development Authority | Airport | Total |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 6,217,175 | \$ 1,009,643 | \$ 7,226,818 |
| Restricted cash equivalents with trustees | 16,581,447 | - | 16,581,447 |
| Receivables | - | 49,171 | 49,171 |
| Due from other governments | - | 62,820 | 62,820 |
| Due from other funds | 341,049 | - | 341,049 |
| Total current assets | <u>23,139,671</u> | <u>1,121,634</u> | <u>24,261,305</u> |
| Non-current assets: | | | |
| Capital assets: | | | |
| Land and land improvements | 24,666,603 | 2,430,680 | 27,097,283 |
| Buildings | - | 9,023,372 | 9,023,372 |
| Improvements other than buildings | 1,936,873 | 27,030,290 | 28,967,163 |
| Infrastructure | 6,159,269 | - | 6,159,269 |
| Machinery and equipment | - | 4,107,806 | 4,107,806 |
| Construction in progress | <u>2,876,212</u> | <u>479,357</u> | <u>3,355,569</u> |
| Total capital assets | 35,638,957 | 43,071,505 | 78,710,462 |
| Less accumulated depreciation | <u>(2,420,967)</u> | <u>(24,967,486)</u> | <u>(27,388,453)</u> |
| Net capital assets | <u>33,217,990</u> | <u>18,104,019</u> | <u>51,322,009</u> |
| Total assets | <u>56,357,661</u> | <u>19,225,653</u> | <u>75,583,314</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | - | 4,561 | 4,561 |
| Deferred outflows related to pensions | - | 66,119 | 66,119 |
| Deferred outflows related to other postemployment benefits | - | 7,003 | 7,003 |
| Total deferred outflows of resources | <u>-</u> | <u>77,683</u> | <u>77,683</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 246,617 | 73,728 | 320,345 |
| Due to other funds | 13,982,201 | - | 13,982,201 |
| Accrued liabilities | 351,316 | 263,592 | 614,908 |
| Unearned revenue | 250,000 | - | 250,000 |
| Compensated absences | - | 5,807 | 5,807 |
| Certificates of participation, net | - | 97,263 | 97,263 |
| Airport Revolving Loan Fund | - | 92,300 | 92,300 |
| Revenue bonds payable, net | - | 5,751 | 5,751 |
| Total current liabilities | <u>14,830,134</u> | <u>538,441</u> | <u>15,368,575</u> |
| Non-current liabilities: | | | |
| Retainages payable | 141,311 | - | 141,311 |
| Compensated absences | - | 28,144 | 28,144 |
| Net pension liabilities | - | 168,513 | 168,513 |
| Net other postemployment benefit liabilities | - | 83,911 | 83,911 |
| Certificates of participation, net | - | 152,992 | 152,992 |
| Airport Revolving Loan Fund | - | 1,569,100 | 1,569,100 |
| Revenue bond payable, net | - | 24,353 | 24,353 |
| Total non-current liabilities | <u>141,311</u> | <u>2,027,013</u> | <u>2,168,324</u> |
| Total liabilities | <u>14,971,445</u> | <u>2,565,454</u> | <u>17,536,899</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | - | 1,941 | 1,941 |
| Deferred inflows related to other postemployment benefits | - | 28,337 | 28,337 |
| Total deferred inflows of resources | <u>-</u> | <u>30,278</u> | <u>30,278</u> |
| NET POSITION | | | |
| Net investment in capital assets | 33,217,990 | 16,166,821 | 49,384,811 |
| Restricted by contractual agreements | 2,567,058 | - | 2,567,058 |
| Unrestricted | <u>5,601,168</u> | <u>540,783</u> | <u>6,141,951</u> |
| Total net position | <u>\$ 41,386,216</u> | <u>\$ 16,707,604</u> | <u>\$ 58,093,820</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2021

| | Enterprise Funds | | |
|--|--------------------------------------|---------------|---------------|
| | Economic Development Authority | Airport | Total |
| Operating revenues | | | |
| Charges for services | \$ 580,763 | \$ 849,258 | \$ 1,430,021 |
| From other governments | - | 29,000 | 29,000 |
| Other | 38,179 | 63,056 | 101,235 |
| Total operating revenues | 618,942 | 941,314 | 1,560,256 |
| Operating expenses | | | |
| Salaries and wages | - | 206,332 | 206,332 |
| Contractual services | 387,369 | 205,074 | 592,443 |
| Materials and supplies | - | 9,277 | 9,277 |
| Heat, light and power | - | 72,098 | 72,098 |
| Depreciation | 382,796 | 1,366,401 | 1,749,197 |
| Repairs and maintenance | - | 123,825 | 123,825 |
| Other | 5,628,858 | 19,116 | 5,647,974 |
| Total operating expenses | 6,399,023 | 2,002,123 | 8,401,146 |
| Operating loss | (5,780,081) | (1,060,809) | (6,840,890) |
| Non-operating revenues (expenses) | | | |
| Interest and dividend income | 8,695 | - | 8,695 |
| Interest expense | - | (58,424) | (58,424) |
| Gain on disposal of capital assets | 3,974,923 | - | 3,974,923 |
| Other | (849,096) | (246,592) | (1,095,688) |
| Total non-operating revenues (expenses), net | 3,134,522 | (305,016) | 2,829,506 |
| Loss before capital contributions and transfers | (2,645,559) | (1,365,825) | (4,011,384) |
| Capital contributions | - | 1,256,682 | 1,256,682 |
| Transfers in | 18,868,738 | 217,029 | 19,085,767 |
| Change in net position | 16,223,179 | 107,886 | 16,331,065 |
| Total net position - July 1, 2020 | 25,163,037 | 16,599,718 | 41,762,755 |
| Total net position - June 30, 2021 | \$ 41,386,216 | \$ 16,707,604 | \$ 58,093,820 |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2021

| | Enterprise Funds | | |
|---|--------------------------------------|---------------------|-----------------------|
| | Economic Development Authority | Airport | Total |
| Cash flows from operating activities | | | |
| Receipts from customers | \$ 439,652 | \$ 974,320 | \$ 1,413,972 |
| Payments to suppliers | (5,790,560) | (401,638) | (6,192,198) |
| Payments to employees | - | (185,795) | (185,795) |
| Net cash provided by (used in) operating activities | <u>(5,350,908)</u> | <u>386,887</u> | <u>(4,964,021)</u> |
| Cash flows from non-capital financing activities | | | |
| Transfers in | <u>5,474,446</u> | <u>154,400</u> | <u>5,628,846</u> |
| Net cash provided by non-capital financing activities | <u>5,474,446</u> | <u>154,400</u> | <u>5,628,846</u> |
| Cash flows from capital and related financing activities | | | |
| Purchase of capital assets | (18,535,507) | (219,078) | (18,754,585) |
| Capital contributions | 14,656,865 | 124,437 | 14,781,302 |
| Proceeds from sale of capital assets | 4,919,116 | - | 4,919,116 |
| Retainages paid to contractors | - | (183,760) | (183,760) |
| Interest paid on certificates of participation and revenue bonds | - | (64,699) | (64,699) |
| Principal paid on certificates of participation and revenue bonds | - | (189,422) | (189,422) |
| Net cash provided by (used in) capital and related financing activities | <u>1,040,474</u> | <u>(532,522)</u> | <u>507,952</u> |
| Cash flows from investing activities | | | |
| Interest received | <u>8,826</u> | <u>-</u> | <u>8,826</u> |
| Net cash provided by investing activities | <u>8,826</u> | <u>-</u> | <u>8,826</u> |
| Net increase in cash and cash equivalents | 1,172,838 | 8,765 | 1,181,603 |
| Cash and cash equivalents, July 1, 2020 | <u>21,625,784</u> | <u>1,000,878</u> | <u>22,626,662</u> |
| Cash and cash equivalents, June 30, 2021 | <u>\$ 22,798,622</u> | <u>\$ 1,009,643</u> | <u>\$ 23,808,265</u> |
| Reconciliation of operating loss to net cash provided by (used in) operating activities: | | | |
| Operating loss | \$ (5,780,081) | \$ (1,060,809) | \$ (6,840,890) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | |
| Depreciation | 382,796 | 1,366,401 | 1,749,197 |
| Changes in assets and liabilities: | | | |
| Receivables, net | (179,290) | 33,006 | (146,284) |
| Accounts and other payables | 225,667 | 48,289 | 273,956 |
| Net cash provided by (used in) operating activities | <u>\$ (5,350,908)</u> | <u>\$ 386,887</u> | <u>\$ (4,964,021)</u> |
| Noncash transactions related to financing, capital and investing activities: | | | |
| Contributions of capital assets | \$ - | \$ 1,212,461 | \$ 1,212,461 |

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one County department to other County departments and to other governmental units, on a cost-reimbursement basis.

Vehicle and Communications Maintenance Fund - This fund reflects operations of the County's garage and radio shop, which maintains County vehicles and communication equipment. Revenues are derived from interfund charges and charges to the School Board on a cost-reimbursement basis. Major expenses consist primarily of salaries and wages and materials and supplies.

Risk Management Fund - This fund reflects operations of the County's risk management function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services for providing risk financing and recoveries. Major expenses consist of reinsurance costs and claims.

Healthcare Fund - This fund reflects operations of the County's self-insured healthcare function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services used to pay medical claims and administrative fees.

County of Chesterfield, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2021

| | Vehicle and Communications Maintenance | Risk Management | Healthcare | Total |
|--|--|----------------------|----------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 21,492,842 | \$ 18,031,581 | \$ 31,630,986 | \$ 71,155,409 |
| Receivables | 37,754 | 22,837 | - | 60,591 |
| Due from other governments | 6,624 | - | - | 6,624 |
| Inventories | 840,194 | - | - | 840,194 |
| Total current assets | <u>22,377,414</u> | <u>18,054,418</u> | <u>31,630,986</u> | <u>72,062,818</u> |
| Non-current assets: | | | | |
| Capital assets: | | | | |
| Buildings | 2,197,288 | - | - | 2,197,288 |
| Improvements other than buildings | 311,805 | - | - | 311,805 |
| Machinery and equipment | 17,774,200 | 362,185 | - | 18,136,385 |
| Construction in progress | 558,494 | 42,561 | - | 601,055 |
| Total capital assets | 20,841,787 | 404,746 | - | 21,246,533 |
| Less accumulated depreciation | <u>(13,557,108)</u> | <u>(277,676)</u> | <u>-</u> | <u>(13,834,784)</u> |
| Net capital assets | 7,284,679 | 127,070 | - | 7,411,749 |
| Total assets | <u>29,662,093</u> | <u>18,181,488</u> | <u>31,630,986</u> | <u>79,474,567</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 1,279,840 | 337,954 | - | 1,617,794 |
| Deferred outflows related to other postemployment benefits | 103,492 | 24,612 | - | 128,104 |
| Total deferred outflows of resources | <u>1,383,332</u> | <u>362,566</u> | <u>-</u> | <u>1,745,898</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,110,614 | 82,823 | 323,958 | 1,517,395 |
| Accrued liabilities | 377,939 | 112,851 | - | 490,790 |
| Compensated absences | 85,780 | 16,112 | - | 101,892 |
| Judgments and claims | 4,210 | 2,432,156 | 7,369,000 | 9,805,366 |
| Total current liabilities | <u>1,578,543</u> | <u>2,643,942</u> | <u>7,692,958</u> | <u>11,915,443</u> |
| Non-current liabilities: | | | | |
| Compensated absences | 453,306 | 118,777 | - | 572,083 |
| Judgments and claims | 6,098 | 144,137 | - | 150,235 |
| Net pension liabilities | 3,866,954 | 645,315 | - | 4,512,269 |
| Net other postemployment benefit obligations | 1,304,080 | 213,607 | - | 1,517,687 |
| Total non-current liabilities | <u>5,630,438</u> | <u>1,121,836</u> | <u>-</u> | <u>6,752,274</u> |
| Total liabilities | <u>7,208,981</u> | <u>3,765,778</u> | <u>7,692,958</u> | <u>18,667,717</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 37,598 | 9,932 | - | 47,530 |
| Deferred inflows related to other postemployment benefits | 452,625 | 56,603 | - | 509,228 |
| Total deferred inflows of resources | <u>490,223</u> | <u>66,535</u> | <u>-</u> | <u>556,758</u> |
| NET POSITION | | | | |
| Investment in capital assets | 7,284,679 | 127,070 | - | 7,411,749 |
| Unrestricted | 16,061,542 | 14,584,671 | 23,938,028 | 54,584,241 |
| Total net position | <u>\$ 23,346,221</u> | <u>\$ 14,711,741</u> | <u>\$ 23,938,028</u> | <u>\$ 61,995,990</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

| | Vehicle and Communications Maintenance | Risk Management | Healthcare | Total |
|--|--|----------------------|----------------------|----------------------|
| Operating revenues | | | | |
| Charges for services | \$ 15,519,063 | \$ 8,326,500 | \$ 130,392,033 | \$ 154,237,596 |
| Other | 174,187 | 298,986 | - | 473,173 |
| Total operating revenues | <u>15,693,250</u> | <u>8,625,486</u> | <u>130,392,033</u> | <u>154,710,769</u> |
| Operating expenses | | | | |
| Salaries and wages | 5,873,584 | 1,849,539 | - | 7,723,123 |
| Contractual services | 521,413 | 4,470,949 | - | 4,992,362 |
| Materials and supplies | 6,255,473 | 7,154 | - | 6,262,627 |
| Heat, light and power | 57,486 | - | - | 57,486 |
| Depreciation | 1,654,856 | 72,437 | - | 1,727,293 |
| Repairs and maintenance | 1,282,310 | 85,673 | - | 1,367,983 |
| Insurance | - | 3,551,068 | - | 3,551,068 |
| Claims | - | 3,977,817 | 118,936,040 | 122,913,857 |
| Other | 5,077 | 5,619 | - | 10,696 |
| Total operating expenses | <u>15,650,199</u> | <u>14,020,256</u> | <u>118,936,040</u> | <u>148,606,495</u> |
| Operating income (loss) | <u>43,051</u> | <u>(5,394,770)</u> | <u>11,455,993</u> | <u>6,104,274</u> |
| Non-operating revenues | | | | |
| Interest and dividend income | 19,168 | 58,058 | - | 77,226 |
| Gain (loss) on disposal of capital assets | 245,260 | (54,843) | - | 190,417 |
| Total non-operating revenues, net | <u>264,428</u> | <u>3,215</u> | <u>-</u> | <u>267,643</u> |
| Income (loss) before capital contributions and transfers | 307,479 | (5,391,555) | 11,455,993 | 6,371,917 |
| Capital contributions | 141,572 | - | - | 141,572 |
| Change in net position | 449,051 | (5,391,555) | 11,455,993 | 6,513,489 |
| Total net position - July 1, 2020 | 22,897,170 | 20,103,296 | 12,482,035 | 55,482,501 |
| Total net position - June 30, 2021 | <u>\$ 23,346,221</u> | <u>\$ 14,711,741</u> | <u>\$ 23,938,028</u> | <u>\$ 61,995,990</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

| | Vehicle and Communications Maintenance | Risk Management | Healthcare | Total |
|--|---|----------------------------|----------------------|----------------------|
| Cash flows from operating activities | | | | |
| Receipts from customers | \$ 15,682,714 | \$ 8,625,486 | \$ 130,392,033 | \$ 154,700,233 |
| Payments to suppliers | (7,734,162) | (8,110,865) | - | (15,845,027) |
| Payments to employees | (5,647,784) | (1,734,885) | - | (7,382,669) |
| Claims paid | - | (3,315,408) | (121,348,305) | (124,663,713) |
| Net cash provided by (used in) operating activities | <u>2,300,768</u> | <u>(4,535,672)</u> | <u>9,043,728</u> | <u>6,808,824</u> |
| Cash flows from capital and related financing activities | | | | |
| Purchase of capital assets | (1,991,298) | (42,561) | - | (2,033,859) |
| Proceeds from sale of capital assets | 315,014 | - | - | 315,014 |
| Net cash used in capital and related financing activities | <u>(1,676,284)</u> | <u>(42,561)</u> | <u>-</u> | <u>(1,718,845)</u> |
| Cash flows from investing activities | | | | |
| Interest received | <u>19,168</u> | <u>58,058</u> | <u>-</u> | <u>77,226</u> |
| Net increase (decrease) in cash and cash equivalents | 643,652 | (4,520,175) | 9,043,728 | 5,167,205 |
| Cash and cash equivalents, July 1, 2020 | 20,849,190 | 22,551,756 | 22,587,258 | 65,988,204 |
| Cash and cash equivalents, June 30, 2021 | <u>\$ 21,492,842</u> | <u>\$ 18,031,581</u> | <u>\$ 31,630,986</u> | <u>\$ 71,155,409</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating income (loss) | \$ 43,051 | \$ (5,394,770) | \$ 11,455,993 | \$ 6,104,274 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 1,654,856 | 72,437 | - | 1,727,293 |
| Changes in assets and liabilities: | | | | |
| Receivables, net | (10,536) | - | - | (10,536) |
| Inventories | 17,125 | 219,297 | - | 236,422 |
| Accounts and other payables | 596,272 | 567,364 | (2,412,265) | (1,248,629) |
| Net cash provided by (used in) operating activities, net | <u>\$ 2,300,768</u> | <u>\$ (4,535,672)</u> | <u>\$ 9,043,728</u> | <u>\$ 6,808,824</u> |
| Noncash transactions related to financing, capital and investing activities are as follows: | | | | |
| Contributions of capital assets | \$ 141,572 | \$ - | \$ - | \$ 141,572 |

See accompanying independent auditors' report.

Fiduciary Funds

Trust Funds

Supplemental Retirement Plan Pension Trust - County - This fund reflects the funds held in trust to pay benefits for the County's Supplemental Retirement Plan.

Pooled Postemployment Retiree Healthcare Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for healthcare benefits.

Pooled Postemployment Retiree Healthcare Benefits Trust - Schools - This fund reflects the funds held in trust to pay benefits for the School's OPEB plan for healthcare benefits.

Pooled Postemployment Line of Duty Benefits Trust - County - This fund reflects the funds held in trust to pay benefits for the County's OPEB plan for line of duty benefits.

Custodial Funds

Greater Richmond Convention Center Authority - This fund reflects the funds held by the County as fiscal agent for the Greater Richmond Convention Center Authority.

Special Welfare Fund - This fund reflects the receipt and disbursement of monies maintained in individual agency accounts for certain County welfare recipients.

Mental Health Support Services Social Security Administration Fund (MHSS SSA) - This fund reflects the receipt and disbursement of monies maintained for mental health clients receiving Social Security and other disability benefits.

Police Safekeeping Fund - The fund reflects the receipt and disbursements of monies held temporarily by the County upon police department seizure.

Inmate Trust Fund - This fund reflects prisoner monies held for inmates while held in County Jail.

Central Virginia Transportation Authority - This fund reflects the funds held by the County as fiscal agent for the Central Virginia Transportation Authority.

Appomattox Regional Governor's School for the Arts and Technology - This fund reflects the funds held by the County as fiscal agent for the Appomattox Regional Governor's School for the Arts and Technology.

County of Chesterfield, Virginia
Combining Statement of Fiduciary Net Position
Trust Funds
June 30, 2021

| | Supplemental Retirement Plan Pension Trust County | Pooled Postemployment Retiree Healthcare Benefits Trust County | Pooled Postemployment Retiree Healthcare Benefits Trust Schools | Pooled Postemployment Line of Duty Benefits Trust County | Total Trust Funds |
|---|---|--|---|--|----------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 1,769,635 | \$ 907,000 | \$ 1,000,000 | \$ 800,000 | \$ 4,476,635 |
| Accounts receivable | 55,217 | 8 | - | 7 | 55,232 |
| Due from broker | 37,040 | - | - | - | 37,040 |
| Investments: | | | | | |
| Mutual funds | 9,286,620 | - | - | - | 9,286,620 |
| Common and preferred stocks | 13,049,046 | - | - | - | 13,049,046 |
| Corporate bonds | 4,722,953 | - | - | - | 4,722,953 |
| Municipal bonds | 40,001 | - | - | - | 40,001 |
| U. S. government and agency securities | 4,403,971 | - | - | - | 4,403,971 |
| Exchange traded funds | 5,899,334 | - | - | - | 5,899,334 |
| Collateralized mortgage backed securities | 184,641 | - | - | - | 184,641 |
| Fund of funds | 6,644,100 | - | - | - | 6,644,100 |
| Pooled funds | - | 43,481,947 | 26,870,133 | 14,101,937 | 84,454,017 |
| Total investments | 44,230,666 | 43,481,947 | 26,870,133 | 14,101,937 | 128,684,683 |
| Total assets | 46,092,558 | 44,388,955 | 27,870,133 | 14,901,944 | 133,253,590 |
| LIABILITIES | | | | | |
| Due to broker | - | 907,000 | 1,000,000 | 800,000 | 2,707,000 |
| Total liabilities | - | 907,000 | 1,000,000 | 800,000 | 2,707,000 |
| FIDUCIARY NET POSITION | | | | | |
| Restricted for: | | | | | |
| Pension benefits | 46,092,558 | - | - | - | 46,092,558 |
| Other postemployment benefits | - | 43,481,955 | 26,870,133 | 14,101,944 | 84,454,032 |
| Total net position | \$ 46,092,558 | \$ 43,481,955 | \$ 26,870,133 | \$ 14,101,944 | \$ 130,546,590 |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2021

| | Supplemental Retirement Plan Pension Trust County | Pooled Postemployment Retiree Healthcare Benefits Trust County | Pooled Postemployment Retiree Healthcare Benefits Trust Schools | Pooled Postemployment Line of Duty Benefits Trust County | Total Trust Funds |
|--|--|---|--|---|------------------------------|
| Additions: | | | | | |
| Contributions | | | | | |
| Employer | \$ 1,554,869 | \$ 9,841,721 | \$ 16,772,821 | \$ 1,647,139 | \$ 29,816,550 |
| Investment earnings: | | | | | |
| Interest and dividends | 1,521,888 | 15,485 | 7,582 | 3,859 | 1,548,814 |
| Net increase in the fair value of investments | <u>7,487,685</u> | <u>9,832,058</u> | <u>5,976,167</u> | <u>3,072,906</u> | <u>26,368,816</u> |
| Total investment income | 9,009,573 | 9,847,543 | 5,983,749 | 3,076,765 | 27,917,630 |
| Less investment expenses | <u>(201,877)</u> | <u>(30,308)</u> | <u>(18,269)</u> | <u>(9,372)</u> | <u>(259,826)</u> |
| Net investment earnings | <u>8,807,696</u> | <u>9,817,235</u> | <u>5,965,480</u> | <u>3,067,393</u> | <u>27,657,804</u> |
| Total additions, net | <u>10,362,565</u> | <u>19,658,956</u> | <u>22,738,301</u> | <u>4,714,532</u> | <u>57,474,354</u> |
| Deductions: | | | | | |
| Benefit payments | 2,252,109 | 8,934,721 | 15,772,821 | 847,139 | 27,806,790 |
| Administrative expenses | <u>84,400</u> | <u>500</u> | <u>500</u> | <u>500</u> | <u>85,900</u> |
| Total deductions | <u>2,336,509</u> | <u>8,935,221</u> | <u>15,773,321</u> | <u>847,639</u> | <u>27,892,690</u> |
| Increase in net position restricted for pensions/other postemployment benefits | 8,026,056 | 10,723,735 | 6,964,980 | 3,866,893 | 29,581,664 |
| Fiduciary net position - July 1, 2020 | <u>38,066,502</u> | <u>32,758,220</u> | <u>19,905,153</u> | <u>10,235,051</u> | <u>100,964,926</u> |
| Fiduciary net position - June 30, 2021 | <u>\$ 46,092,558</u> | <u>\$ 43,481,955</u> | <u>\$ 26,870,133</u> | <u>\$ 14,101,944</u> | <u>\$ 130,546,590</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2021

| | Greater Richmond Convention Center Authority | Special Welfare | MHSS SSA | Police Safekeeping | Inmate Trust | Central Virginia Transportation Authority | Appomattox Regional Governor's School | Total |
|---|---|----------------------------|---------------------|-------------------------------|-------------------------|--|--|----------------------|
| ASSETS | | | | | | | | |
| Cash and cash equivalents | \$ 3,642,838 | \$ 26,731 | \$ 243,791 | \$ 1,988,405 | \$ 135,424 | \$ 38,644,985 | \$ 2,217,421 | \$ 46,899,595 |
| Accounts receivable | 120,668 | - | 2,099 | - | 13,304 | - | 1,741 | 137,812 |
| Due from other governments | 1,948,079 | - | - | - | - | - | 25,817 | 1,973,896 |
| Restricted assets: | | | | | | | | |
| Cash and cash equivalents | 15,314,126 | - | - | - | - | - | - | 15,314,126 |
| Investments | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Cash, cash equivalents and investments with trustee | 11,682,474 | - | - | - | - | - | - | 11,682,474 |
| Due from other governments | 2,132,600 | - | - | - | - | - | - | 2,132,600 |
| Interest receivable | 71 | - | - | - | - | - | - | 71 |
| Total restricted assets | 31,129,271 | - | - | - | - | - | - | 31,129,271 |
| Total assets | <u>\$ 36,840,856</u> | <u>\$ 26,731</u> | <u>\$ 245,890</u> | <u>\$ 1,988,405</u> | <u>\$ 148,728</u> | <u>\$ 38,644,985</u> | <u>\$ 2,244,979</u> | <u>\$ 80,140,574</u> |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ 596,836 | \$ - | \$ - | \$ 1,492 | \$ 101,215 | \$ 131,135 | \$ 98,586 | \$ 929,264 |
| Wages and benefits | - | - | - | - | - | - | 694,856 | 694,856 |
| Unearned revenue | - | - | - | - | - | - | 341,200 | 341,200 |
| Due to broker | 2,000,000 | - | - | - | - | - | - | 2,000,000 |
| Due to Chesterfield County | - | - | 5,910 | 634 | 6,296 | - | - | 12,840 |
| Due to other governments | 5,556,933 | 4,144 | - | - | - | - | - | 5,561,077 |
| Total liabilities | <u>\$ 8,153,769</u> | <u>\$ 4,144</u> | <u>\$ 5,910</u> | <u>\$ 2,126</u> | <u>\$ 107,511</u> | <u>\$ 131,135</u> | <u>\$ 1,134,642</u> | <u>\$ 9,539,237</u> |
| NET POSITION | | | | | | | | |
| Restricted for individuals, other governments and entities | <u>\$ 28,687,087</u> | <u>\$ 22,587</u> | <u>\$ 239,980</u> | <u>\$ 1,986,279</u> | <u>\$ 41,217</u> | <u>\$ 38,513,850</u> | <u>\$ 1,110,337</u> | <u>\$ 70,601,337</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2021

| | Greater Richmond Convention Center Authority | Special Welfare | MHSS SSA | Police Safekeeping | Inmate Trust | Central Virginia Transportation Authority | Appomattox Regional Governor's School | Total |
|--|--|--------------------|-------------|-----------------------|-----------------|---|--|---------------|
| ADDITIONS | | | | | | | | |
| Receipts: | | | | | | | | |
| Deposits from and on behalf of others | \$ - | \$ - | \$ - | \$ 781,083 | \$ 1,327,936 | \$ - | \$ - | \$ 2,109,019 |
| Social Security Administration deposits | - | 13,599 | 742,744 | - | - | - | - | 756,343 |
| Local sales and use tax collections | - | - | - | - | - | 76,323,660 | - | 76,323,660 |
| Fuel tax collections | - | - | - | - | - | 33,603,064 | - | 33,603,064 |
| Transient occupancy tax collections | 18,148,192 | - | - | - | - | - | - | 18,148,192 |
| Food stamp recoupment | - | 22,188 | - | - | - | - | - | 22,188 |
| From other governments | 1,948,079 | - | - | - | - | - | 1,349,399 | 3,297,478 |
| Tuition deposits from localities | - | - | - | - | - | - | 2,948,130 | 2,948,130 |
| Other | 270,600 | 9,000 | 120,648 | 47,112 | 1,993 | - | 47,487 | 496,840 |
| Investment earnings: | | | | | | | | |
| Interest and dividends | 53,591 | 3 | 384 | - | - | 69,883 | - | 123,861 |
| Net decrease in the fair value of investments | (257) | - | - | - | - | - | - | (257) |
| Total investment income | 53,334 | 3 | 384 | - | - | 69,883 | - | 123,604 |
| Less investment expense | (1,653) | - | - | - | - | - | - | (1,653) |
| Net investment earnings | 51,681 | 3 | 384 | - | - | 69,883 | - | 121,951 |
| Total additions, net | \$ 20,418,552 | \$ 44,790 | \$ 863,776 | \$ 828,195 | \$ 1,329,929 | \$ 109,996,607 | \$ 4,345,016 | \$137,826,865 |
| DEDUCTIONS | | | | | | | | |
| Operational payments | \$ 6,505,458 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,570,125 | \$ 11,075,583 |
| Debt service payments | 9,876,250 | - | - | - | - | - | - | 9,876,250 |
| Payments to beneficiaries and participating entities | 5,556,933 | 38,241 | 765,268 | 2,374,376 | 1,299,050 | 71,169,699 | - | 81,203,567 |
| General and administrative expenses | 96,750 | - | - | - | - | 313,058 | - | 409,808 |
| Other payments | - | 12,189 | 4,993 | - | 5,062 | - | - | 22,244 |
| Total deductions | \$ 22,035,391 | \$ 50,430 | \$ 770,261 | \$ 2,374,376 | \$ 1,304,112 | \$ 71,482,757 | \$ 4,570,125 | \$102,587,452 |
| Increase (decrease) in net position | (1,616,839) | (5,640) | 93,515 | (1,546,181) | 25,817 | 38,513,850 | (225,109) | 35,239,413 |
| Fiduciary net position, July 1, 2020, restated | 30,303,926 | 28,227 | 146,465 | 3,532,460 | 15,400 | - | 1,335,446 | 35,361,924 |
| Fiduciary net position, June 30, 2021 | \$ 28,687,087 | \$ 22,587 | \$ 239,980 | \$ 1,986,279 | \$ 41,217 | \$ 38,513,850 | \$ 1,110,337 | \$ 70,601,337 |

See accompanying independent auditors' report.



Non-major Discretely Presented Component Units

Watkins Centre Community Development Authority - The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District, a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County.

Chippenham Place Community Development Authority - The Chippenham Place CDA was created to fund public infrastructure improvements at the former Cloverleaf Mall site owned by the County.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Discretely Presented Component Unit
June 30, 2021

Chippenham
Place
Community
Development
Authority

ASSETS

| | |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 2,012,666 |
| Total assets | <u>2,012,666</u> |

LIABILITIES

| | |
|--|------------------|
| Accounts payable and other liabilities | 66,847 |
| Non-current liabilities: | |
| Due within one year | 713,528 |
| Due in more than one year | <u>8,373,693</u> |
| Total liabilities | <u>9,154,068</u> |

NET POSITION

| | |
|------------------------------|-----------------------|
| Unrestricted (deficit) | <u>(7,141,402)</u> |
| Total net position (deficit) | <u>\$ (7,141,402)</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Activities
Non-major Discretely Presented Component Units
For the Year Ended June 30, 2021

| Functions/Programs | Expenses | Net (Expenses) Revenues and Changes in Position | | |
|---|-------------------|--|--|--|
| | | Watkins Centre Community Development Authority | Chippenham Place Community Development Authority | Total Non-major Component Units |
| Watkins Centre Community Development Authority | \$ 243,818 | \$ (243,818) | \$ - | \$ (243,818) |
| Chippenham Place Community Development Authority | 295,968 | - | (295,968) | (295,968) |
| Total non-major component units | <u>\$ 539,786</u> | <u>(243,818)</u> | <u>(295,968)</u> | <u>(539,786)</u> |
| General revenues: | | | | |
| Payment from County of Chesterfield | | - | 1,336,685 | 1,336,685 |
| Investment earnings | | 51 | 1,138 | 1,189 |
| Total general revenues | | <u>51</u> | <u>1,337,823</u> | <u>1,337,874</u> |
| Change in net position | | (243,767) | 1,041,855 | 798,088 |
| Total net position (deficit) - July 1, 2020 | | <u>243,767</u> | <u>(8,183,257)</u> | <u>(7,939,490)</u> |
| Total net position (deficit) - June 30, 2021 | | <u>\$ -</u> | <u>\$ (7,141,402)</u> | <u>\$ (7,141,402)</u> |

See accompanying independent auditors' report.



**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
June 30, 2021

| | <u>Total</u> | <u>Land</u> | <u>Buildings</u> | <u>Improvements other than Buildings</u> | <u>Machinery and Equipment</u> | <u>Infrastructure</u> |
|---|--------------|-------------|------------------|--|--|-----------------------|
| General government: | | | | | | |
| Accounting | \$ 18,204 | \$ - | \$ - | \$ - | \$ 18,204 | \$ - |
| Board of Supervisors | 7,933 | - | - | - | 7,933 | - |
| Budget and Management | 7,135 | - | - | - | 7,135 | - |
| Capital Projects Management | 39,530 | - | 14,992 | - | 24,538 | - |
| Communications and Media | 11,222 | - | - | - | 11,222 | - |
| Commissioner of the Revenue | 49,432 | - | - | - | 49,432 | - |
| County Administration | 2,000,229 | - | 248,128 | 37,510 | 1,714,591 | - |
| County Attorney | 24,466 | - | - | - | 24,466 | - |
| General Services | 14,497,027 | 965,284 | 12,739,625 | 344,721 | 447,397 | - |
| Human Resource Management | 39,555 | - | - | - | 39,555 | - |
| Information Systems Technology | 31,528,948 | 129,800 | 6,322,724 | 162,719 | 24,913,705 | - |
| Internal Audit | 14,790 | - | - | - | 14,790 | - |
| Learning and Performance Center | 134,911 | - | - | - | 134,911 | - |
| License Inspector | 35,393 | - | - | - | 35,393 | - |
| Procurement | 55,000 | - | - | - | 55,000 | - |
| Real Estate Assessments | 2,363,323 | 85,500 | 442,144 | - | 1,835,679 | - |
| Registrar | 1,055,765 | - | - | - | 1,055,765 | - |
| Treasurer | 7,475,753 | - | - | - | 7,475,753 | - |
| Total general government | 59,358,616 | 1,180,584 | 19,767,613 | 544,950 | 37,865,469 | - |
| Administration of justice: | | | | | | |
| Circuit Court Clerk | 2,120,423 | - | - | - | 2,120,423 | - |
| Circuit Court Judges | 12,230 | - | - | - | 12,230 | - |
| Commonwealth's Attorney | 260,440 | - | 114,474 | - | 145,966 | - |
| Community Corrections | 1,654,981 | 336,091 | 1,184,746 | - | 134,144 | - |
| General District Court | 33,301,197 | 22,441 | 32,333,555 | 118,080 | 827,121 | - |
| Juvenile and Domestic Relations Court | 18,242,367 | 53,173 | 18,107,972 | - | 81,222 | - |
| Total administration of justice | 55,591,638 | 411,705 | 51,740,747 | 118,080 | 3,321,106 | - |
| Public safety: | | | | | | |
| Animal Control | 4,095,968 | 181,324 | 3,234,631 | 96,150 | 583,863 | - |
| Building Inspections | 2,148,097 | 105,932 | 110,100 | - | 1,932,065 | - |
| Emergency Communications Center | 35,244,549 | 71,740 | 63,857 | - | 35,108,952 | - |
| Fire and EMS | 121,118,610 | 3,373,828 | 52,334,388 | 2,952,795 | 62,457,599 | - |
| Jail | 32,526,067 | 19,950 | 31,182,901 | - | 1,323,216 | - |
| Juvenile Detention Home | 17,352,699 | 14,000 | 17,011,103 | - | 327,596 | - |
| Juvenile Probation | 41,884 | - | - | - | 41,884 | - |
| Police | 75,976,137 | 1,607,606 | 42,014,691 | 143,790 | 32,210,050 | - |
| Sheriff | 3,825,119 | - | 9,719 | - | 3,815,400 | - |
| Chesterfield Adolescent Reporting Program | 874,402 | - | 799,600 | - | 74,802 | - |
| Total public safety | 293,203,532 | 5,374,380 | 146,760,990 | 3,192,735 | 137,875,427 | - |
| Public works: | | | | | | |
| Buildings and Grounds | 45,182,722 | 25,511,133 | 14,429,434 | 2,755,936 | 2,486,219 | - |
| Environmental Engineering | 45,313,870 | 1,100 | 382,168 | 7,850 | 2,687,225 | 42,235,527 |
| Stormwater | 1,310,355 | 1,310,355 | - | - | - | - |
| Waste and Resource Recovery | 10,798,555 | 800,254 | 671,839 | 8,259,835 | 1,066,627 | - |
| Total public works | 102,605,502 | 27,622,842 | 15,483,441 | 11,023,621 | 6,240,071 | 42,235,527 |
| Health and welfare: | | | | | | |
| Citizen Information | 45,933 | - | - | - | 45,933 | - |
| Health | 388,569 | - | 329,123 | - | 59,446 | - |
| Mental Health Support Services | 17,200,896 | 28,000 | 14,808,144 | - | 2,364,752 | - |
| Social Services | 24,792,865 | 297,200 | 22,414,396 | - | 2,081,269 | - |
| Total health and welfare | 42,428,263 | 325,200 | 37,551,663 | - | 4,551,400 | - |

(Continued)

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
June 30, 2021

| | <u>Total</u> | <u>Land</u> | <u>Buildings</u> | <u>Improvements other than Buildings</u> | <u>Machinery and Equipment</u> | <u>Infrastructure</u> |
|---|-------------------------|-------------------|-------------------|--|--|-----------------------|
| Parks, recreation and cultural: | | | | | | |
| Library | \$ 71,855,577 | \$ 3,568,393 | \$ 62,775,697 | \$ 343,112 | \$ 5,168,375 | \$ - |
| Parks and Recreation | 114,283,054 | 20,957,101 | 20,440,507 | 67,534,348 | 4,995,819 | 355,279 |
| Total parks, recreation and cultural | <u>186,138,631</u> | <u>24,525,494</u> | <u>83,216,204</u> | <u>67,877,460</u> | <u>10,164,194</u> | <u>355,279</u> |
| Education: | | | | | | |
| School Board | 1,241,077,666 | 31,974,562 | 1,174,596,909 | 34,506,195 | - | - |
| Community development: | | | | | | |
| Community Development | 29,629,880 | 4,611,401 | 18,974,574 | - | 6,043,905 | - |
| Economic Development | 6,098 | - | - | - | 6,098 | - |
| Transportation | 22,428 | - | - | - | 22,428 | - |
| Total community development | <u>29,658,406</u> | <u>4,611,401</u> | <u>18,974,574</u> | <u>-</u> | <u>6,072,431</u> | <u>-</u> |
| Total governmental funds' capital assets allocated by function | 2,010,062,254 | \$ 96,026,168 | \$ 1,548,092,141 | \$ 117,263,041 | \$ 206,090,098 | \$ 42,590,806 |
| Construction in progress | <u>75,792,219</u> | | | | | |
| Total governmental funds' capital assets | <u>\$ 2,085,854,473</u> | | | | | |

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2021

| | <u>Balance</u> <u>July 1, 2020</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2021</u> |
|---|---------------------------------------|-------------------|-------------------|--|
| General government: | | | | |
| Accounting | \$ 24,080 | \$ - | \$ 5,876 | \$ 18,204 |
| Board of Supervisors | 7,933 | - | - | 7,933 |
| Budget and Management | - | 7,135 | - | 7,135 |
| Capital Projects Management | 30,440 | 9,090 | - | 39,530 |
| Communications and Media | - | 11,222 | - | 11,222 |
| Commissioner of the Revenue | 43,437 | 5,995 | - | 49,432 |
| County Administration | 1,517,921 | 511,891 | 29,583 | 2,000,229 |
| County Attorney | - | 24,466 | - | 24,466 |
| General Services | 13,677,458 | 1,221,014 | 401,445 | 14,497,027 |
| Human Resource Management | 26,349 | 13,206 | - | 39,555 |
| Information Systems Technology | 29,976,213 | 4,930,856 | 3,378,121 | 31,528,948 |
| Internal Audit | 7,636 | 7,154 | - | 14,790 |
| Learning and Performance Center | 12,014 | 122,897 | - | 134,911 |
| License Inspector | 35,393 | - | - | 35,393 |
| Procurement | 55,000 | - | - | 55,000 |
| Real Estate Assessments | 539,998 | 1,823,325 | - | 2,363,323 |
| Registrar | 1,055,765 | - | - | 1,055,765 |
| Treasurer | 7,469,210 | 45,878 | 39,335 | 7,475,753 |
| Total general government | <u>54,478,847</u> | <u>8,734,129</u> | <u>3,854,360</u> | <u>59,358,616</u> |
| Administration of justice: | | | | |
| Circuit Court Clerk | 337,203 | 1,794,746 | 11,526 | 2,120,423 |
| Circuit Court Judges | 282,246 | - | 270,016 | 12,230 |
| Commonwealth's Attorney | 260,440 | - | - | 260,440 |
| Community Corrections | 1,609,451 | 58,927 | 13,397 | 1,654,981 |
| General District Court | 33,471,104 | - | 169,907 | 33,301,197 |
| Juvenile and Domestic Relations Court | 18,253,582 | - | 11,215 | 18,242,367 |
| Total administration of justice | <u>54,214,026</u> | <u>1,853,673</u> | <u>476,061</u> | <u>55,591,638</u> |
| Public safety: | | | | |
| Animal Control | 4,055,102 | 57,986 | 17,120 | 4,095,968 |
| Building Inspections | 2,148,097 | - | - | 2,148,097 |
| Emergency Communications Center | 32,421,611 | 2,822,938 | - | 35,244,549 |
| Fire and EMS | 109,676,423 | 14,028,967 | 2,586,780 | 121,118,610 |
| Jail | 32,532,399 | 19,283 | 25,615 | 32,526,067 |
| Juvenile Detention Home | 17,346,748 | 17,574 | 11,623 | 17,352,699 |
| Juvenile Probation | 41,884 | - | - | 41,884 |
| Police | 70,980,032 | 6,321,977 | 1,325,872 | 75,976,137 |
| Sheriff | 4,642,876 | 183,833 | 1,001,590 | 3,825,119 |
| Chesterfield Adolescent Reporting Program | 889,111 | - | 14,709 | 874,402 |
| Total public safety | <u>274,734,283</u> | <u>23,452,558</u> | <u>4,983,309</u> | <u>293,203,532</u> |

(Continued)

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2021

| | <u>Balance</u> <u>July 1, 2020</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance</u> <u>June 30, 2021</u> |
|--|---------------------------------------|-----------------------|-----------------------|--|
| Public works: | | | | |
| Buildings and Grounds | \$ 41,960,888 | \$ 3,646,599 | \$ 424,765 | \$ 45,182,722 |
| Environmental Engineering | 44,311,941 | 1,001,929 | - | 45,313,870 |
| Stormwater | 1,310,355 | - | - | 1,310,355 |
| Waste and Resource Recovery | 10,994,525 | 145,102 | 341,072 | 10,798,555 |
| Total public works | <u>98,577,709</u> | <u>4,793,630</u> | <u>765,837</u> | <u>102,605,502</u> |
| Health and welfare: | | | | |
| Citizen Information | 45,933 | - | - | 45,933 |
| Health | 388,569 | - | - | 388,569 |
| Mental Health Support Services | 17,075,716 | 263,744 | 138,564 | 17,200,896 |
| Social Services | 24,876,303 | - | 83,438 | 24,792,865 |
| Total health and welfare | <u>42,386,521</u> | <u>263,744</u> | <u>222,002</u> | <u>42,428,263</u> |
| Parks, recreation and cultural: | | | | |
| Library | 55,303,856 | 16,739,557 | 187,836 | 71,855,577 |
| Parks and Recreation | 106,713,185 | 9,047,561 | 1,477,692 | 114,283,054 |
| Total parks, recreation and cultural | <u>162,017,041</u> | <u>25,787,118</u> | <u>1,665,528</u> | <u>186,138,631</u> |
| Education: | | | | |
| School Board | <u>1,094,927,564</u> | <u>159,326,375</u> | <u>13,176,273</u> | <u>1,241,077,666</u> |
| Community development: | | | | |
| Community Development | 25,374,573 | 4,268,184 | 12,877 | 29,629,880 |
| Economic Development | 6,098 | - | - | 6,098 |
| Transportation | - | 22,428 | - | 22,428 |
| | <u>25,380,671</u> | <u>4,290,612</u> | <u>12,877</u> | <u>29,658,406</u> |
| Construction in progress | <u>176,954,841</u> | <u>111,404,154</u> | <u>212,566,776</u> | <u>75,792,219</u> |
| Total governmental funds' capital assets | <u>\$ 1,983,671,503</u> | <u>\$ 339,905,993</u> | <u>\$ 237,723,023</u> | <u>\$ 2,085,854,473</u> |

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Source
June 30, 2021

Governmental funds' capital assets:

| | |
|--|-------------------------|
| Land | \$ 96,026,168 |
| Buildings | 1,548,092,141 |
| Improvements other than buildings | 117,263,041 |
| Machinery and equipment | 206,090,098 |
| Infrastructure | 42,590,806 |
| Construction in progress | 75,792,219 |
| Total governmental funds' capital assets | <u>\$ 2,085,854,473</u> |

Investment in governmental funds' capital assets by source:

| | |
|--|-------------------------|
| General obligation bonds | \$ 1,412,332,062 |
| General government revenues | 467,857,159 |
| Federal and State grants | 35,250,941 |
| Capital lease purchases | 78,219,543 |
| Special Revenue Fund revenues | 9,386,345 |
| Contributions from public | 82,808,423 |
| Total investment in governmental funds' capital assets | <u>\$ 2,085,854,473</u> |

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

School Board Discretely Presented Component Unit

Governmental Fund

Special Revenue Fund

School Operating Fund - This fund reflects the activity related to the operations of the County's public school system.

School Activity Fund - This fund reflects monies held for students to use for educational, recreational, or cultural purposes.

Fiduciary Funds

Pension Trust Fund

Supplemental Retirement Program Fund - This fund reflects activity related to pension trust assets to provide certain qualified School Board employees with additional retirement benefits.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet - Governmental Fund
June 30, 2021

| | Special Revenue Funds | | |
|------------------------------------|-----------------------|---------------------------------------|--------------------------|
| | School Operating | Non-major School Activity Funds | Total School Board |
| ASSETS | | | |
| Cash and cash equivalents | \$ 19,861,104 | \$ 5,961,300 | \$ 25,822,404 |
| Investments | 12,712 | - | 12,712 |
| Accounts receivable | 776,941 | 47,130 | 824,071 |
| Due from other governments | 25,237,216 | - | 25,237,216 |
| Due from primary government | 70,889,192 | - | 70,889,192 |
| Inventories | 170,320 | - | 170,320 |
| Total assets | <u>\$ 116,947,485</u> | <u>\$ 6,008,430</u> | <u>\$ 122,955,915</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 9,196,045 | \$ 202,361 | \$ 9,398,406 |
| Accrued liabilities | 51,931,777 | - | 51,931,777 |
| Unearned revenues | 1,539,191 | - | 1,539,191 |
| Total liabilities | <u>62,667,013</u> | <u>202,361</u> | <u>62,869,374</u> |
| FUND BALANCE | | | |
| Nonspendable | 170,320 | - | 170,320 |
| Restricted | 9,510,139 | - | 9,510,139 |
| Assigned | <u>44,600,013</u> | <u>5,806,069</u> | <u>50,406,082</u> |
| Total fund balance | <u>54,280,472</u> | <u>5,806,069</u> | <u>60,086,541</u> |
| Total liabilities and fund balance | <u>\$ 116,947,485</u> | <u>\$ 6,008,430</u> | <u>\$ 122,955,915</u> |

Reconciliation of total fund balances for governmental funds to total net position (deficit) of governmental activities:

| | | |
|--|---------------------|-------------------------|
| Total fund balance for School Board Funds | | 60,086,541 |
| Amounts reported for the School Board's governmental activities in the Statement of Net Position are different because: | | |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 72,977,377 |
| Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Deferred outflows related to pensions | \$ 156,842,155 | |
| Deferred outflows related to other postemployment benefits | <u>16,917,169</u> | 173,759,324 |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment combines the net changes of the following balances: | | |
| Capital lease obligations | (1,940,347) | |
| Compensated absences | (21,623,954) | |
| Judgments and claims | (4,220,465) | |
| Net pension liabilities | (585,572,770) | |
| Net other postemployment benefits obligation liabilities | (220,230,448) | |
| Interest payable | <u>(8,207)</u> | (833,596,191) |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds: | | |
| Deferred inflows related to pensions | (52,541,480) | |
| Deferred inflows related to other postemployment benefits | <u>(36,030,254)</u> | (88,571,734) |
| Total net position (deficit) of the School Board's governmental activities | | <u>\$ (615,344,683)</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2021

| | Special Revenue Funds | | |
|--|-----------------------------|--|-----------------------------------|
| | <u>School Operating</u> | <u>Non-major School Activity Funds</u> | <u>School Board Total</u> |
| Revenues | | | |
| From local sources: | | | |
| Use of money and property | \$ 77,409 | \$ 45,882 | \$ 123,291 |
| Charges for services | 1,790,632 | 441,504 | 2,232,136 |
| Donations | 653,127 | 466,460 | 1,119,587 |
| Miscellaneous | 1,645,390 | 1,852,628 | 3,498,018 |
| Payment from primary government | 242,810,581 | - | 242,810,581 |
| From other governments | 454,954,277 | - | 454,954,277 |
| Total revenues | <u>701,931,416</u> | <u>2,806,474</u> | <u>704,737,890</u> |
| Expenditures | | | |
| Current: | | | |
| Education | 683,579,337 | 4,121,146 | 687,700,483 |
| Debt service | 4,585,316 | - | 4,585,316 |
| Payment to primary government | 17,634,248 | - | 17,634,248 |
| Total expenditures | <u>705,798,901</u> | <u>4,121,146</u> | <u>709,920,047</u> |
| Deficiency of revenues under expenditures | (3,867,485) | (1,314,672) | (5,182,157) |
| Other financing sources | | | |
| Transfers in | - | 113,995 | 113,995 |
| Transfers out | (113,995) | - | (113,995) |
| Total other financing sources (uses), net | <u>(113,995)</u> | <u>113,995</u> | <u>-</u> |
| Net change in fund balance | (3,981,480) | (1,200,677) | (5,182,157) |
| Total fund balance, July 1, 2020, restated | <u>58,261,952</u> | <u>7,006,746</u> | <u>65,268,698</u> |
| Total fund balance, June 30, 2021 | <u>\$ 54,280,472</u> | <u>\$ 5,806,069</u> | <u>\$ 60,086,541</u> |

(Continued)

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2021

Reconciliation of Fund Balance of Governmental Funds to the Statement of Activities:

| | |
|----------------------------|----------------|
| Net change in fund balance | \$ (5,182,157) |
|----------------------------|----------------|

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

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

| | | |
|--------------------|---------------------|-----------|
| Capitalized assets | \$ 25,601,912 | |
| Depreciation | <u>(16,060,296)</u> | 9,541,616 |

The net effect of miscellaneous transactions involving capital assets (prepayments, trade-ins, donations, and disposals) increased net position.

10,911,865

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

| | |
|----------|-----------|
| Payments | 4,389,526 |
|----------|-----------|

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 the governmental fund, such as:

| | | |
|---------------------------------------|----------------|-------------------|
| Compensated absences | 17,508 | |
| Judgments and claims | 1,355,410 | |
| Other postemployment benefits expense | 12,477,917 | |
| Pension expense | 561,096 | |
| Interest payable | <u>152,789</u> | <u>14,564,720</u> |

Change in net position of governmental activities

\$ 34,225,570

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|-------------------------------------|---|
| Revenues | | | | |
| From local sources: | | | | |
| Use of money and property | \$ 1,620,800 | \$ 1,620,800 | \$ 882,908 | \$ (737,892) |
| Charges for services | 14,587,650 | 14,529,954 | 2,259,208 | (12,270,746) |
| Donations | 581,050 | 1,013,765 | 653,127 | (360,638) |
| Miscellaneous | 1,912,500 | 1,913,000 | 1,645,390 | (267,610) |
| Recovered costs | 452,800 | 485,184 | 96,011 | (389,173) |
| From the Commonwealth | 386,924,500 | 391,120,130 | 395,142,666 | 4,022,536 |
| From the federal government | 48,156,000 | 91,600,355 | 59,811,611 | (31,788,744) |
| Total revenues | <u>454,235,300</u> | <u>502,283,188</u> | <u>460,490,921</u> | <u>(41,792,267)</u> |
| Expenditures | | | | |
| Current: | | | | |
| Education: | | | | |
| Instruction | 516,040,679 | 549,548,815 | 518,133,428 | 31,415,387 |
| Administration, attendance and health | 22,280,622 | 25,023,734 | 23,258,220 | 1,765,514 |
| Pupil transportation | 42,627,123 | 48,367,947 | 33,205,484 | 15,162,463 |
| Operations and maintenance | 62,642,774 | 79,589,122 | 66,761,489 | 12,827,633 |
| Technology | 21,584,377 | 36,185,724 | 24,533,346 | 11,652,378 |
| Food service | 28,295,030 | 28,553,958 | 19,687,563 | 8,866,395 |
| Debt service | 58,923,200 | 59,678,504 | 58,413,866 | 1,264,638 |
| Total expenditures | <u>752,393,805</u> | <u>826,947,804</u> | <u>743,993,396</u> | <u>82,954,408</u> |
| Deficiency of revenues under expenditures | <u>(298,158,505)</u> | <u>(324,664,616)</u> | <u>(283,502,475)</u> | <u>41,162,141</u> |
| Other financing sources (uses) | | | | |
| Transfers in: | | | | |
| General Fund | 299,704,300 | 324,865,381 | 294,822,413 | (30,042,968) |
| School Capital Projects Fund | - | 265,957 | 926,828 | 660,871 |
| School Operating Fund | 789,700 | 1,399,320 | 516,112 | (883,208) |
| Total transfers in | <u>300,494,000</u> | <u>326,530,658</u> | <u>296,265,353</u> | <u>(30,265,305)</u> |
| Transfers out: | | | | |
| County Healthcare Fund | - | (750,000) | (750,000) | - |
| School Capital Projects Fund | (9,219,100) | (48,847,739) | (16,884,248) | 31,963,491 |
| Total transfers out | <u>(9,219,100)</u> | <u>(49,597,739)</u> | <u>(17,634,248)</u> | <u>31,963,491</u> |
| Premium on bonds issued | - | 755,304 | 755,304 | - |
| Refunding bonds issued | - | - | 27,038,367 | 27,038,367 |
| Premium on refunding bonds issued | - | - | 29,767 | 29,767 |
| Payment to refunded bonds escrow agent | - | - | (26,933,548) | (26,933,548) |
| Total other financing sources, net | <u>291,274,900</u> | <u>277,688,223</u> | <u>279,520,995</u> | <u>1,832,772</u> |
| Net change in fund balance | <u>(6,883,605)</u> | <u>(46,976,393)</u> | <u>(3,981,480)</u> | <u>42,994,913</u> |
| Fund balance, July 1, 2020 | <u>58,261,952</u> | <u>58,261,952</u> | <u>58,261,952</u> | <u>-</u> |
| Fund balance, June 30, 2021 | <u>\$ 51,378,347</u> | <u>\$ 11,285,559</u> | <u>\$ 54,280,472</u> | <u>\$ 42,994,913</u> |

(Continued)

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2021

Explanation of differences between actual amounts on the budgetary basis and GAAP basis:

Revenues

| | |
|--|-----------------------|
| Total revenues on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. | \$ 460,490,921 |
| For budgetary purposes, intrafund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes. | (1,370,086) |
| Budgetary transfers from the primary government, excluding transfers for payment of debt "on behalf" of the School Board, are revenues for financial reporting purposes. | <u>242,810,581</u> |
| Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund. | <u>\$ 701,931,416</u> |

Expenditures

| | |
|---|-----------------------|
| Total expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. | \$ 743,993,396 |
| For budgetary purposes, interfund reimbursements, recovered costs, and transfers to grants and food service are accounted for as expenditures but are eliminated for financial reporting purposes. | (1,886,198) |
| Budgetary transfers to the primary government are expenditures for financial reporting purposes. | 17,634,248 |
| Budgetary expenditures for disbursements made to the non-major special revenue fund - School Activity funds are accounted for as transfers and eliminated on combining statements for financial reporting purposes. | (113,995) |
| Payments of debt "on behalf" of the School Board are eliminated for financial reporting purposes. | <u>(53,828,550)</u> |
| Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund. | <u>\$ 705,798,901</u> |

Other financing sources (uses)

| | |
|--|---------------------|
| Total other financing sources on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual. | \$ 279,520,995 |
| Budgetary transfers from the primary government are revenues for financial reporting purposes. | (295,749,241) |
| Budgetary transfers from the Food Service and Operating Funds are eliminated for financial reporting purposes. | (516,112) |
| Net proceeds from debt issued by the primary government "on behalf" of the School Board are eliminated for financial reporting purposes. | (889,890) |
| Budgetary expenditures to Special Revenue Fund - School Activity Funds are transfers for financial reporting purposes | (113,995) |
| Budgetary transfers to the primary government are expenditures for financial reporting purposes. | <u>17,634,248</u> |
| Total other financing sources on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund. | <u>\$ (113,995)</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Net Position
Fiduciary Fund
June 30, 2021

| | <u>Pension Trust Fund</u> |
|--|---|
| | <u>Supplemental Retirement Program Fund</u> |
| ASSETS | |
| Cash and cash equivalents with trustee | \$ 678,810 |
| Investments with trustee | 48,443,696 |
| Interest receivable | 37,241 |
| Due from broker | 18,990 |
| Total assets | <u>49,178,737</u> |
| LIABILITIES | |
| Due to Broker | <u>7,251</u> |
| Total Liabilities | <u>7,251</u> |
| NET POSITION | |
| Restricted for pension benefits | <u>\$ 49,171,486</u> |

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2021

| | <u>Pension Trust Fund</u> |
|--|--|
| | <u>Supplemental Retirement Program</u> |
| Additions | |
| Contributions | \$ 13,123,712 |
| Investment earnings: | |
| Interest and dividends | 697,205 |
| Net increase in the fair value of investments | <u>9,731,698</u> |
| Net investment earnings | <u>10,428,903</u> |
| Total additions | <u>23,552,615</u> |
| Deductions | |
| Benefit payments | 9,559,129 |
| Administrative expenses | <u>210,888</u> |
| Total deductions | <u>9,770,017</u> |
| Increase in net position | 13,782,598 |
| Net position - July 1, 2020 | <u>35,388,888</u> |
| Net position - June 30, 2021 | <u>\$ 49,171,486</u> |

See accompanying independent auditors' report.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of Chesterfield County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial position.

| | <u>Pages</u> |
|--|----------------|
| Financial Trends | 233-237 |
| <i>These schedules contain trend information to help the reader understand how Chesterfield's financial performance and well-being have changed over time.</i> | |
| Revenue Capacity | 238-242 |
| <i>These schedules contain information to help the reader assess Chesterfield's most significant local revenue source, property tax.</i> | |
| Debt Capacity | 243-245 |
| <i>These schedules present information to help the reader assess the affordability of Chesterfield's current levels of outstanding debt and the ability to issue additional debt in the future.</i> | |
| Demographic and Economic Information | 246-247 |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Chesterfield operates.</i> | |
| Operating Information | 248-250 |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services Chesterfield provides and the activities it performs.</i> | |

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Table I

County of Chesterfield, Virginia
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities ⁽⁴⁾ | | | | | | | | | | |
| Net investment in capital assets | \$ 599,754,295 | \$ 627,400,224 | \$ 645,911,815 | \$ 655,698,497 | \$ 689,654,404 | \$ 735,341,966 | \$ 780,470,955 | \$ 814,462,269 | \$ 850,405,014 | \$ 901,172,315 |
| Restricted | 61,519,784 | 51,154,743 | 58,156,804 | 67,370,966 | 70,554,116 | 56,082,770 | 50,758,262 | 60,771,285 | 49,267,277 | 84,527,153 |
| Unrestricted ⁽³⁾ | <u>188,996,281</u> | <u>185,082,324</u> | <u>12,913,401</u> | <u>31,322,429</u> | <u>87,873,727</u> | <u>28,288,647</u> | <u>83,769,679</u> | <u>142,943,579</u> | <u>221,113,923</u> | <u>285,287,817</u> |
| Total governmental activities net position ⁽¹⁾⁽²⁾ | <u>\$ 850,270,360</u> | <u>\$ 863,637,291</u> | <u>\$ 716,982,020</u> | <u>\$ 754,391,892</u> | <u>\$ 848,082,247</u> | <u>\$ 819,713,383</u> | <u>\$ 914,998,896</u> | <u>\$ 1,018,177,133</u> | <u>\$ 1,120,786,214</u> | <u>\$ 1,270,987,285</u> |
| Business-type activities ⁽⁴⁾ | | | | | | | | | | |
| Net investment in capital assets | \$ 770,297,665 | \$ 785,112,123 | \$ 787,859,447 | \$ 795,520,705 | \$ 809,352,317 | \$ 821,397,739 | \$ 823,755,861 | \$ 835,285,972 | \$ 863,656,676 | \$ 912,962,124 |
| Restricted | 15,815,265 | 16,559,193 | 15,838,389 | 16,053,703 | 9,237,200 | 9,423,700 | 9,650,000 | 10,114,333 | 10,437,550 | 13,525,708 |
| Unrestricted ⁽³⁾ | <u>140,426,616</u> | <u>159,659,711</u> | <u>178,869,952</u> | <u>204,092,283</u> | <u>236,886,193</u> | <u>270,950,710</u> | <u>323,244,774</u> | <u>381,001,243</u> | <u>447,439,752</u> | <u>489,337,561</u> |
| Total business-type activities net position ⁽²⁾ | <u>\$ 926,539,546</u> | <u>\$ 961,331,027</u> | <u>\$ 982,567,788</u> | <u>\$ 1,015,666,691</u> | <u>\$ 1,055,475,710</u> | <u>\$ 1,101,772,149</u> | <u>\$ 1,156,650,635</u> | <u>\$ 1,226,401,548</u> | <u>\$ 1,321,533,978</u> | <u>\$ 1,415,825,393</u> |
| Primary government ⁽⁴⁾ | | | | | | | | | | |
| Net investment in capital assets | \$ 1,370,051,960 | \$ 1,412,512,347 | \$ 1,433,771,262 | \$ 1,451,219,202 | \$ 1,499,006,721 | \$ 1,556,739,705 | \$ 1,604,226,816 | \$ 1,649,748,241 | \$ 1,714,061,690 | \$ 1,814,134,439 |
| Restricted | 77,335,049 | 67,713,936 | 73,995,193 | 83,424,669 | 79,791,316 | 65,506,470 | 60,408,262 | 70,885,618 | 59,704,827 | 98,052,861 |
| Unrestricted ⁽³⁾ | <u>329,422,897</u> | <u>344,742,035</u> | <u>191,783,353</u> | <u>235,414,712</u> | <u>324,759,920</u> | <u>299,239,357</u> | <u>407,014,453</u> | <u>523,944,822</u> | <u>668,553,675</u> | <u>774,625,378</u> |
| Total primary government net position ⁽¹⁾⁽²⁾ | <u>\$ 1,776,809,906</u> | <u>\$ 1,824,968,318</u> | <u>\$ 1,699,549,808</u> | <u>\$ 1,770,058,583</u> | <u>\$ 1,903,557,957</u> | <u>\$ 1,921,485,532</u> | <u>\$ 2,071,649,531</u> | <u>\$ 2,244,578,681</u> | <u>\$ 2,442,320,192</u> | <u>\$ 2,686,812,678</u> |

(1) Due to implementation of GASB Statement 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.

(2) Due to implementation of GASB Statement 63 in 2013, all references to net assets were changed to net position.

(3) Due to implementation of GASB Statement 65 in 2014, deferred bond issuance costs are no longer reported as an asset on the Statement of Net Position and total net position at the beginning of the year was restated.

(4) 2014 net position was restated to reflect the adoption of GASB Statement 68. 2017 net position was restated to reflect the adoption of GASB Statement 75. 2020 net position was restated to reflect the adoption of GASB Statement 84.

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Table II

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 63,848,744 | \$ 61,583,107 | \$ 96,779,940 | \$ 117,197,913 | \$ 125,427,912 | \$ 126,708,814 | \$ 125,580,003 | \$ 144,275,963 | \$ 144,847,040 | \$ 155,326,544 |
| Administration of justice | 10,074,871 | 9,672,405 | 11,684,376 | 10,653,019 | 11,101,741 | 10,896,810 | 10,957,857 | 11,127,032 | 12,355,336 | 13,895,646 |
| Public safety | 164,335,666 | 176,821,834 | 176,699,204 | 175,196,278 | 173,299,691 | 183,370,852 | 178,417,303 | 182,033,985 | 197,866,264 | 222,267,096 |
| Public works | 38,710,140 | 41,785,217 | 31,041,438 | 42,172,196 | 40,504,952 | 45,072,932 | 53,275,901 | 57,560,844 | 85,545,961 | 80,214,637 |
| Health and welfare | 72,359,200 | 73,067,353 | 74,100,466 | 76,361,327 | 80,438,889 | 84,390,086 | 89,977,088 | 90,421,955 | 94,363,474 | 96,786,251 |
| Parks, recreation and cultural | 24,969,646 | 22,970,560 | 23,224,544 | 23,582,693 | 24,321,586 | 26,351,945 | 27,912,496 | 28,426,360 | 26,551,663 | 27,953,929 |
| Education - School Board ⁽⁵⁾ | 262,561,566 | 277,126,087 | 278,232,715 | 303,960,336 | 291,984,801 | 308,043,018 | 321,030,368 | 279,510,506 | 284,364,549 | 301,488,394 |
| Community development | 26,219,996 | 18,844,043 | 19,393,334 | 20,536,333 | 19,903,410 | 21,062,911 | 23,234,184 | 25,172,733 | 23,114,692 | 35,259,749 |
| Interest on long-term debt | 19,825,526 | 19,285,140 | 16,870,029 | 16,000,836 | 14,212,999 | 14,269,395 | 15,326,987 | 16,544,732 | 18,780,607 | 20,193,563 |
| Total governmental activities expenses | <u>682,905,355</u> | <u>701,155,746</u> | <u>728,026,046</u> | <u>785,660,931</u> | <u>781,195,981</u> | <u>820,166,763</u> | <u>845,712,187</u> | <u>835,074,110</u> | <u>887,789,586</u> | <u>953,385,809</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 37,959,144 | 40,454,185 | 38,375,432 | 38,754,527 | 40,998,118 | 40,873,429 | 41,633,594 | 44,734,748 | 46,809,824 | 48,016,333 |
| Wastewater | 36,165,218 | 41,534,715 | 39,090,012 | 38,114,324 | 39,897,750 | 39,030,892 | 40,566,705 | 41,049,411 | 42,090,099 | 44,008,120 |
| Non-major funds | 2,083,379 | 9,369,149 | 4,055,728 | 10,335,478 | 2,850,847 | 5,561,422 | 4,135,956 | 3,173,621 | 4,106,814 | 9,555,258 |
| Total business-type activities expenses | <u>76,207,741</u> | <u>91,358,049</u> | <u>81,521,172</u> | <u>87,204,329</u> | <u>83,746,715</u> | <u>85,465,743</u> | <u>86,336,255</u> | <u>88,957,780</u> | <u>93,006,737</u> | <u>101,579,711</u> |
| Total primary government expenses | <u>\$ 759,113,096</u> | <u>\$ 792,513,795</u> | <u>\$ 809,547,218</u> | <u>\$ 872,865,260</u> | <u>\$ 864,942,696</u> | <u>\$ 905,632,506</u> | <u>\$ 932,048,442</u> | <u>\$ 924,031,890</u> | <u>\$ 980,796,323</u> | <u>\$ 1,054,965,520</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government ⁽³⁾ | \$ 25,626,551 | \$ 26,076,591 | \$ 66,075,291 | \$ 74,618,852 | \$ 87,579,064 | \$ 89,880,633 | \$ 92,966,265 | \$ 106,181,986 | \$ 103,894,653 | \$ 103,439,746 |
| Public safety | 14,839,567 | 16,973,314 | 16,485,692 | 18,371,561 | 18,657,124 | 19,565,438 | 18,588,424 | 21,687,330 | 19,773,290 | 23,263,146 |
| Health and welfare | 21,210,460 | 22,239,975 | 22,804,250 | 23,781,553 | 22,882,370 | 24,742,209 | 30,813,568 | 26,160,024 | 24,955,947 | 22,854,304 |
| Other activities ⁽⁴⁾ | 14,101,549 | 14,594,343 | 14,743,719 | 17,153,696 | 16,427,067 | 20,830,090 | 14,807,815 | 20,836,311 | 22,968,270 | 24,149,717 |
| Operating grants and contributions ⁽⁵⁾ | 96,081,067 | 96,078,901 | 98,916,691 | 102,888,009 | 124,992,376 | 119,088,730 | 120,872,849 | 61,667,457 | 72,649,328 | 139,730,077 |
| Capital grants and contributions | 19,066,565 | 23,441,463 | 21,062,977 | 25,298,534 | 22,966,675 | 33,389,320 | 38,957,791 | 39,517,908 | 59,709,830 | 80,630,575 |
| Total governmental activities program revenues | <u>190,925,759</u> | <u>199,404,587</u> | <u>240,088,620</u> | <u>262,112,205</u> | <u>293,504,676</u> | <u>307,496,420</u> | <u>317,006,712</u> | <u>276,051,016</u> | <u>303,951,318</u> | <u>394,067,565</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water | 35,354,772 | 38,354,424 | 38,445,173 | 42,259,584 | 43,582,483 | 47,735,250 | 50,258,066 | 51,994,177 | 56,821,001 | 57,308,263 |
| Wastewater | 35,363,104 | 37,315,136 | 38,392,347 | 41,235,104 | 43,742,327 | 46,868,841 | 49,402,056 | 50,582,323 | 52,388,858 | 54,323,838 |
| Non-major funds | 612,878 | 2,029,452 | 994,995 | 1,310,723 | 1,010,202 | 1,592,940 | 1,269,885 | 1,205,041 | 1,233,014 | 1,560,256 |
| Operating grants and contributions | - | - | - | 5,500,000 | - | - | - | - | - | 1,080,885 |
| Capital grants and contributions | 19,399,060 | 24,777,852 | 29,325,331 | 28,249,364 | 33,153,748 | 39,834,148 | 37,817,134 | 45,948,164 | 60,764,954 | 56,436,537 |
| Total business-type activities program revenues | <u>90,729,814</u> | <u>102,476,864</u> | <u>107,157,846</u> | <u>118,554,775</u> | <u>121,488,760</u> | <u>136,031,179</u> | <u>138,747,141</u> | <u>149,729,705</u> | <u>171,207,827</u> | <u>170,709,779</u> |
| Total primary government program revenues | <u>\$ 281,655,573</u> | <u>\$ 301,881,451</u> | <u>\$ 347,246,466</u> | <u>\$ 380,666,980</u> | <u>\$ 414,993,436</u> | <u>\$ 443,527,599</u> | <u>\$ 455,753,853</u> | <u>\$ 425,780,721</u> | <u>\$ 475,159,145</u> | <u>\$ 564,777,344</u> |

(Continued)

Table II

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities | \$ (491,979,596) | \$ (501,751,159) | \$ (487,937,426) | \$ (523,548,726) | \$ (487,691,305) | \$ (512,670,343) | \$ (528,705,475) | \$ (559,023,094) | \$ (583,838,268) | \$ (559,318,244) |
| Business-type activities | 14,522,073 | 11,118,815 | 25,636,674 | 31,350,446 | 37,742,045 | 50,565,436 | 52,410,886 | 60,771,925 | 78,201,090 | 69,130,068 |
| Total primary government net expense | <u>\$ (477,457,523)</u> | <u>\$ (490,632,344)</u> | <u>\$ (462,300,752)</u> | <u>\$ (492,198,280)</u> | <u>\$ (449,949,260)</u> | <u>\$ (462,104,907)</u> | <u>\$ (476,294,589)</u> | <u>\$ (498,251,169)</u> | <u>\$ (505,637,178)</u> | <u>\$ (490,188,176)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes, levied for general purposes | \$ 353,637,912 | \$ 357,536,014 | \$ 370,147,198 | \$ 384,534,312 | \$ 401,858,578 | \$ 421,227,697 | \$ 439,570,375 | \$ 466,036,351 | \$ 488,202,356 | \$ 534,368,072 |
| Property taxes, levied for special purposes | 1,083,691 | 1,633,193 | 1,951,192 | 1,881,961 | 2,667,960 | 3,224,211 | 3,221,313 | 2,643,307 | 1,755,786 | - |
| Utility taxes | 7,513,492 | 7,692,460 | 7,802,992 | 7,927,826 | 7,867,528 | 8,043,759 | 8,216,114 | 8,329,669 | 8,283,882 | 8,498,528 |
| Sales taxes | 40,411,325 | 42,293,047 | 42,924,462 | 44,938,389 | 45,306,831 | 47,915,376 | 50,014,870 | 51,659,170 | 54,492,560 | 62,333,768 |
| Motor vehicle licenses | 6,872,589 | 7,097,823 | 12,194,196 | 14,167,545 | 14,275,048 | 13,944,691 | 15,210,404 | 15,240,626 | 15,072,427 | 15,882,533 |
| Business license taxes | 17,332,709 | 17,250,726 | 18,351,123 | 19,756,323 | 20,742,026 | 20,580,987 | 21,217,270 | 22,538,092 | 24,487,081 | 24,184,161 |
| Other | 10,508,806 | 10,662,930 | 10,261,244 | 11,315,246 | 13,122,548 | 13,777,956 | 15,141,786 | 15,857,572 | 15,314,188 | 18,929,955 |
| Payment from School Board | 10,243,723 | 7,988,893 | 5,375,603 | 10,293,109 | 9,427,230 | - | - | - | - | - |
| Unrestricted grants and contributions | 65,404,091 | 65,943,441 | 66,119,764 | 65,959,716 | 65,104,169 | 65,462,954 | 65,744,743 | 65,072,971 | 64,249,477 | 62,731,149 |
| Investment earnings | 730,507 | 633,538 | 540,383 | 322,164 | 1,121,270 | 1,549,802 | 4,422,305 | 12,958,675 | 14,916,037 | 1,866,005 |
| Miscellaneous | 6,239,952 | 814,327 | 15,663 | 859,804 | 603,354 | 260,951 | 1,454,046 | 2,229,273 | 943,379 | 1,030,756 |
| Transfers | 608,273 | (2,154,078) | (183,577) | (997,797) | (714,882) | (749,313) | (222,238) | (364,375) | (1,484,250) | (20,305,612) |
| Total governmental activities | <u>520,587,070</u> | <u>517,392,314</u> | <u>535,500,243</u> | <u>560,958,598</u> | <u>581,381,660</u> | <u>595,239,071</u> | <u>623,990,988</u> | <u>662,201,331</u> | <u>686,232,923</u> | <u>709,519,315</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 585,002 | 264,515 | 463,468 | 750,660 | 1,352,092 | 974,328 | 2,245,362 | 8,614,613 | 7,511,850 | 880,812 |
| Miscellaneous | - | - | 3,866,638 | - | - | 3,328,675 | - | - | 7,935,240 | 3,974,923 |
| Transfers | (608,273) | 2,154,078 | 183,577 | 997,797 | 714,882 | 749,313 | 222,238 | 364,375 | 1,484,250 | 20,305,612 |
| Total business-type activities | <u>(23,271)</u> | <u>2,418,593</u> | <u>4,513,683</u> | <u>1,748,457</u> | <u>2,066,974</u> | <u>5,052,316</u> | <u>2,467,600</u> | <u>8,978,988</u> | <u>16,931,340</u> | <u>25,161,347</u> |
| Total primary government | <u>\$ 520,563,799</u> | <u>\$ 519,810,907</u> | <u>\$ 540,013,926</u> | <u>\$ 562,707,055</u> | <u>\$ 583,448,634</u> | <u>\$ 600,291,387</u> | <u>\$ 626,458,588</u> | <u>\$ 671,180,319</u> | <u>\$ 703,164,263</u> | <u>\$ 734,680,662</u> |
| Change in Net Position ⁽¹⁾⁽²⁾ | | | | | | | | | | |
| Governmental activities | \$ 28,607,474 | \$ 15,641,155 | \$ 47,562,817 | \$ 37,409,872 | \$ 93,690,355 | \$ 82,568,728 | \$ 95,285,513 | \$ 103,178,237 | \$ 102,394,655 | \$ 150,201,071 |
| Business-type activities | 14,498,802 | 13,537,408 | 30,150,357 | 33,098,903 | 39,809,019 | 55,617,752 | 54,878,486 | 69,750,913 | 95,132,430 | 94,291,415 |
| Total primary government | <u>\$ 43,106,276</u> | <u>\$ 29,178,563</u> | <u>\$ 77,713,174</u> | <u>\$ 70,508,775</u> | <u>\$ 133,499,374</u> | <u>\$ 138,186,480</u> | <u>\$ 150,163,999</u> | <u>\$ 172,929,150</u> | <u>\$ 197,527,085</u> | <u>\$ 244,492,486</u> |

(1) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.

(2) Due to implementation of GASB 63 in 2013, all references to net assets have been changed to net position.

(3) The Healthcare Fund, an internal service fund reported in the general government function of governmental activities on the Statement of Net Position, was established in 2014 to reflect the operations of the County's self-funded healthcare functions.

(4) Other activities: Administration of Justice, Public Works, Parks, Recreation and Cultural, Education and Community development.

(5) Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.

County of Chesterfield, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| General Fund | | | | | | | | | | |
| Restricted | \$ 13,461,857 | \$ 13,554,070 | \$ 14,600,770 | \$ 16,031,238 | \$ 19,074,127 | \$ 18,168,690 | \$ 19,209,996 | \$ 23,244,157 | \$ 24,120,378 | \$ 25,281,349 |
| Committed | 736,367 | 755,493 | 710,785 | 725,267 | 1,484,040 | 1,468,131 | 1,680,987 | 1,694,052 | 1,735,315 | 1,933,701 |
| Assigned | 190,269,268 | 186,350,588 | 198,068,805 | 197,476,873 | 233,819,201 | 263,559,665 | 276,746,618 | 295,638,016 | 350,483,633 | 456,225,565 |
| Unassigned | <u>53,495,000</u> | <u>53,495,000</u> | <u>55,000,000</u> | <u>58,000,000</u> | <u>58,668,400</u> | <u>60,004,400</u> | <u>60,004,400</u> | <u>63,004,400</u> | <u>63,004,400</u> | <u>64,800,400</u> |
| Total General Fund | <u>\$ 257,962,492</u> | <u>\$ 254,155,151</u> | <u>\$ 268,380,360</u> | <u>\$ 272,233,378</u> | <u>\$ 313,045,768</u> | <u>\$ 343,200,886</u> | <u>\$ 357,642,001</u> | <u>\$ 383,580,625</u> | <u>\$ 439,343,726</u> | <u>\$ 548,241,015</u> |
| All Other Governmental Funds ⁽¹⁾ | | | | | | | | | | |
| Nonspendable | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 137,170,899 | 112,858,827 | 95,619,953 | 78,588,171 | 149,020,985 | 205,384,023 | 154,872,844 | 208,516,708 | 224,439,518 | 299,024,362 |
| Assigned, reported in: | | | | | | | | | | |
| School Capital Projects Fund | 215,000 | 215,671 | 153,848 | 228,029 | 150,352 | - | - | - | - | - |
| Special Revenue Funds | <u>5,989,380</u> | <u>6,332,718</u> | <u>4,609,034</u> | <u>6,049,972</u> | <u>5,432,814</u> | <u>10,813,637</u> | <u>15,914,420</u> | <u>17,189,479</u> | <u>21,585,989</u> | <u>24,292,259</u> |
| Total all other governmental funds | <u>\$ 143,380,279</u> | <u>\$ 119,412,216</u> | <u>\$ 100,387,835</u> | <u>\$ 84,871,172</u> | <u>\$ 154,609,151</u> | <u>\$ 216,197,660</u> | <u>\$ 170,787,264</u> | <u>\$ 225,706,187</u> | <u>\$ 246,025,507</u> | <u>\$ 323,316,621</u> |

(1) 2020 fund balance was restated to reflect the adoption of GASB Statement 84.

Table IV

County of Chesterfield, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|----------------|-----------------|----------------|-----------------|----------------|----------------|-----------------|----------------|----------------|----------------|
| Revenues | | | | | | | | | | |
| General property taxes | \$ 358,569,311 | \$ 360,929,869 | \$ 371,300,388 | \$ 387,980,769 | \$ 403,863,868 | \$ 422,283,775 | \$ 446,596,315 | \$ 468,733,553 | \$ 494,113,384 | \$ 536,016,017 |
| Other local taxes | 82,831,721 | 85,392,248 | 92,145,704 | 98,580,358 | 102,101,705 | 105,016,089 | 110,964,756 | 114,448,075 | 118,150,668 | 150,504,608 |
| Permits, fees and licenses | 3,864,896 | 5,208,451 | 4,760,670 | 6,821,163 | 6,764,863 | 7,425,213 | 7,824,332 | 9,264,481 | 8,911,771 | 10,005,208 |
| Fines and forfeitures | 2,301,977 | 2,278,991 | 3,204,800 | 2,496,443 | 1,811,841 | 2,171,101 | 2,245,952 | 2,273,900 | 1,884,988 | 2,932,862 |
| Use of money and property | 1,351,053 | 1,313,194 | 1,262,769 | 866,562 | 1,818,019 | 2,280,980 | 5,174,673 | 13,717,652 | 15,450,011 | 2,833,467 |
| Charges for services | 36,850,784 | 38,355,482 | 37,172,314 | 39,271,152 | 41,805,240 | 46,833,619 | 51,553,451 | 53,532,424 | 53,820,363 | 50,223,414 |
| Donations and miscellaneous | 16,211,413 | 12,774,759 | 19,100,597 | 11,069,175 | 10,402,779 | 14,756,966 | 9,195,955 | 10,652,219 | 12,359,572 | 10,822,080 |
| Recovered costs | 11,371,267 | 12,239,642 | 12,155,299 | 12,440,763 | 12,988,894 | 10,892,720 | 7,115,564 | 8,027,131 | 6,345,080 | 5,491,221 |
| From component unit - School Board | 10,243,723 | 7,988,893 | 5,375,603 | 10,293,109 | 9,427,230 | 12,945,526 | 11,329,125 | 11,940,962 | 15,385,079 | 21,727,448 |
| From component unit - Other ⁽¹⁾ | 2,769,593 | - | - | 552,324 | - | - | - | - | - | - |
| From other governments ⁽²⁾ | 169,439,273 | 173,418,402 | 177,141,197 | 184,495,752 | 195,931,063 | 191,395,432 | 205,072,874 | 148,515,925 | 168,469,862 | 231,849,668 |
| Total revenues | 695,805,011 | 699,899,931 | 723,619,341 | 754,867,570 | 786,915,502 | 816,001,421 | 857,072,997 | 841,106,322 | 894,890,778 | 1,022,405,993 |
| Expenditures | | | | | | | | | | |
| General government | 46,315,295 | 44,647,030 | 46,364,334 | 45,747,255 | 46,519,517 | 47,014,959 | 56,277,595 | 55,235,275 | 56,743,310 | 65,183,959 |
| Administration of justice | 9,195,838 | 9,278,278 | 9,448,941 | 9,511,417 | 10,195,274 | 9,739,559 | 10,217,442 | 10,402,310 | 11,430,290 | 11,848,037 |
| Public safety | 156,149,460 | 168,719,717 | 172,409,410 | 174,546,991 | 177,339,678 | 180,405,571 | 183,280,257 | 191,755,977 | 193,899,623 | 213,494,484 |
| Public works | 18,329,261 | 19,045,092 | 16,660,840 | 16,707,503 | 17,329,618 | 18,210,063 | 19,836,094 | 22,520,412 | 24,929,889 | 24,975,738 |
| Health and welfare | 71,807,826 | 72,032,431 | 73,968,332 | 76,045,471 | 81,622,971 | 83,973,130 | 86,974,554 | 91,457,127 | 93,279,373 | 94,043,767 |
| Parks, recreation and cultural | 18,012,985 | 18,126,307 | 18,635,571 | 18,352,707 | 19,258,487 | 20,747,230 | 21,634,902 | 22,939,896 | 22,172,944 | 21,055,569 |
| Education - School Board ⁽²⁾ | 237,812,405 | 250,493,166 | 251,029,300 | 271,952,519 | 268,106,031 | 282,418,123 | 294,272,019 | 249,338,696 | 237,716,856 | 242,810,581 |
| Community development | 25,316,409 | 17,854,792 | 18,567,487 | 20,104,987 | 19,727,695 | 20,882,779 | 23,343,007 | 25,204,301 | 22,715,885 | 34,051,370 |
| Debt service: | | | | | | | | | | |
| Principal | 43,650,523 | 44,454,795 | 45,917,114 | 49,466,021 | 41,579,430 | 42,473,914 | 47,879,070 | 48,331,385 | 54,142,371 | 55,494,864 |
| Interest | 22,493,861 | 21,155,270 | 20,734,214 | 18,269,647 | 17,737,591 | 17,730,105 | 19,373,255 | 20,610,711 | 23,581,413 | 25,919,362 |
| Other | 1,318,521 | 261,685 | 427,758 | 110,342 | 1,275,819 | 683,442 | 584,745 | 1,021,664 | 893,492 | 1,121,953 |
| Capital outlay | 66,143,705 | 80,530,541 | 73,868,935 | 69,836,981 | 76,490,074 | 93,304,435 | 135,661,606 | 127,051,427 | 244,460,098 | 192,655,108 |
| Total expenditures | 716,546,089 | 746,599,104 | 748,032,236 | 770,651,841 | 777,182,185 | 817,583,310 | 899,334,546 | 865,869,181 | 985,965,544 | 982,654,792 |
| Excess (deficiency) of expenditures over (under) revenues | (20,741,078) | (46,699,173) | (24,412,895) | (15,784,271) | 9,733,317 | (1,581,889) | (42,261,549) | (24,762,859) | (91,074,766) | 39,751,201 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Transfers in | 22,438,998 | 27,079,327 | 24,769,872 | 30,229,920 | 24,801,835 | 28,874,860 | 54,709,089 | 55,271,237 | 55,602,762 | 38,738,677 |
| Transfers out | (21,433,578) | (29,169,767) | (24,824,689) | (31,214,517) | (25,194,469) | (34,467,073) | (54,654,921) | (56,135,612) | (56,939,765) | (57,824,444) |
| Bonds issued | 40,385,607 | 21,014,209 | 16,157,318 | - | 100,910,386 | 98,917,642 | 11,238,100 | 106,484,781 | 168,279,764 | 165,551,399 |
| Refunding bonds issued | 82,654,235 | - | 51,645,470 | - | 134,941,531 | 20,224,000 | - | - | - | 56,046,879 |
| Payments to escrow agent | (82,086,894) | - | (51,587,953) | - | (134,642,231) | (20,223,913) | - | - | - | (56,075,309) |
| Sale of redevelopment asset | 5,751,083 | - | 3,453,705 | 5,105,223 | - | - | - | - | - | - |
| Total other financing sources, net | 47,709,451 | 18,923,769 | 19,613,723 | 4,120,626 | 100,817,052 | 93,325,516 | 11,292,268 | 105,620,406 | 166,942,761 | 146,437,202 |
| Net change in fund balances | \$ 26,968,373 | \$ (27,775,404) | \$ (4,799,172) | \$ (11,663,645) | \$ 110,550,369 | \$ 91,743,627 | \$ (30,969,281) | \$ 80,857,547 | \$ 75,867,995 | \$ 186,188,403 |
| Debt service as a percentage of noncapital expenditures | 9.74% | 9.46% | 9.57% | 9.18% | 8.14% | 7.98% | 8.41% | 8.88% | 9.50% | 9.60% |

Notes:

(1) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government, historical balances have not been restated

(2) Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.

Table V

County of Chesterfield, Virginia
General Governmental Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Real property taxes | \$ 285,653,410 | \$ 282,586,919 | \$ 289,899,514 | \$ 302,662,551 | \$ 313,731,924 | \$ 325,839,487 | \$ 342,996,966 | \$ 359,077,665 | \$ 380,157,963 | \$ 407,965,771 |
| Property taxes for special purposes | 2,632,222 | 2,970,251 | 3,184,749 | 3,331,972 | 3,865,636 | 5,336,834 | 6,032,778 | 5,850,237 | 4,304,486 | 3,917,962 |
| Personal property taxes ⁽¹⁾ | 90,652,518 | 95,133,946 | 98,447,249 | 102,263,777 | 106,926,822 | 109,572,215 | 115,288,966 | 120,556,841 | 124,656,488 | 137,105,307 |
| Real and personal public | | | | | | | | | | |
| service corporation taxes | 12,612,667 | 13,243,578 | 12,709,368 | 12,681,584 | 12,861,027 | 13,885,590 | 14,610,625 | 15,436,481 | 17,807,558 | 16,980,324 |
| Machinery and tools taxes | 4,725,416 | 4,769,060 | 4,773,224 | 4,912,750 | 4,564,090 | 5,372,984 | 5,039,046 | 4,950,362 | 4,670,316 | 6,094,602 |
| Local sales and use tax ⁽²⁾ | 40,604,124 | 42,688,309 | 43,536,148 | 45,413,418 | 46,094,554 | 48,668,697 | 50,856,685 | 52,482,114 | 54,993,090 | 62,870,360 |
| Business license taxes | 17,332,709 | 17,250,726 | 18,351,123 | 19,756,323 | 20,742,026 | 20,580,987 | 21,539,767 | 22,538,092 | 24,487,081 | 24,184,161 |
| Consumer utility tax | 7,513,492 | 7,692,460 | 7,802,992 | 7,927,826 | 7,867,528 | 8,043,759 | 8,216,114 | 8,329,669 | 8,283,882 | 8,498,528 |
| Motor vehicle licenses | 6,872,589 | 7,097,823 | 12,194,196 | 14,167,545 | 14,275,048 | 13,944,691 | 15,210,404 | 15,240,626 | 15,072,427 | 15,882,533 |
| Recordation tax | 4,048,619 | 4,630,333 | 4,209,707 | 4,715,219 | 5,655,737 | 5,892,181 | 6,383,590 | 6,849,708 | 7,747,979 | 11,065,086 |
| Transient occupancy tax | 4,081,220 | 4,202,868 | 4,072,726 | 4,463,850 | 4,931,324 | 5,186,616 | 5,757,601 | 5,746,917 | 4,528,009 | 4,583,087 |
| Other taxes ⁽³⁾ | 5,792,299 | 5,147,892 | 5,357,144 | 5,356,360 | 5,541,905 | 6,067,871 | 6,720,577 | 7,214,963 | 6,646,822 | 8,325,881 |
| Total | <u>\$ 482,521,285</u> | <u>\$ 487,414,165</u> | <u>\$ 504,538,140</u> | <u>\$ 527,653,175</u> | <u>\$ 547,057,621</u> | <u>\$ 568,391,912</u> | <u>\$ 598,653,119</u> | <u>\$ 624,273,675</u> | <u>\$ 653,356,101</u> | <u>\$ 707,473,602</u> |

(1) Includes reimbursement to the County by the Commonwealth for personal property as defined in the Personal Property Tax Relief Act of 1998. Amount is reported as non-categorical aid from the Commonwealth in the financial statements.

(2) Includes Watkins Centre and Chippenham Place Community Development Authorities incremental sales tax.

(3) Includes penalties and interest on property taxes

County of Chesterfield, Virginia
Assessed and Estimated Market Values of Taxable Property ⁽¹⁾
Last Ten Fiscal Years
(unaudited)

| Fiscal Year | Assessed Values | | | | | | Total Direct Tax Rate |
|----------------|----------------------------|---------------------------|----------------------|------------------------|-------------------|-------------------|-----------------------------|
| | Real Estate ⁽²⁾ | | Personal property | Machinery and tools | Public service | Total | |
| | Residential | Commercial/ industrial | | | | | |
| 2012 | \$ 23,297,692,124 | \$ 6,377,907,210 | \$ 3,291,845,888 | \$ 471,584,010 | \$ 1,314,798,015 | \$ 34,753,827,247 | \$ 1.20 |
| 2013 | 23,270,154,936 | 6,549,579,765 | 3,483,680,323 | 477,379,120 | 1,388,250,675 | 35,169,044,819 | 1.21 |
| 2014 | 24,137,868,679 | 6,750,914,605 | 3,495,271,898 | 478,934,270 | 1,326,654,615 | 36,189,644,067 | 1.21 |
| 2015 | 25,216,056,226 | 6,978,880,525 | 3,678,673,795 | 492,208,390 | 1,306,718,575 | 37,672,537,511 | 1.22 |
| 2016 | 26,301,749,013 | 7,275,677,327 | 3,825,378,513 | 464,611,380 | 1,346,367,453 | 39,213,783,686 | 1.22 |
| 2017 | 27,654,285,819 | 7,404,623,041 | 3,990,515,453 | 524,819,940 | 1,450,194,577 | 41,024,438,830 | 1.22 |
| 2018 | 29,253,035,058 | 7,736,277,161 | 4,146,470,073 | 501,803,911 | 1,529,828,157 | 43,167,414,360 | 1.21 |
| 2019 | 30,818,731,062 | 8,253,803,629 | 4,359,510,990 | 501,394,015 | 1,581,748,714 | 45,515,188,410 | 1.20 |
| 2020 | 32,720,941,603 | 8,805,491,124 | 4,479,031,443 | 503,009,315 | 1,776,001,979 | 48,284,475,464 | 1.20 |
| 2021 | 34,936,770,700 | 9,100,506,927 | 5,213,955,792 | 738,446,268 | 1,797,799,425 | 51,787,479,112 | 1.22 |

Source: County Assessor's Office

(1) Property in the County is assessed each year. Assessed values of all classes of property approximate market value except for public service property, which is determined by the State Corporation Commission.

(2) Real estate assessed values include both halves of the year's assessments.

(3) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.

County of Chesterfield, Virginia
Property Tax Rates (Per \$100 of assessed value)
Last Ten Fiscal Years
(unaudited)

| Personal Property | | | | | | | | | | | |
|-------------------|----------------------------|-----------|-------------------|----------------------------------|-------------------|------------------------------------|-----------------------------------|--------------------|---------------------|-----------|--------------------------------|
| | | | Motor vehicles | Motor ⁽¹⁾ vehicles | Wild or exotic | Special equipped motor vehicles | Vehicle ⁽²⁾ trailer | | | | Total ⁽⁶⁾ direct |
| Fiscal | | | clean | of voluntary | | physically | and | All ⁽³⁾ | Data ⁽⁷⁾ | Machinery | tax |
| Year | Real estate ⁽⁵⁾ | Airplanes | special fuels | personnel | animals | handicap | semi-trailer | others | center | and tools | rate |
| 2012 | \$ 0.95 | \$ 0.50 | \$ 3.24 | \$ 0.96 | \$ 0.01 | \$ 0.01 | \$ 0.96 | \$ 3.60 | | \$ 1.00 | \$ 1.20 |
| 2013 | 0.95 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.21 |
| 2014 | 0.95/0.96 ⁽⁴⁾ | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.21 |
| 2015 | 0.96 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.22 |
| 2016 | 0.96 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.22 |
| 2017 | 0.96 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.22 |
| 2018 | 0.96/0.95 ⁽⁴⁾ | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | | 1.00 | 1.21 |
| 2019 | 0.95 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | \$ 0.24 | 1.00 | 1.20 |
| 2020 | 0.95 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | 0.24 | 1.00 | 1.20 |
| 2021 | 0.95 | 0.50 | 3.24 | 0.96 | 0.01 | 0.01 | 0.96 | 3.60 | 0.24 | 1.00 | 1.22 |

Source: Chesterfield County Accounting Department

- (1) Includes motor vehicles owned by members of volunteer rescue squads, volunteer fire departments, volunteer police chaplains, and auxiliary police officers.
- (2) Includes motor vehicles, trailers, and semi-trailers with a gross vehicle weight of 10,000 pounds or more to transport property for hire by a motor carrier engaged in interstate commerce.
- (3) Includes automobiles (except those mentioned above), boats, boat trailers, other motor vehicles and all tangible personal property used or held with any mining, manufacturing or other business, trade, occupation or profession, including furnishings, furniture, and appliances in rental units, with the exception of computer equipment and peripherals used in a data center. The tax rate shown does not factor in depreciation on tangible personal property, which is \$2.52 for the first year the equipment is in service.
- (4) The real estate tax rate was different for each half of the fiscal year.
- (5) In 2006, the County initiated a supplemental property tax in the Powhite-Charter Colony Parkway Interchange Service District. Real property in the district is charged a supplemental tax rate of \$0.15 per \$100 in addition to the real estate rate.
- (6) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.
- (7) The tax rate for this category is calculated using a depreciation factor based on years in service. The tax rate shown is for the first year the equipment is in service.

**County of Chesterfield, Virginia
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

| <u>Taxpayer</u> | 2021 | | | 2012 | | |
|--|--|---|-------------|--|---|-------------|
| | <u>Assessed value</u> ⁽¹⁾ | <u>Percentage of total assessed valuation</u> | <u>Rank</u> | <u>Assessed value</u> ⁽²⁾ | <u>Percentage of total assessed valuation</u> | <u>Rank</u> |
| Dominion Virginia Power | \$ 1,304,751,791 | 2.52 % | 1 | \$ 817,603,457 | 2.35 % | 1 |
| Verizon Communications | 156,615,708 | 0.30 | 2 | 277,668,967 | 0.80 | 2 |
| Columbia Gas of Virginia, Inc. | 135,891,629 | 0.26 | 3 | 63,912,871 | 0.18 | 9 |
| Bon Secours St. Francis Medical Center | 135,746,000 | 0.26 | 4 | | | |
| RPI Chesterfield, LLC | 123,531,200 | 0.24 | 5 | 100,572,300 | 0.29 | 6 |
| PFI VPN Portfolio Fee Owner, LLC | 94,802,600 | 0.18 | 6 | | | |
| Wal-Mart Stores, Inc. | 81,975,000 | 0.16 | 7 | 63,458,100 | 0.18 | 10 |
| Philip Morris USA | 81,508,100 | 0.16 | 8 | 112,322,610 | 0.32 | 5 |
| C. J. W. Medical Center | 79,484,300 | 0.15 | 9 | | | |
| Cole ID Chesterfield VA, LLC | <u>72,162,400</u> | <u>0.14</u> | 10 | | | |
| E. I. duPont De Nemours and Company | | | | 242,070,490 | 0.70 | 3 |
| Zaremba Metropolitan Mid LLC | | | | 79,468,600 | 0.23 | 8 |
| Brandywine Operating Partnership | | | | 98,559,700 | 0.28 | 7 |
| Macerich Partnership | | | | <u>113,790,700</u> | <u>0.33</u> | 4 |
| | <u>\$ 2,266,468,728</u> | <u>4.37%</u> | | <u>\$ 1,969,427,795</u> | <u>5.66%</u> | |

Source: Assessor, Chesterfield County and State Corporation Commission

(1) Includes real estate and public service assessed value.

(2) Includes real estate, personal property, machinery and tools and public service assessed value.

Table IX

**County of Chesterfield, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)**

| Fiscal year | Taxes levied for the fiscal year (original levy) | Net Adjustments & Supplemental Billings ⁽¹⁾ | Total adjusted levy | Collected within the fiscal year of the levy | | Collections in subsequent years | Total collections to date | |
|-------------|--|--|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
| | | | | Amount | Percentage of original levy | | Amount | Percentage of adjusted levy |
| 2012 | \$ 399,214,675 | \$ (2,160,710) | \$ 397,053,965 | \$ 380,070,636 | 95.20 % | \$ 16,062,618 | \$ 396,133,254 | 99.77% |
| 2013 | 401,085,271 | (1,708,971) | 399,376,300 | 381,522,800 | 95.12 | 16,963,583 | 398,486,383 | 99.78 |
| 2014 | 409,264,558 | (1,328,251) | 407,936,307 | 391,757,210 | 95.72 | 15,335,055 | 407,092,265 | 99.79 |
| 2015 | 426,586,417 | (1,664,778) | 424,921,639 | 408,501,369 | 95.76 | 15,577,730 | 424,079,099 | 99.80 |
| 2016 | 444,012,047 | (2,013,669) | 441,998,378 | 424,981,949 | 95.71 | 16,067,753 | 441,049,702 | 99.79 |
| 2017 | 461,670,404 | 5,383,660 | 467,054,064 | 438,741,489 | 95.03 | 26,626,468 | 465,367,957 | 99.64 |
| 2018 | 474,416,085 | 2,220,593 | 476,636,678 | 461,398,602 | 97.26 | 13,552,820 | 474,951,422 | 99.65 |
| 2019 | 495,525,767 | 5,599,091 | 501,124,858 | 479,959,172 | 96.86 | 18,577,281 | 498,536,453 | 99.48 |
| 2020 | 518,633,584 | 7,375,309 | 526,008,893 | 502,242,424 | 96.84 | 18,721,150 | 520,963,574 | 99.04 |
| 2021 | 556,501,159 | - | 556,501,159 | 538,928,836 | 96.84 | - | 538,928,836 | 96.84 |

Source: Chesterfield County Treasurer's Office

Includes taxes levied on real estate, personal property, mobile homes and machinery and tools. Includes the supplemental property taxes in the Powhite-Charter Colony Parkway Interchange Service District, Chesterfield Towne Center - Southport Area Service District, Eastern Midlothian Turnpike Corridor Service District and the reimbursement to the County by the Commonwealth of Virginia for personal property tax relief.

(1) Beginning July 1, 2017, due to a system conversion, supplemental tax billings are accounted for by tax year (calendar year). Accordingly, supplemental billings are recorded in the tax year billed. Previous to July 1, 2017, supplemental tax billings were accounted for by fiscal year.

Table X

County of Chesterfield, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

| Governmental Activities | | | | | | | Business-type Activities | | | | | | |
|-------------------------|--------------------------|-------------------------|----------------------------|-------------------------------------|-------------------------------|----------------|------------------------------|-------------------------------|----------------------|--------------------------|-------------------------------|------------|-----------------|
| Fiscal year | General obligation bonds | Other ⁽¹⁾⁽⁴⁾ | Support & Other Agreements | Public facility lease revenue bonds | Certificates of participation | Capital leases | Revenue bonds ⁽²⁾ | Certificates of participation | Other ⁽³⁾ | Total primary government | Percentage of personal income | Population | Debt per capita |
| 2012 | \$ 445,807,265 | \$ - | \$ 19,810,000 | \$ 6,472,548 | \$ 72,355,642 | \$ 843,702 | \$ 86,186,985 | \$ 1,186,678 | \$ - | \$ 632,662,820 | 4.52% | 320,000 | \$ 1,977 |
| 2013 | 427,213,319 | - | 18,515,000 | 5,783,123 | 66,976,004 | 713,211 | 82,394,135 | 1,074,955 | - | 602,669,747 | 4.07 | 324,000 | 1,860 |
| 2014 | 411,873,615 | - | 17,205,000 | 5,070,833 | 59,505,802 | 573,493 | 78,486,034 | 1,014,588 | - | 573,729,365 | 3.82 | 328,000 | 1,749 |
| 2015 | 371,651,300 | - | 15,890,000 | 4,169,249 | 48,468,654 | 424,086 | 74,452,824 | 901,665 | - | 515,957,778 | 3.32 | 332,000 | 1,554 |
| 2016 | 423,290,121 | 30,422,731 | 14,560,000 | 3,292,722 | 29,079,233 | 263,624 | 63,872,739 | 742,019 | - | 565,523,189 | 3.42 | 335,000 | 1,688 |
| 2017 | 472,910,798 | 36,586,858 | 13,220,000 | 2,441,134 | 25,039,681 | 90,613 | 57,155,952 | 654,194 | - | 608,099,230 | 3.58 | 339,000 | 1,794 |
| 2018 | 411,408,111 | 67,355,041 | 11,865,000 | 1,614,369 | 14,073,959 | - | 50,802,534 | 550,724 | 259,715 | 557,929,453 | 3.14 | 344,000 | 1,622 |
| 2019 | 440,589,980 | 93,761,263 | 10,500,000 | 802,338 | 11,477,993 | - | 44,374,367 | 449,055 | 558,187 | 602,513,183 | 3.31 | 349,000 | 1,726 |
| 2020 | 511,771,898 | 133,497,557 | 9,130,000 | - | 8,922,691 | - | 37,879,491 | 349,014 | 1,753,700 | 703,304,351 | 3.74 | 353,000 | 1,992 |
| 2021 | 534,555,496 | 225,497,401 | - | - | 6,399,102 | - | 31,312,242 | 250,255 | 1,661,400 | 799,675,896 | 4.03 | 365,000 | 2,191 |

(1) Includes revenue bonds, subfund revenue bonds and direct borrowings.

(2) Includes revenue bonds, subfund revenue bonds.

(3) Includes revenue bonds, Airport Revolving Loan Fund.

(4) In FY2018, the County early implemented GASB 88. Some outstanding amounts were reclassified however historical information was not restated.

Note:

The County has no legal debt margin and there are no jurisdictions with overlapping general obligation debt incurring powers.

Population and personal income data are found on Table XIII.

N/A = not available

County of Chesterfield, Virginia
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

| Fiscal year | General obligation bonds outstanding⁽¹⁾ | Estimated population⁽²⁾ | Per capita | Assessed value of taxable property⁽³⁾ | Ratio to assessed value |
|------------------------|---|---|-----------------------|---|------------------------------------|
| 2012 | \$ 445,807,265 | 320,000 | \$ 1,393 | \$ 34,753,827,247 | 1.28% |
| 2013 | 427,213,319 | 324,000 | 1,319 | 35,169,044,819 | 1.21 |
| 2014 | 411,873,615 | 328,000 | 1,256 | 36,189,644,067 | 1.14 |
| 2015 | 371,651,300 | 332,000 | 1,119 | 37,672,537,511 | 0.99 |
| 2016 | 423,290,121 | 335,000 | 1,264 | 39,213,783,686 | 1.08 |
| 2017 | 472,910,798 | 339,000 | 1,395 | 41,024,438,830 | 1.15 |
| 2018 | 425,704,111 | 344,000 | 1,238 | 43,167,414,360 | 0.99 |
| 2019 | 449,187,980 | 349,000 | 1,287 | 45,515,188,410 | 0.99 |
| 2020 | 516,342,898 | 353,000 | 1,463 | 48,284,475,464 | 1.07 |
| 2021 | 535,276,496 | 365,000 | 1,467 | 51,787,479,112 | 1.03 |

Source:

(1) Includes 2017A General Obligation Refunding Bond.

(2) U.S. Census Bureau.

(3) Assessed value of taxable property - Chesterfield County Assessor's office.

**County of Chesterfield, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)**

Water and Sewer Revenue Bonds

| Fiscal Year | Gross revenues ⁽¹⁾ | Less operating expenses ⁽²⁾ | Net revenues available for debt service | Debt Service | | Coverage |
|------------------------|--|---|--|---------------------|-----------------|-----------------|
| | | | | Principal | Interest | |
| 2012 | \$ 80,633,543 | \$ 43,998,256 | \$ 36,635,287 | \$ 3,540,000 | \$ 3,372,880 | 530% |
| 2013 | 86,156,434 | 45,591,945 | 40,564,489 | 3,685,000 | 3,242,180 | 586 |
| 2014 | 96,431,708 | 43,675,137 | 52,756,571 | 3,805,000 | 3,115,606 | 762 |
| 2015 | 97,137,443 | 43,572,048 | 53,565,395 | 3,935,000 | 2,979,931 | 775 |
| 2016 | 105,244,822 | 45,358,971 | 59,885,851 | 4,080,000 | 2,844,330 | 865 |
| 2017 | 114,862,024 | 46,368,663 | 68,493,361 | 4,855,000 | 2,130,832 | 980 |
| 2018 | 122,754,614 | 47,481,191 | 75,273,423 | 4,665,000 | 2,325,375 | 1,077 |
| 2019 | 137,268,139 | 51,034,577 | 86,233,562 | 4,910,000 | 2,086,000 | 1,233 |
| 2020 | 148,214,173 | 53,833,975 | 94,380,198 | 5,160,000 | 1,834,250 | 1,349 |
| 2021 | 150,424,147 | 57,381,365 | 93,042,782 | 5,425,000 | 1,569,625 | 1,330 |

(1) Operating revenues, interest and connection fees as described in Note.

(2) Net of depreciation and amortization.

Note:

Beginning September 1985, the Chesterfield County Utilities Department operated under the terms and conditions of bond resolutions requiring the County to fix, establish, and maintain rates and charges (including interest) sufficient to produce revenue of not less than the total of budgeted operating expenses and 115% of the debt service to become due during such fiscal year. The above revenues, expenses, and debt service relationships existed for the last ten fiscal years.

**County of Chesterfield, Virginia
Demographic Statistics
Last Ten Years
(unaudited)**

| <u>Year</u> | <u>Population</u> ⁽¹⁾ | <u>Personal income</u> ⁽²⁾ <u>(\$000)</u> | <u>Per capita income</u> ⁽²⁾ | <u>Unemployment rate</u> ⁽³⁾ | <u>Median age</u> ⁽¹⁾ |
|-------------|----------------------------------|---|---|---|--------------------------------------|
| 2012 | 320,000 | \$ 14,007,744 | \$ 43,774 | 6.3 % | 37.6 |
| 2013 | 324,000 | 14,796,311 | 45,668 | 5.9 | 37.0 |
| 2014 | 328,000 | 15,000,637 | 45,734 | 5.2 | 37.5 |
| 2015 | 332,000 | 15,556,631 | 46,857 | 4.5 | 37.9 |
| 2016 | 335,000 | 16,544,534 | 49,387 | 4.0 | 38.0 |
| 2017 | 339,000 | 16,963,172 | 50,039 | 3.7 | 38.2 |
| 2018 | 344,000 | 17,783,116 | 51,102 | 3.1 | 38.6 |
| 2019 | 349,000 | 18,205,527 | 52,165 | 2.7 | 38.8 |
| 2020 | 353,000 | 18,801,990 | 53,263 | 8.5 | 38.9 |
| 2021 | 365,000 | 19,825,992 | 54,318 | 4.3 | 38.9 |

Sources:

(1) *U. S. Census Bureau.*

(2) *U. S. Bureau of Economic Analysis (BEA) (prior years' estimates are updated periodically). Per Capita Income for 2021 is based on a trend average of 2011 - 2020. 2021 personal Income amounts are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.*

(3) *Virginia Employment Commission (prior years' rates are updated periodically).*

County of Chesterfield, Virginia
Principal Private Employers
Current Year and Nine Years Ago
(unaudited)

| <u>Employer</u> | 2021 ⁽¹⁾ | | | 2012 ⁽²⁾ | | |
|--|----------------------------|---------------------------|---|---------------------|-------------|---|
| | <u>Employee Class Size</u> | <u>Rank⁽⁴⁾</u> | <u>Percentage⁽³⁾ of total civilian labor force</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of total civilian labor force</u> |
| Amazon Com KYDC Inc. | 1000 and over | 1 | 1.11% | | | |
| United Parcel Service | 1000 and over | 1 | 1.11 | 1,967 | 2 | 1.09% |
| HCA Virginia Health System/C.J.W. Medical Center | 1000 and over | 1 | 1.11 | 1,267 | 4 | 0.70 |
| E.I. duPont De Nemours Co. | 1000 and over | 1 | 1.11 | 2,478 | 1 | 1.38 |
| Wal-Mart Stores Inc. | 1000 and over | 1 | 1.11 | 1,555 | 3 | 0.86 |
| Kroger | 1000 and over | 1 | 1.11 | | | |
| Food Lion | 1000 and over | 1 | 1.11 | 869 | 10 | 0.48 |
| Bon Secours Health System/St. Francis Medical Center | 1000 and over | 1 | 1.11 | 1,180 | 5 | 0.66 |
| Hill Phoenix | 500 to 999 | 10 | 0.42 | 1,100 | 6 | 0.61 |
| Sabra Dipping Co. LLC | 500 to 999 | 10 | <u>0.42</u> | | | |
| Capital One Financial Corp. | | | | 1,069 | 7 | 0.59 |
| Ukrop's/Martin's Super Markets, Inc. | | | | 1,034 | 8 | 0.57 |
| Vangent | | | | 897 | 9 | <u>0.50</u> |
| Estimated total | <u>17,499</u> | | <u>9.72 %</u> | <u>13,416</u> | | <u>7.44%</u> |
| Total civilian labor force ⁽¹⁾ | 180,282 | | | 179,924 | | |

Source: (1) Virginia Employment Commission

(2) Chesterfield County Economic Development Department reported as of January 2012

(3) Percentages are based on the midpoint of the employment range

(4) Rankings are based on the midpoint of the employment range

County of Chesterfield, Virginia
Full-time County Employees by Function
Last Ten Fiscal Years
(unaudited)

| <u>Function</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Governmental activities | | | | | | | | | | |
| General government | 479 | 467 | 459 | 467 | 478 | 478 | 467 | 477 | 476 | 462 |
| Administration of justice | 157 | 159 | 156 | 150 | 158 | 159 | 153 | 161 | 162 | 170 |
| Public safety: | | | | | | | | | | |
| Fire | 474 | 471 | 469 | 466 | 488 | 495 | 486 | 490 | 513 | 519 |
| Police | 573 | 600 | 595 | 601 | 608 | 621 | 608 | 609 | 653 | 669 |
| Sheriff | 246 | 238 | 253 | 250 | 269 | 256 | 256 | 257 | 268 | 267 |
| Other | 187 | 184 | 184 | 198 | 200 | 196 | 194 | 198 | 203 | 198 |
| Total public safety | <u>1,480</u> | <u>1,493</u> | <u>1,501</u> | <u>1,515</u> | <u>1,565</u> | <u>1,568</u> | <u>1,544</u> | <u>1,554</u> | <u>1,637</u> | <u>1,653</u> |
| Public works | 147 | 138 | 138 | 136 | 140 | 142 | 141 | 154 | 148 | 154 |
| Health and welfare | 553 | 557 | 574 | 570 | 576 | 544 | 585 | 600 | 621 | 589 |
| Parks, recreation and cultural | 165 | 162 | 165 | 164 | 162 | 179 | 175 | 189 | 186 | 193 |
| Community development | 74 | 75 | 71 | 75 | 73 | 77 | 87 | 89 | 85 | 86 |
| Total governmental activities | <u>3,055</u> | <u>3,051</u> | <u>3,064</u> | <u>3,077</u> | <u>3,151</u> | <u>3,147</u> | <u>3,151</u> | <u>3,224</u> | <u>3,315</u> | <u>3,307</u> |
| Business-type activities ⁽¹⁾ | | | | | | | | | | |
| Water | 152 | 151 | 148 | 149 | 150 | 152 | 151 | 152 | 151 | 153 |
| Wastewater | 128 | 126 | 124 | 129 | 129 | 122 | 125 | 130 | 128 | 128 |
| Airport | 5 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 3 |
| Total business-type activities | <u>285</u> | <u>280</u> | <u>275</u> | <u>281</u> | <u>282</u> | <u>277</u> | <u>279</u> | <u>285</u> | <u>281</u> | <u>284</u> |
| Grand total | <u>3,340</u> | <u>3,331</u> | <u>3,339</u> | <u>3,358</u> | <u>3,433</u> | <u>3,424</u> | <u>3,430</u> | <u>3,509</u> | <u>3,596</u> | <u>3,591</u> |
| Number of County employees per 1,000 population | 10.5 | 10.3 | 10.2 | 10.1 | 10.2 | 10.1 | 10.0 | 10.1 | 10.2 | 9.8 |

Source: Chesterfield County Accounting Department

(1) Economic Development Authority has no employees.

**County of Chesterfield, Virginia
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)**

Table XVI

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|--|-----------|-----------|--------------------|------------|------------|------------|-----------|-----------|-----------|-----------|
| Police | | | | | | | | | | |
| Police Activities ⁽¹⁾ | 726,521 | 725,962 | 730,179 | 693,517 | 677,212 | 683,042 | 652,326 | 620,027 | 665,250 | 637,749 |
| IBR Group A Incidents/Part 1 Offenses | 17,173 | 16,182 | 16,242 | 16,044 | 16,432 | 16,588 | 16,147 | 16,147 | 15,462 | 13,885 |
| IBR Group A Clearance Rate/Uniform Clearance Rate ⁽⁹⁾ | 51% | 51% | 53% | 50% | 51% | 48% | 48% | 46% | 49% | 44% |
| Average Response Time for Priority 1 (life threatening calls) | 3.41 min. | 3.65 min. | 3.93 min. | 3.79 min. | 3.57 min. | 3.57 min. | 4.19 min. | 4.07 min. | 3.97 min. | 4.08 min. |
| Fire and EMS | | | | | | | | | | |
| Emergency operations dispatches | 36,856 | 36,245 | 36,881 | 38,184 | 39,756 | 41,725 | 42,532 | 43,107 | 42,699 | 44,794 |
| Emergency medical ambulance dispatches | 27,846 | 28,322 | 28,319 | 29,122 | 29,731 | 32,515 | 34,586 | 34,235 | 33,297 | 34,694 |
| Fire engine medical support calls | 11,901 | 11,833 | 11,218 | 11,107 | 11,178 | 13,491 | 14,489 | 15,435 | 15,204 | 17,416 |
| Firefighter staffed ambulance calls | 22,776 | 23,648 | 24,789 | 24,372 | 25,598 | 27,633 | 28,737 | 29,787 | 29,162 | 30,493 |
| Building inspections conducted | 3,083 | 2,857 | 3,092 | 2,675 | 3,277 | 3,190 | 3,354 | 3,313 | 3,372 | 4,323 |
| Construction plans reviewed | 974 | 890 | 911 | 1,100 | 1,150 | 1,222 | 1,362 | 1,276 | 1,307 | 1,006 |
| Library ^{(2) (5)} | | | | | | | | | | |
| Total circulation ⁽³⁾ | 3,936,793 | 4,043,135 | 5,081,592 | 6,472,601 | 5,348,564 | 5,674,592 | 2,798,632 | 2,837,082 | 2,276,766 | 2,205,169 |
| Number of visitors ⁽⁶⁾ | 1,345,052 | 4,639,926 | 3,927,804 | 3,661,350 | 3,214,190 | 3,242,218 | 4,098,014 | 4,883,712 | 5,741,044 | 4,537,955 |
| Number of reference and general assistance questions ^{(6) (8)} | 404,500 | 3,683,524 | 3,355,392 | 10,180,296 | 10,280,044 | 13,654,770 | 5,107,832 | 4,871,570 | 5,677,695 | 4,481,580 |
| Number of public access computer sessions ⁽⁴⁾ | 376,970 | 449,030 | 565,293 | 698,891 | 440,464 | 622,933 | 802,629 | 423,168 | 292,135 | 90,154 |
| Elections | | | | | | | | | | |
| Registered voters | 216,135 | 220,162 | 222,826 | 220,903 | 228,605 | 234,134 | 239,116 | 242,291 | 250,266 | 260,274 |
| Utilities | | | | | | | | | | |
| Water customers serviced | 102,000 | 103,132 | 104,447 | 105,847 | 107,212 | 108,949 | 110,584 | 112,475 | 114,660 | 117,233 |
| Wastewater customers serviced | 85,843 | 86,893 | 88,122 | 89,406 | 90,660 | 92,223 | 93,874 | 95,604 | 97,570 | 99,998 |
| Parks and Recreation | | | | | | | | | | |
| Number of park visitors | 4,212,834 | 4,674,494 | N/A ⁽⁹⁾ | 5,335,987 | 5,810,922 | 6,383,686 | 6,676,771 | 6,392,693 | 6,630,991 | 6,995,353 |
| Cost per visitor | \$ 0.25 | \$ 0.24 | N/A ⁽⁹⁾ | \$ 0.27 | \$ 0.22 | \$ 0.15 | N/A | N/A | N/A | N/A |

Source: County Departments providing the service

(1) Fiscal years 2011 and 2012 counts were updated in fiscal year 2013 to reflect consistent reporting. Beginning in fiscal year 2017, this category included written warnings.

(2) Beginning on July 1, 2011, libraries were open one less day per week. Library hours were restored in September 2016.

(3) Beginning in fiscal year 2012, includes traditional and electronic total circulation.

(4) Beginning in fiscal year 2012, is also included in total circulation.

(5) Beginning in fiscal year 2013, all library statistics include digital patronage.

(6) The Bon Air Library was closed for renovations for half of fiscal year 2014.

(7) Visitor counts are not available for fiscal year 2014.

(8) Beginning in fiscal year 2015, adjustments were made to the method of capturing customer initiated metrics.

(9) Beginning on January 1, 2019, IBR Group A Incidents include Animal Cruelty.

N/A = Not available

**County of Chesterfield, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)**

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Airport | | | | | | | | | | |
| Number of airplane hangars | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 | 110 |
| Police | | | | | | | | | | |
| Number of stations | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Fire Protection | | | | | | | | | | |
| Number of fire companies | 21 | 21 | 21 | 22 | 22 | 22 | 22 | 22 | 22 | 23 |
| Library | | | | | | | | | | |
| Number of facilities | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 | 10 |
| Utilities | | | | | | | | | | |
| Water line in system (miles) | 1,871 | 1,889 | 1,902 | 1,920 | 1,946 | 1,971 | 1,993 | 2,014 | 2,048 | 2,068 |
| Wastewater line in system (miles) | 1,970 | 1,984 | 2,000 | 2,022 | 2,044 | 2,077 | 2,104 | 2,126 | 2,165 | 2,190 |
| Parks and Recreation ⁽¹⁾ | | | | | | | | | | |
| Number of parks | 51 | 52 | 52 | 52 | 54 | 56 | 57 | 57 | 62 | 65 |
| Park acreage | 4,532 | 4,535 | 4,535 | 4,561 | 4,625 | 4,863 | 5,131 | 5,131 | 5,165 | 5,240 |
| Number of athletic complexes maintained | 11 | 11 | 11 | 11 | 11 | 12 | 12 | 12 | 11 | 11 |

Source: County Departments providing the

(1) Information includes sites and acreage available to the public as a result of partnership agreements.

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 4, 2021. Our report includes a reference to other auditors who audited the financial statements of the Central Virginia Transportation Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report recognizes that the County implemented one new accounting standard effective July 1, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Cheryl Behrman CP". The signature is written in a cursive, flowing style.

Richmond, Virginia
November 4, 2021

This report was prepared by the Accounting Department
Chesterfield County, Chesterfield, Virginia, 23832

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*Cover photos: Top - Western Chesterfield County
Middle left - Chesterfield County Sheriff Deputies
Middle right - Early voting at North Courthouse Library
Bottom - New Ettrick Elementary School*



Please visit us at: www.chesterfield.gov

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2021

CHESTERFIELD COUNTY, VIRGINIA

*This document was prepared by the Accounting Department.
For comments or questions call 804-748-1673 or email contactacctg@chesterfield.gov*

COUNTY OF CHESTERFIELD, VIRGINIA

COMPLIANCE REPORTS

For the Year Ended June 30, 2021

And Reports of Independent Auditor

COUNTY OF CHESTERFIELD, VIRGINIA
TABLE OF CONTENTS

COMPLIANCE REPORTS

Report of Independent Auditor on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards* 1-2

Report of Independent Auditor on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance 3-4

Report of Independent Auditor on Compliance with Commonwealth of Virginia’s Laws,
Regulations, Contracts, and Grants..... 5

SCHEDULES

Schedule of Expenditures of Federal Awards..... 6-11

Notes to the Schedule of Expenditures of Federal Awards 12

Schedule of Findings and Questioned Costs..... 13

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 4, 2021. Our report includes a reference to other auditors who audited the financial statements of the Central Virginia Transportation Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Our report recognizes that the County implemented one new accounting standard effective July 1, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Cheryl Behrnt CP". The signature is written in a cursive style.

Richmond, Virginia
November 4, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the County of Chesterfield, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the 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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 4, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



Richmond, Virginia
March 24, 2022

Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants

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

We have audited, 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* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the 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 Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 4, 2021.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

| Code of Virginia | | State Agency Requirements |
|-------------------------------|--------------------|---------------------------------|
| Budget and Appropriation Laws | Procurement | Education |
| Cash and Investments | Unclaimed Property | Children's Services Act Funds |
| Conflicts of Interest | Property Taxes | Social Services |
| Intergovernmental Revenues | Debt Provisions | Fire Programs Aid to Localities |
| Inmate Canteen and Other | | Stormwater Utility Program |
| Auxiliary Funds | | |

The results of our tests disclosed no instances of noncompliance which are required to be reported in accordance with the Specifications.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County's compliance. Accordingly, this communication is not suitable for any other purpose.



Richmond, Virginia
March 24, 2022

COUNTY OF CHESTERFIELD, VIRGINIA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

| Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID) | Assistance Listing # | Total Federal Expenditures |
|--|-----------------------------|-----------------------------------|
| Department of Agriculture | | |
| Pass-through payments: | | |
| Department of Agriculture & Consumer Services: | | |
| National School Lunch Program (211VA347N2535) | 10.555 | \$ 1,137,544 |
| Department of Juvenile Justice: | | |
| National School Lunch Program (Commodities) | 10.555 | 70,969 |
| Total - National School Lunch Program - 10.555 | | 1,208,513 |
| Department of Education: | | |
| COVID-19 - School Breakfast Program (202020N850341) | 10.553 | 222 |
| Summer Food Service Program for Children (202120N109941) | 10.559 | 16,722,215 |
| Total Child Nutrition Cluster - 10.553/10.555/10.559 | | \$ 17,930,950 |
| Fresh Fruit and Vegetable Program (202120L160341) | 10.582 | 246,492 |
| Department of Health: | | |
| Child and Adult Care Food Program (59431) (202020N202041) | 10.558 | 100,115 |
| Department of Social Services: | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (0010121) | 10.561 | 2,617,515 |
| Total Supplemental Nutrition Assistance Program Cluster - 10.561 | | 2,617,515 |
| Total Department of Agriculture | | 20,895,072 |
| Department of Defense | | |
| Direct payments: | | |
| JROTC | 12.U01 | 272,719 |
| Total Department of Defense | | 272,719 |
| Department of Education | | |
| Direct payments: | | |
| Impact Aid | 84.041 | 57,446 |
| Pass-through payments: | | |
| City of Richmond School Board: | | |
| Adult Education - Basic Grants to States (AEFLA-42801-123-1920) (V002A200047) | 84.002 | 490,865 |
| College of William and Mary: | | |
| Education for Homeless Children and Youth (S196A180048) (S196A190048) | 84.196 | 51,161 |
| Department of Behavioral Health and Development Service: | | |
| Special Education - Grants for Infants and Families (H181A190017) | 84.181 | 376,848 |
| Department of Education: | | |
| Career and Technical Education - Basic Grants to States (V048A180046) (V048A200046) | 84.048 | 885,990 |
| English Language Acquisition State Grants (S365A190046) (S365A200046) | 84.365 | 269,587 |
| Improving Teacher Quality State Grants (S367A180044) (S367A190044) (S367A200044) | 84.367 | 1,071,581 |

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

| Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID) | Assistance Listing # | Total Federal Expenditures | |
|--|----------------------|----------------------------|------------|
| Department of Education (continued) | | | |
| Special Education Grants to States (H027A180107) (H027A190107) (H027A200107) | 84.027 | \$ | 12,246,163 |
| Special Education Preschool Grants (H173A180112) (H027A200107) | 84.173 | | 238,929 |
| Total Special Education Cluster (IDEA) - 84.027 and 84.173 | | \$ | 12,485,092 |
| Student Support and Academic Enrichment Program (S424A180048) (S424S180048) (S424A200048) | 84.424 | | 699,122 |
| COVID-19 - Education Stabilization Fund (S425D200008) (S425C200042) | 84.425D | | 4,824,686 |
| Title I Grants to Local Educational Agencies (S010A180046) (S010A190046) (S010A200046) | 84.010 | | 6,821,031 |
| Title I State Agency Program for Neglected and Delinquent Children and Youth (S013A180046) | 84.013 | | 1,654 |
| Twenty-First Century Community Learning Centers (00021-60565-S287C180047) (00021-60565-S287C190047) (00021-60565-S287C200047) | 84.287 | | 793,190 |
| Education Research, Development and Dissemination (R305H190053) | 84.305 | | 11,492 |
| Total Department of Education | | | 28,839,745 |
| Department of Health and Human Services | | | |
| Direct payments: | | | |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | | 3,434 |
| Head Start | 93.600 | 1,516,375 | |
| COVID19 - Head Start | 93.600 | 167,067 | |
| Total Head Start Cluster - 93.600 | | | 1,683,442 |
| COVID19 - Provider Relief Funds | 93.498 | | 274,600 |
| Pass-through payments: | | | |
| Department of Behavioral Health and Development Service: | | | |
| Block Grants for Community Mental Health Services (50125) (50165) | 93.958 | | 239,684 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance (5U79SP020791-05) | 93.243 | | 45,965 |
| Block Grants for Prevention and Treatment of Substance Abuse (50165) (50195) | 93.959 | | 753,323 |
| Opioid STR (1H79T1081682-02) (1H79T1083296-01) | 93.788 | | 841,552 |
| Department of Social Services: | | | |
| Temporary Assistance for Needy Families (0400121) | 93.558 | | 1,374,107 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (0760121) | 93.596 | 246,127 | |
| Total Child Care Development Fund Cluster - 93.596 | | | 246,127 |

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

| Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID) | Assistance Listing # | Total Federal Expenditures |
|---|-----------------------------|-----------------------------------|
| Department of Health and Human Services (continued) | | |
| Adoption Assistance (1120121) | 93.659 | \$ 1,247,860 |
| Chafee Education and Training Vouchers Program (ETV) (9160120) | 93.599 | 19,579 |
| John H Chafee Foster Care Program for Successful Transition to Adulthood (9150120) | 93.674 | 26,637 |
| Children's Health Insurance Program (0540121) | 93.767 | 22,634 |
| Foster Care Title IV-E (1100121) | 93.658 | 1,549,094 |
| Low-Income Home Energy Assistance (0600421) | 93.568 | 175,745 |
| Medical Assistance Program (1200121) | 93.778 | \$ 1,944,003 |
| COVID-19 - Medical Assistance Program (1007076917) | 93.778 | <u>182,587</u> |
| Total Medicaid Cluster - 93.778 | | 2,126,590 |
| MaryLee Allen Promoting Safe and Stable Families Program (0950120) | 93.556 | 151,353 |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs (0500121) | 93.566 | 4,816 |
| Social Services Block Grant (1000121) | 93.667 | 1,167,456 |
| Stephanie Tubbs Jones Child Welfare Services Program (0900120) | 93.645 | <u>844</u> |
| Total Department of Health and Human Services | | <u>11,954,842</u> |
| Department of Homeland Security | | |
| Direct payments: | | |
| COVID-19 - Assistance to Firefighters Grant | 97.044 | 57,421 |
| Pass-through payments: | | |
| Department of Emergency Management: | | |
| Emergency Management Performance Grants (8095) (8389) (8619) | 97.042 | 164,712 |
| Homeland Security Grant Program (7819) (8115) (8184) (8225) (8614) (8615) (8622) (8912) | 97.067 | <u>327,001</u> |
| Total Department of Homeland Security | | <u>549,134</u> |

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

| Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID) | Assistance Listing # | Total Federal Expenditures |
|--|-----------------------------|-----------------------------------|
| Department of Housing and Urban Development | | |
| Direct payments: | | |
| Community Development Block Grants/Entitlement Grants | 14.218 ⁽¹⁾ | \$ 1,482,225 |
| COVID-19 - Community Development Block Grants/Entitlement Grants | 14.218 ⁽¹⁾ | 612,598 |
| Total Community Development Block Grants | | |
| Entitlement Grants Cluster - 14.218 | | \$ 2,094,823 |
| Home Investment Partnerships Program | 14.239 ⁽²⁾ | 457,517 |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 ⁽³⁾ | 311,286 |
| Section 8 Housing Choice Vouchers | 14.871 | 106,054 |
| Pass-through payments: | | |
| Housing Development Authority: | | |
| COVID-19 - Section 8 Housing Choice Vouchers | 14.871 | 90,186 |
| (not available) | | |
| Total Housing Vouchers Cluster - 14.871 | | 196,240 |
| Total Department of Housing and Urban Development | | 3,059,866 |
| Department of Justice | | |
| Direct payments: | | |
| Drug Court Discretionary Grant Program | 16.585 | 13,980 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 ⁽⁴⁾ | 70,360 |
| Equitable Sharing Program | 16.922 | 775,833 |
| Public Safety Partnership and Community Policing Grants | 16.710 | 625,342 |
| Comprehensive Opioid, Stimulant, and Substance Abuse Program | 16.838 ⁽⁵⁾ | 18,651 |
| COVID-19 - Coronavirus Emergency Supplemental Funding Program | 16.034 ⁽⁶⁾ | 169,875 |
| Juvenile Justice and Delinquency Prevention | 16.540 ⁽⁷⁾ | 15,603 |
| Stop School Violence | 16.839 | 33,658 |
| Pass-through payments: | | |
| Department of Criminal Justice Services: | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 ⁽⁴⁾ | 42,582 |
| (20-A4906AD16) | | |
| Crime Victim Assistance | 16.575 | 621,197 |
| (21-A8587VW19) | | |
| (21-B4705VP19) | | |
| Juvenile Justice and Delinquency Prevention | 16.540 ⁽⁷⁾ | 24,160 |
| (21-A5006JJ17) | | |
| Violence Against Women Formula Grants | 16.588 | 130,895 |
| (20-Q4161VA19) | | |
| (20-X9371VA19) | | |
| (20-X9370VA19) | | |
| (20-W9845VA19) | | |
| (21-Y9371VA20) | | |
| (21-Y9370VA20) | | |
| (21-Y9845VA20) | | |
| COVID-19 - Coronavirus Emergency Supplemental Funding Program | 16.034 ⁽⁶⁾ | 37,043 |
| (20-A5137CE20) | | |
| Institute for Intergovernmental Research: | | |
| Building Bridges Between Jails and Community - Based Treatment | 16.838 ⁽⁵⁾ | 82,699 |
| for Opioid Use Disorder | | |
| (2020-BRIDGES-0061) | | |
| Total Department of Justice | | 2,661,878 |
| (1) Total Payments to Subrecipients AL #14.218 were \$1,682,884 | | |
| (2) Total Payments to Subrecipients AL #14.239 were \$457,517 | | |
| (3) Total Payments to Subrecipients AL #14.900 were \$174,095 | | |
| (4) AL #16.738 Total \$112,942 | | |
| (5) AL #16.838 Total \$101,350 | | |
| (6) AL #16.034 Total \$206,918 | | |
| (7) AL #16.540 Total \$39,763 | | |

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2021

| Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID) | Assistance Listing # | Total Federal Expenditures | |
|--|-----------------------------|-----------------------------------|--------------|
| Department of the Interior | | | |
| Direct payments: | | | |
| National Wildlife Refuge Fund | 15.659 | \$ | 6,187 |
| Total Department of the Interior | | | 6,187 |
| Department of Transportation | | | |
| Direct payments: | | | |
| Airport Improvement Program | 20.106 | \$ | 36,569 |
| COVID-19 - Airport Improvement Program | 20.106 | | 23,000 |
| Total - Airport Improvement Program - 20.106 | | | 59,569 |
| Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements | 20.237 | | 32,540 |
| Total FMCSA Cluster - 20.237 | | | 32,540 |
| Pass-through payments: | | | |
| Department of Motor Vehicles: | | | |
| Alcohol Open Container Requirements (154AL-2020-50146-20146) | 20.607 | | 119,813 |
| (154AL-2021-51136-21136) | | | |
| National Priority Safety Programs (FHLE-2021-51159-21159) | 20.616 | | 1,945 |
| State and Community Highway Safety (FSC-2020-50138-20138) | 20.600 | | 111,449 |
| (FSC-2021-51138-21138) | | | |
| Total Highway Safety Cluster - 20.600 and 20.616 | | | 113,394 |
| Department of Conservation and Recreation: | | | |
| Recreation Trails Program (VRT-325-D-190) | 20.219 | | 34,578 |
| Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | | 15,659,702 |
| (101020) | | | |
| (101028) | | | |
| (102952) | | | |
| (104886) | | | |
| (104889) | | | |
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| (113843) | | | |
| (114200) | | | |
| (115063) | | | |
| (115193) | | | |
| (115202) | | | |
| (115208) | | | |
| (115415) | | | |
| (115534) | | | |
| (116126) | | | |
| (18795) | | | |
| Total Highway Planning and Construction Cluster - 20.205 and 20.219 | | | 15,694,280 |

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2021

| <u>Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)</u> | <u>Assistance Listing #</u> | <u>Total Federal Expenditures</u> |
|--|-----------------------------|-----------------------------------|
| Department of Rail & Public Transportation: | | |
| Enhanced Mobility of Seniors and Individuals with Disabilities (44021-12) | 20.513 | \$ 70,930 |
| Total Transit Services Programs Cluster - 20.513 | | \$ 70,930 |
| Total Department of Transportation | | 16,090,526 |
| Department of Treasury | | |
| Direct payments: | | |
| COVID-19 - Emergency Rental Assistance Program | 21.023 ⁽⁸⁾ | 10,286,355 |
| Pass-through payments: | | |
| Department of Accounts: | | |
| COVID-19 - Coronavirus Relief Fund (SLT0022) | 21.019 ⁽⁹⁾⁽¹⁰⁾ | 57,852,661 |
| Department of Education: | | |
| COVID-19 - Coronavirus Relief Fund - CCPS (273-20) | 21.019 ⁽⁹⁾ | 10,928,120 |
| Department of Elections: | | |
| COVID-19 - Coronavirus Relief Fund (0000055186) | 21.019 ⁽⁹⁾ | 159,870 |
| Total Department of Treasury | | 79,227,006 |
| Grand Total | | \$ 163,556,975 |

(8) Total Payments to Subrecipients AL #21.023 was \$10,261,143

(9) AL #21.019 Total \$68,940,651

(10) Total Payments to Subrecipients AL #21.019 was \$2,025,000

COUNTY OF CHESTERFIELD, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Note 1—General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all Federal assistance programs of the Primary Government and the School Board.

Note 2—Basis of accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and accrual basis of accounting for proprietary funds, both of which are described in Note 1 to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 3—Relationship to financial statements

Federal expenditures are reported in the County's basic financial statements as follows:

| <u>Fund</u> | <u>Federal Expenditures</u> |
|--------------------------------------|-----------------------------|
| <u>Primary Government</u> | |
| Governmental Activities | |
| General Fund | \$ 68,129,950 |
| County Capital Projects Fund | 15,645,239 |
| Non-major - Children's Services Fund | 214,309 |
| Non-major - Grants Fund | 17,300,916 |
| Non-major - Mental Health Fund | 1,180,209 |
| Total Governmental Activities | <u>102,470,623</u> |
| Business-type Activities | |
| Water Fund | 1,198,519 |
| Non-major - Airport Fund | 59,569 |
| Total Business-type Activities | <u>1,258,088</u> |
| Total Primary Government | <u>103,728,711</u> |
| <u>Component Unit</u> | |
| Governmental Activities | |
| School Operating Fund | <u>59,828,264</u> |
| Total | <u>\$ 163,556,975</u> |

Note 4—General

The County did not elect to use the 10% de minimus cost rate.

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

A. Section I – Summary of Auditor’s Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

| <u>AL Number</u> | <u>Name of Federal Program and Cluster</u> |
|----------------------|--|
| 10.553/10.555/10.559 | Child Nutrition Cluster |
| 21.019 | COVID-19 - Coronavirus Relief Fund |
| 21.023 | COVID-19 - Emergency Rental Assistance |
| 84.425-D | COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund |

10. Dollar threshold used to distinguish between type A and type B programs: **\$3,000,000**
11. County of Chesterfield qualifies as a low-risk auditee under Section 530 of Uniform Guidance

B. Section II – Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None reported.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants

None reported.

E. Section V – Status of Prior Year Findings

None reported.